

Trisha McAuley OBE
Independent Chair
CUSC & Grid Code Panel

Nadir Hafeez
Ofgem
By email

21 April 2021

Dear Nadir

Connection and Use of System Code (CUSC) Modification Panel Request for Urgency and Recommended Timetable for **CMP373: Deferral of BSUoS billing error adjustment**'.

On 20 April 2021, EDF Energy raised CMP373. The Proposer sent a request to the CUSC Panel Secretary for this modification to be treated as urgent.

On 9 April 2021, the ESO informed industry parties that, due to errors made solely by the ESO, they had underbilled BSUoS by ~£44m of Balancing Services costs incurred in 2020/21. The ESO proposes to recover this cost through the Reconciliation Final run (RF) for 2020/21, commencing from 24 May 2021; however, the Proposer states that this unforeseen cost recovery adjustment will cause significant problems for Suppliers, Generators and Consumers. CMP373 proposes to adjust BSUoS in the 2021/22 charging year to ensure stakeholders do not face retrospective costs, which are forced upon them through no fault of their own, and to avoid an adverse impact on the Default Tariff Cap calculations, both past and future.

All documentation for this modification can be located via the following link:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/deferral-bsuos>

The CUSC Modifications Panel ("the Panel") on 21 April 2021, considered CMP373 and the associated request for urgency. This letter sets out the views of the Panel on the request for urgent treatment and the procedure and timetable that the Panel recommends.

The Proposer set out their rationale for Urgency against Ofgem's Urgency criteria (a), which is as follows:

a) A significant commercial impact on parties, consumers or other stakeholder(s).

"The Proposer considers that this modification does have a significant commercial impact on parties and consumers as they are due to be hit with an unexpected extra charge at very short notice, on 24 May 2021, that they did not know anything about until a note on 9 April 2021. They still do not know today, the intended recovery period that starts 24 May for no less a sum than £44m. This compares to increases of just £5.5m and £9.1m between the SF and RF settlement runs for 2017/18 and 2018/19 respectively.

Mentioning the £44m as “AOB” at the Transmission Charging Methodology Forum (TCMF 8th April 2021, without even a supporting slide in the pack, did not give them any extra notice at all. The modification will enjoy widespread support and needs to be processed ahead of 24 May 2021. The need for urgency is thus compelling. The full year RF data for 2019/2020 is not available as at 20 April 2021.

Panel Consideration of the Request for Urgency

The Panel considered the request for urgency with reference to [Ofgem Guidance on Code Modification Urgency Criteria](#). The unanimous view of the Panel is that **CMP373 does meet** Ofgem’s Urgency criteria¹. Therefore, the recommendation of the Panel is that **CMP373 should** be treated as an Urgent CUSC Modification Proposal.

Panel members set out their rationale behind this decision:

- Panel members Panel agreed that with the Proposer’s view that this was an imminent issue or a current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholder(s) and therefore met Ofgem Urgency Criteria (a) given the additional and unforeseen costs this introduces.
- However, a Panel member (although still recommending urgency) noted that there is in practice more notice being provided to stakeholders than is suggested by the Proposer.

Panel noted that if urgency is required, there would be;

- A Workgroup Nominations period of less than 15 working days;
- A Workgroup Consultation and Code Administrator Consultation period of less than 15 working days; and
- Less than 5 clear working days between issuing the Workgroup Report to Panel and Panel being asked to agree that the Workgroup had met its Terms of Reference.

Under CUSC Section 8.24.4, we are now consulting the Authority as to whether this Modification is an Urgent CUSC Modification Proposal.

Procedure and Timetable

The Panel discussed an appropriate timetable for CMP373 in the instance that urgency is granted.

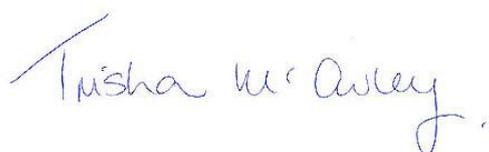
¹ Ofgem’s current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or
- b) A significant impact on the safety and security of the electricity and/or gas systems; or
- c) A party to be in breach of any relevant legal requirements.

The Panel agreed that CMP373 subject to Ofgem’s decision on Urgency should follow the attached Code Administrator’s proposed timetable (Appendix 1 **Urgent recommendation**). In Appendix 2 of this letter, the Code Administrator has also provided the timeline if this follows standard timescales with the assumption that Panel prioritise this high in the prioritisation stack and this is progressed without the need for Special Panels.

Please do not hesitate to contact me if you have any questions on this letter or the proposed process and timetable. I look forward to receiving your response

Yours sincerely



Trisha McAuley OBE
 Independent Chair of the CUSC and Grid Code Panel

Appendix 1– Urgent Timeline

Modification Stage	Date
Request for Urgency Received	20 April 2021
Panel consideration of Urgency	21 April 2021
Ofgem decision on Urgency	23 April 2021 (by 5pm)
Workgroup Nominations (4 working days)	21 April 2021 to 5pm on 23 April 2021
Workgroup 1	26 April 2021 (9am – 12pm)
Workgroup 2	26 April 2021 (2pm – 5pm)
Workgroup Consultation (15 working days)	28 April May 2021 (9am) to 12pm on 4 May 2021
Workgroup 3	5 May 2021
Workgroup 4	6 May 2021
Workgroup Report issued to Panel (3 working days)	7 May 2021
Workgroup Report presented to Panel	10 May 2021
Code Administrator Consultation (2 working days)	10 May 2021 to 12 May 2021 (5pm)
Draft Final Modification Report issued to Panel and Industry	13 May 2021
Draft Final Modification Report presented to Panel / Panel Recommendation Vote	14 May 2021
Final Modification Report issued to Panel to check votes recorded correctly (1 working day)	14 May 2021
Submit Final Modification Report to Authority	14 May 2021
Authority Decision	21 May 2021 (no later than 23 May 2021)
Date of Implementation	24 May 2021

Appendix 2 – Standard Timeline

Modification Stage	Date
Workgroup Nominations (15 working days)	21 April 2021 to 5pm on 13 May 2021
Workgroup 1	24 May 2021 (9am to 12pm)
Workgroup 2	24 May 2021 (2pm to 5pm)
Workgroup Consultation (15 working days)	2 June 2021 to 5pm on 23 June 2021
Workgroup 3	1 July 2021
Workgroup 4	8 July 2021
Workgroup Report issued to Panel (5 working days)	22 July 2021
Workgroup Report presented to Panel	30 July 2021
Code Administrator Consultation (20 working days)	4 August 2021 to 2 September 2021 (5pm)
Draft Final Modification Report issued to Panel and Industry	16 September 2021
Draft Final Modification Report presented to Panel / Panel Recommendation Vote	24 September 2021
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	27 September 2021
Submit Final Modification Report to Authority	5 October 2021
Authority Decision	TBC
Date of Implementation	TBC