

Draft Final Modification Report

CMP371: Assessing CUSC Modification Proposals against charging and standard objectives

Overview: To update CUSC Section 8 such that it is possible, under one CUSC Modification Proposal, to change CUSC provisions relating to Connection Charges, and Use of System Charging Methodologies alongside non-charging provisions.

Modification process & timetable



Have 5 minutes? Read our [Executive summary](#)

Have 20 minutes? Read the full [Draft Final Modification Report](#)

Have 30 minutes? Read the full Draft Final Modification Report and Annexes.

Status summary: Draft Final Modification Report. This Report will be submitted to the CUSC Panel for them to carry out their Recommendation Vote on whether this change should happen.

Panel Recommendation Vote: The Panel will meet on 25 June 2021 to carry out their recommendation vote.

This modification is expected to have a: **Medium impact**

- For any person raising a CUSC Modification Proposal which would effect a change to CUSC Section 14; and
- Code Administrator.

Governance route CUSC Panel unanimously agreed that CMP371 should follow standard governance route and proceed straight to Code Administrator Consultation

Who can I talk to about the change?

Proposer:

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Code Administrator Contact:

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What is the issue?

Any CUSC Modification Proposal (CMP) will be assessed against either the Applicable CUSC Objectives that apply where the change relates to the Charging Methodologies (the CUSC Charging Objectives) or the Applicable CUSC Objectives that apply to other changes (the CUSC Non-Charging Objectives).

CUSC Section 8.16.2 means that a CMP that proposes a change to the Charging Methodologies set out in CUSC section 14 cannot also contain a proposal to modify any other section of CUSC. In practice, this means that where a CMP changes CUSC Section 14, that same CMP cannot change any other CUSC Section and conversely, where a CMP changes any non-charging provisions of the CUSC it cannot also alter CUSC Section 14.

In the majority of cases, changes to CUSC Section 14 result in the requirement for consequential changes to other parts of the CUSC (notably the definitions in CUSC Section 11) and a Proposer currently needs to raise two separate but associated CMPs.

The CUSC should be updated such that Charging and Non-Charging changes can be included in one CMP, but with such changes being judged against their respective Applicable CUSC Objectives, in order to remove the inefficient practice of raising multiple modifications to enact one related change.

Why change?

There are inefficiencies in the Modification process as a direct result of the requirement to raise two separate CMPs to enact a single change. There is potential to improve efficiencies in the delivery of the CUSC by allowing one CMP to change multiple CUSC provisions irrespective of the Applicable CUSC Objectives.

Over the past year, efficiencies have been built into the Modification process to allow e.g. a CUSC Section 14 and a CUSC Section 11 CMP to be progressed and considered together. These process efficiencies are (subject to Panel agreement):

- Assessment by a joint Workgroup including a combined Workgroup Consultation and Workgroup Report;
- Combined Code Administrator Consultation; and
- Combined Final Modification Report.

Importantly though, where a single change requires charging and non-charging changes, the Workgroup Report, all consultations and the Final Modification Report reflect that the charging elements of the change are being judged against the CUSC Charging Objectives, and that the non-charging elements are being judged against the CUSC Non-Charging Objectives.

What is the Proposer's solution?

Changes to CUSC Section 8.16.2 to allow one CMP (including both the Charging and Non-Charging changes for a proposal) to be raised.

The CMP for such a change will include an assessment by the Proposer of the respective elements of the proposal against the respective CUSC Charging Objectives and CUSC Non-Charging Objectives. The Proposal Form (and associated guidance) will be updated to provide for this assessment and differentiate which changes are related to CUSC Section 14 and which are non CUSC Section 14.

In making its decision on any proposal the Authority would still need to assess the respective components against the relevant Applicable CUSC Objectives. The Proposer notes that removing the distinction between and combining the objectives would need licence changes and is out of scope for a CUSC change. There are no plans to pursue this either.

Legal text

Legal Text is attached below with changes shown in red text:

~~8.16.2 A proposal to modify the Charging Methodologies must be made by means of a CUSC Modification Proposal, which may not contain any proposal to modify any other section of the CUSC, and must comply (as applicable) with paragraph 5 of standard condition C4 (Charges for use of system) and paragraph 4 and 10(b) of standard condition C6 (Connection charging methodology) of the Transmission Licence. When making a CUSC Modification Proposal in respect of the Charging Methodologies, the Proposer may make specific reference to any link with another CUSC Modification Proposal.~~

Any proposal to modify the **CUSC** must be made by means of a **CUSC Modification Proposal**. A **CUSC Modification Proposal** can contain a proposal to make changes to both the **Charging Methodologies** and other **CUSC** provisions but in that case the charging component of the proposal will be assessed against the **Applicable CUSC Objectives (Charging)** and the non-charging component against the **Applicable CUSC Objectives (Non-Charging)**.

Add the following new definitions to CUSC Section 11:

“Applicable CUSC Objectives (Charging)” the **Applicable CUSC Objectives** in relation to a proposed modification of the **Charging Methodologies**;

“Applicable CUSC Objectives (Non-Charging)” the **Applicable CUSC Objectives** in relation to a proposed modification of **CUSC** other than a modification of the **Charging Methodologies**;

What is the impact of this change?

Proposer's assessment against CUSC Non-Charging Objectives

Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	Neutral
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;	Neutral
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	Neutral
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive Proposers only need to raise one CMP and reduced administration for the Code Administrator notably re: Critical Friend and Panel processes

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories

Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	Neutral
Lower bills than would otherwise be the case	Neutral
Benefits for society as a whole	Neutral
Reduced environmental damage	Neutral
Improved quality of service	Neutral

Code Administrator Consultation Summary

The Code Administrator Consultation was issued on 11 May 2021 and closed at 5pm on 2 June 2021. Four responses were received with all of these being non-confidential. A summary of these responses can be found below, and the full responses can be found in Annex 2.

Code Administrator Consultation summary	
Question	
Do you believe that the CMP371 Original Proposal better facilitates the Applicable CUSC Objectives?	Three respondents agreed that CMP371 better facilitates Applicable Objective (d) noting the efficiencies that CMP371 provides. The other respondent sees merit in the CMP371 change but does not believe in it's current form that this better facilitates Applicable Objective (d).
Do you support the proposed implementation approach?	All respondents supported the implementation approach.
Do you have any other comments?	<p>One respondent raised two points that were previously raised and discussed at the 30 April 2021 Panel namely that:</p> <ul style="list-style-type: none"> • They understand from the ESO that they have been told by Ofgem that this proposal is legally compliant with the Transmission Licence: however, this is not stated within this consultation document; and • This could create "significant confusion" when assessing an individual proposal against two sets of Applicable Objectives that are both labelled as (a), (b), (c) and (d) (with one also having an additional label (e)) and reaffirms their stated desire for one set of Applicable Objectives to be labelled with roman numerals and does not believe there is anything in the licence that precludes this. On this point, another respondent noted that Code Admin will need to clearly articulate the differences between the two sets of Applicable Objectives , both in their Critical Friend Role and whilst chairing Workgroups to ensure members understand the voting process. However, they added that "<i>Since they already do this satisfactorily when helping proposers divide a Mod up into charging and non-charging, and during</i>

	<p><i>Workgroup votes, this is unlikely to be a problem”</i></p> <p>This respondent also raised a concern about how the Panel vote would work as they believe the CUSC wording suggests this is a vote against all Applicable Objectives and not two separate votes against the two separate sets of Applicable Objectives.</p>
<p>Legal text issues raised in the consultation</p>	
<p>None raised specifically on the CUSC wording; however, a respondent re-iterated their previous suggestion for one set of Applicable Objectives to be labelled with roman numerals.</p>	
<p>EBGL issues raised in the consultation</p>	
<p>None raised</p>	

Panel recommendation

The Panel will meet on the 25 June 2021 to carry out their recommendation vote.

They will assess whether a change should be made to the CUSC by assessing the proposed change and any alternatives against the Applicable Objectives.

When will this change take place?

Implementation date

10 working days after Authority decision – no need to wait until the start of a Charging Year.

Date decision required by

As soon as reasonably practicable; however, ideally ahead of when Modifications will need to be raised in respect of the Access and Forward-Looking Charges Significant Code Review. The expectation here is that many CUSC Section 14 changes will be raised that will need consequential changes to non CUSC Section 14 parts of CUSC.

Implementation approach

Efficiencies have already been built into the Modification process; notably joint Workgroups, Reports and Consultations. However, the Proposal form (and guidance) will need to be tweaked to allow Proposers to include an assessment against both the CUSC Charging Objectives and CUSC Non-Charging Objectives and spell out which changes are related to CUSC Section 14 and which are non CUSC Section 14.

Proposer’s justification for governance route

Governance route: Standard Governance modification to proceed to Code Administrator Consultation

This change should proceed directly to Code Administrator Consultation given the binary nature of the proposal. The Proposer does not believe that there are alternatives

which would meet the defect of this proposed change, which could be derived by a Workgroup.

Modification does not meet the Self-Governance Criteria (a)(v) as this CMP has a material effect on CUSC governance processes.

Interactions

- | | | | |
|--|---|---|--------------------------------|
| <input type="checkbox"/> Grid Code | <input type="checkbox"/> BSC | <input type="checkbox"/> STC | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European
Network Codes | <input type="checkbox"/> EBGL Article 18
T&Cs ¹ | <input type="checkbox"/> Other
modifications | <input type="checkbox"/> Other |

No other interactions anticipated

¹ If your modification amends any of the clauses mapped out in Exhibit Y to the CUSC, it will change the Terms & Conditions relating to Balancing Service Providers. The modification will need to follow the process set out in Article 18 of the European Electricity Balancing Guideline (EBGL – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBGL	Electricity Balancing Guideline
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions

Reference material

- None

Annexes

Annex	Information
Annex 1	Proposal form
Annex 2	Code Administrator Consultation Responses