

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	159
<b>Date of meeting</b>	28 February 2014
<b>Location</b>	National Grid House, Warwick

## Attendees

<b>Name</b>	<b>Initials</b>	<b>Position</b>
Mike Toms	MT	Panel Chair
Jade Clarke	JC	Panel Secretary
Alex Thomason	AT	Code Administrator
Abid Sheikh	AS	Authority Representative
Patrick Hynes	PH	National Grid Panel Member
James Anderson	JA	Users' Panel Member
Simon Lord	SL	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Bob Brown	BB	Consumers' Panel Member
David Kemp	DK	ELEXON
Kyle Martin	KM	Users' Panel Member
Nigel Cornwall	NC	CMP227 Modification Proposer
John Norbury	JN	CMP228 Modification Proposer

## Apologies

<b>Name</b>	<b>Initials</b>	<b>Position</b>
Michael Dodd	MD	Users' Panel Member
Ian Pashley	IP	National Grid Panel Member

## Alternates

All presentations given at this CUSC Modifications Panel meeting can be found in the CUSC Panel area on the National Grid website:

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/Panel/>

### 1 Introductions/Apologies for Absence

3853. Introductions were made around the group.

### 2 Approval of Minutes from the last meeting

3854. The minutes from the last meeting held on 31 January 2014 were approved subject to changes from AS and GG and are available on the National Grid website.

### 3 Review of Actions

3855. **Minute 3824: TS to update CMFTP226 to clarify housekeeping changes and provide references to the applicable sections of the Licence.** - Complete

3856. **Minute 3832: ER to discuss CMP225 legal text with National Grid legal team - Complete**
3857. **Minute 3842: JC to provide a more detailed update on Mandatory Frequency Response and how far this has been progressed with the Grid Code and when BSSG may report back on it. – Complete**

#### **4 New CUSC Modification Proposals**

3858. **CMP227 ‘Change the G:D split of TNUoS charges, for example to 15:85.** NC presented the background, defect and proposed solution for CMP227. CMP227 seeks to change the Generation:Demand split, reducing the proportion of Transmission Network Use of System (TNUoS) charges paid by generators to a suggested ratio of 15:85, which corresponds with the approach modelled under Project TransmiT. The Panel agreed that CMP227 should be developed by a Workgroup and set an initial five month timeline for the Workgroup process. The Workgroup will report back to the CUSC Panel on 25<sup>th</sup> July 2014. The Ofgem Representative exempted CMP227 from any ongoing SCR.
3859. The Panel noted comparisons between the Proposed Modification and CMP201 ‘Removal of BSUoS Charges from Generators’ and CMP224 ‘Cap on the total TNUoS target revenue to be recovered from generation users’. It was highlighted that it would be important to consider these two Modifications during the Workgroup discussions for CMP227.
3860. MT recalled that CMP201 had been put back for further work by Ofgem as a result of reservations which had emerged during and after the Workgroup and encouraged Ofgem to set out their analytical requirements for CMP227 (if any) as early and specifically as possible. PH noted that in the case of this proposal, such analysis might be complex and time consuming. BB noted that the Panel was able to procure external support if considered necessary.
3861. GG stated that when CMP201 came to the CUSC Panel, there was a discussion on whether the Panel should consider UK or European customers in its competition consideration against the Applicable CUSC Objectives. It was suggested that Ofgem advise what should be the case for CMP227.
- Action: AS to consider whether the Panel should consider UK or European customers in its competition consideration under the Applicable CUSC Objectives for CMP227.**
3862. The Panel noted that Ofgem would publish a decision on CMP201 in due course and that an Ofgem decision on CMP224 may be made about the same time as the end of the CMP227 Workgroup process.
3863. GG noted that if a decision is made by the European Commission to reduce the €2.5 limit, under CMP224, the G:D split would be reduced sooner than anticipated and an urgent Modification Proposal would need to be raised to do so and that it was important to consider this possibility for CMP227.
3864. NC noted that on reflection, an implementation of 12 months after an Authority decision would be more appropriate than the original proposed implementation. It was agreed to include suitable implementation options within the Workgroup Terms of Reference.
3865. BB stated that CMP201 indicated that there might be increased exports from GB which results in increased prices for GB customers in the short term and that the

impact on customers should be a consideration of the Workgroup under the Workgroup Terms of Reference. GG noted that, conversely, there could be lower prices for consumers out with GB and therefore the potential wider benefits to these non GB based European consumers would also need to be considered in terms of the wider Third Package statutory duties on Ofgem taking account of, for example, social welfare which was a key element in the European Network Codes when considering costs and benefits of a change.

3866. The Panel agreed that the Workgroup Terms of Reference should include;
- a. Assess impact on GB customers
  - b. Explore suitable implementation options (three year contracts)
  - c. Assess interaction with EMR
  - d. Interaction with tariffication guidelines
  - e. European social welfare
3867. The Authority Representative exempted CMP227 from the ongoing Electricity Balancing Significant Code Review.
3868. **CMP228 'Definition of 'Qualified Bank'**. JN presented the defect and proposed solution for CMP228 to the CUSC Panel. CMP228 seeks to make changes to the definition of 'Qualified Bank' within the CUSC to include 'trade credit insurance company', thereby increasing the number of prospective providers of security available to Users. The majority of the Panel and Ofgem agreed that this Modification Proposal should be considered as Self Governance. The Panel agreed that CMP228 should proceed directly to Code Administrator Consultation for the standard 15 working days. This is subject to National Grid procuring legal advice and providing a summary of such advice within the Code Administrator Consultation. JN suggested that the target date for implementation should be by 1<sup>st</sup> June 2014 as to enable security for bi-annual cancellation charge secured amounts to be in place for the next six month period.
3869. JN presented a paragraph of suggested legal text to the CUSC Panel for CMP228 stating that there is no definition within the CUSC of 'bank' and therefore he was not proposing to include a definition of "trade credit insurance company". GG suggested that the definition of 'bank' may refer back to the Banking and Financial Dealings Act 1971, and that it therefore may not need to be defined within the CUSC.
3870. AS asked whether the Proposer had assessed how many additional providers would be included as a result of this change. MT stated that, in principle, the Modification Proposal would not reduce the amount of lenders.
3871. PH agreed that National Grid would seek external legal advice that would clarify whether the bank and trade credit providers are equal in terms of credit worthiness and provide a summary of this advice within the Code Administrator Consultation, once the proposed legal text had been agreed with the Proposer.
3872. The Authority Representative exempted CMP228 from the ongoing Electricity Balancing Significant Code Review.

## 5 Workgroup / Standing Groups

3873. **CMP222 User Commitment for Non-Generation Users.** CMP222 seeks to introduce enduring User Commitment arrangements for sites where there is an offtake of electricity from the transmission system (excluding generation site supplies), specifically interconnectors, Distribution Network Grid Supply Points and directly connected loads. PH advised that there was a post-Workgroup Consultation

meeting and that the Workgroup had agreed on a Workgroup Alternative CUSC Modification (WACM). At the last Workgroup meeting an issue was raised and the Workgroup had to consider changing the original proposal to include a geographical component for interconnectors. This delayed the Workgroup vote and the Workgroup was therefore unable to meet the agreed date to present the Workgroup report back to the CUSC Panel on 28<sup>th</sup> February and required a one month extension. PH referred back to a note sent around the Panel prior to the February CUSC Panel meeting highlighting that CMP222 would not be brought back to the February meeting. The Panel and Ofgem approved this one month extension for CMP222, which is now due to be presented at the CUSC Panel on 28<sup>th</sup> March.

3874. **CMP223 Arrangements for Relevant Distributed Generators under the Enduring Generation User Commitment.** CMP223 seeks to address an unintended consequence of the application of CMP192 and related terms under Section 15 of the CUSC. As a consequence of the rules, distribution connected generators deemed to have an impact on the transmission network are faced with undue discrimination in the way that liability and security terms and conditions are set and how the sums are calculated and passed on. PH stated that the Workgroup came up with two WACMs along with finalising the Original at the last Workgroup meeting. There is another Workgroup meeting scheduled for 10<sup>th</sup> March and the Workgroup aims to report back to the CUSC Panel on 28<sup>th</sup> March. PH advised that the timescale for doing so is tight and this would require the Workgroup voting having just seen a 'plain English' version of the legal text and then agreeing the final draft legal text before the Code Administrator Consultation is published. The Panel was advised that the Workgroup report would most likely not include the legal text when it is presented to the Panel on 28<sup>th</sup> March 2014 and agreed to this approach.
3875. **CMP224 Cap on the Total TNUoS Target Revenue to be recovered from Generation Users.** CMP224 seeks to put a cap on the annual generation TNUoS revenue so that the average annual transmission charges payable by the generator always stay within the range specified by the EC Regulation. Linking this cap to the range specified by the EC Regulation mitigates the risk of any future revisions to this range. This would ensure that National Grid always remains compliant with the EC Regulation. PH presented the Workgroup Report to the Panel, including the background, defect and proposed solutions for CMP224. The Workgroup consultation closed in January and received nine responses and one Workgroup alternative request. PH outlined the Original and the three WACMs agreed by the Workgroup. The majority of the Workgroup voted that WACM1 best facilitates the Applicable CUSC Objectives. This alternative includes all the local TNUoS assets and gives generators twelve months notice.
3876. PH stated that Ofgem had requested National Grid to include impact analysis within the Code Administrator Consultation. PH presented this impact analysis to the Panel and advised that it had been sent to the CMP224 Workgroup for approval before including it in the Code Administrator Consultation.
3877. The Panel accepted the Workgroup Report and agreed that the Workgroup had met their Terms of Reference. It was agreed that CMP224 should proceed to Code Administrator Consultation for the standard 15 Working Days.
3878. **CMP225 Consequential changes following implementation of the Third Package and other miscellaneous changes.** JC stated that the CMP225 Workgroup Consultation closed on 27<sup>th</sup> February and received two responses. The Workgroup Report is due to be presented to the Panel on 28<sup>th</sup> March 2014.
3879. **Governance Standing Group (GSG).** GG advised that no meeting had been held since the last Panel and that the next meeting is due in April 2014.

3880. **Joint European Standing Group (JESG).** GG advised that there had been a JESG meeting held on 4<sup>th</sup> February. Discussions touched on Requirements for Generators (RfG) Network Code, for which a workshop was held after the JESG. GG informed the Panel that the Demand Connection Code (DCC) and the Capacity Allocation and Congestion Management (CACM) Network Code were currently progressing through the Comitology stage of the process with the Commission and Member States drafting. ENTSO-E drafting on the HVDC Network Code will conclude on 30<sup>th</sup> April 2014, at which point it will be submitted to ACER for their review. GG gave an update on ENTSO-E Balancing Pilot Projects where several stakeholders raised the concern that they will need to know well in advance if any IT systems changes will be required to comply with these projects.
3881. **European Code Coordination Application Forum (ECCAF).** GG stated that ECCAF had extensive discussions around options for implementing European Network Code requirements into the GB Codes. It was recommended that the existing GB code structures where appropriate be used and that an ECCAF sub-group (the Code Mapping Working Group) would consider each of the EU Network Codes in turn and then consider how they would map over to each GB code, such as the CUSC. Representatives will present to each of the panels and recommend changes to the CUSC and other relevant GB codes as appropriate.
3882. **Transmission Charging Methodologies Forum (TCMF).** PH advised that no meeting had been held since the last Panel and that the next meeting is due in March 2014.
3883. **Commercial Balancing Services Group (CBSG).** JC advised that there was no meeting in February and the March meeting has been cancelled. The next CSSG meeting is scheduled for 23<sup>rd</sup> April 2014.
3884. **Balancing Services Standing Group (BSSG).** JC advised that there was no meeting in February and the March meeting has been cancelled. The next BSSG meeting is scheduled for 23<sup>rd</sup> April 2014.
3885. BB questioned when work being undertaken by the BSSG and CBSG would be complete. AT stated that when work was agreed with the standing groups no timelines or deadlines were agreed. SL suggested that the meetings may be held too frequently which would result in more being cancelled.

**Action: JC to reflect with the BSSG and CBSG about the frequency of meetings and discuss whether this should be changed.**

## 6 European Code Development

3886. There were no further comments to add to the documents circulated with the Panel Papers.

## 7 CUSC Modifications Panel Vote

3887. There were no votes at this meeting.

## 8 CMP212 'Setting limits for claim: submission, validation and minimum financial threshold values in relation to Relevant Interruptions' – Report to Panel

3888. JC stated that one of the purposes of the annual report on CMP212 claims is to allow the Panel to determine whether the minimum threshold for accepted claims should be increased from £1 to a set value up to £5000. It was suggested that the current

report did not include enough information for the Panel to make that assessment and that the Panel would also need a good idea of the value of administrative costs of processing a claim to make an informed decision.

3889. BB also suggested that National Grid should undertake a review of the CMP212 claims process, now that it has been in place for 12 months to see whether any improvements could be made.

3890. GG noted that of the two claims shown in the CMP212 claims report Table 2 that one of the amounts was not an insignificant sum at circa £480k and that it was understood to be for an event that occurred in May 2011. GG noted that he was aware of another claim which was for an event some five years ago which had still to be resolved. GG also noted that there did not appear to be agreement from the claimant for an extension by National Grid of a claim timescale shown in the report. GG asked if clarification of the points he had raised previously could be provided at the next Panel.

**Action: JC to gather information on; 1) Value of rejected claims, 2) Administrative costs of processing claims and 3) Review of the claims process within National Grid, to be presented to the March Panel meeting.**

## 9 Authority Decisions as at 12 December 2013

3891. No Authority decisions were received this month.

## 10 Update on Industry Codes / General Industry updates relevant to the CUSC

3892. KM questioned how the embedded benefits review is progressing. PH advised that an informal review has been undertaken and a number of responses were received to this. There was quite a lot of support for a review of exporting GSPs and National Grid is currently deciding on the next steps to take.

## 11 AOB

3893. **CMFTP226:** JC gave an update on CMFTP226, stating that the window for objections had now closed and no objections were received. CMFTP226 would be implemented as agreed on 12<sup>th</sup> March 2014.

3894. AS noted that the Code Administrator had invited objections on whether the fast track criteria were met for CMFTP226 and not on whether the substance of the Modification itself was sound. AS asked the Panel to consider whether objections could also be raised on the substance of a fast track modification.

**Action: AT to review objections criteria in the Transmission Licence and circulate note on objections to the Panel.**

3895. **Ofgem Letter:** BB circulated a letter to the Panel which was issued by Ofgem to the industry regarding changes to industry codes for smart metering. BB brought this to the Panel's and Code Administrator's attention as Ofgem is urging Code Administrators to coordinate working with each other where an area of work has cross-code impact.

3896. **STC Panel query:** AT advised that there had been a discussion at the STC Panel about creating a standalone code for interconnector provisions, it was suggested at the STC Panel that this could be included within the existing Section 9 of the CUSC. GG stated that he would sympathise with putting this within the CUSC because the CUSC is subject to open governance unlike the STC.

3897. **Consumer Focus reference change:** Referring to the Authority's letter dated 24<sup>th</sup> February (licence modifications replacing references to the abolished National Consumer Council / Consumer Focus), GG stated that the CUSC only refers to a single body (National Consumer Council / Consumer Focus) and questioned whether, if the National Consumer Council was being replaced with two bodies (both Citizens Advice and Citizens Advice Scotland), two consumer representatives would now be need at the CUSC Panel.

**Action: AS to check whether two consumer representatives would be needed at the CUSC Panel, one each for Citizens Advice and Citizens Advice Scotland.**

## 12 Next Meeting

3898. The next meeting will be held on 28<sup>th</sup> March 2014 at National Grid House, Warwick.