

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	179
<b>Date of meeting</b>	30 October 2015
<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
Patrick Hynes	PH	National Grid Panel Member
Ian Pashley	IP	National Grid Panel Member
Cem Suleyman	CS	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Garth Graham (Dial-in)	GG	Users' Panel Member
James Anderson	JA	Users' Panel Member
Simon Lord (Dial-in)	SL	Users' Panel Member
Kyle Martin (Dial-in)	KM	Users' Panel Member
Bob Brown	BB	Consumers' Panel Member
Abid Sheikh (Dial-in)	AS	Authority Representative
Claire Kerr (Dial-in)	CK	ELEXON
Nikki Jamieson	NJ	Observer (National Grid)
Heena Chauhan	HC	Observer (National Grid)

## Apologies

<b>Name</b>	<b>Initials</b>	<b>Position</b>
John Martin	JM	Code Administrator
Paul Jones	PJ	Users' Panel Member

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

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Panel-information/>

## 1 Introductions/Apologies for Absence

4779. Introductions were made around the group. Apologies from John Martin and Paul Jones.

## 2 Approval of Minutes from the last meeting

4780. The minutes from the last meeting held on 25 September 2015 were approved subject to changes and are now available on the National Grid website.

## 3 Review of Actions

4781. **Minute 4729: JC to communicate to Panel next steps of MD's resignation as CUSC Panel member.** JC noted that she had circulated a note to the CUSC Panel following the last Panel meeting to explain that Cem Suleyman as Panel Member Alternate would be taking Michael Dodd's place as CUSC Panel member. JC noted that the CUSC Panel Elections for alternate members has opened and will close on

4<sup>th</sup> November 2015. JC advised that the Code Administrator will most likely extend the Elections for an additional 5 Working Days.

#### 4 New CUSC Modification Proposals

4782. **CMP254 ‘Addressing discrepancies in disconnection / de-energisation remedies’**  
CMP254 has been raised by EDF Energy and aims to bring the CUSC in line with the DCUSA in regards to Supplier’s rights under their Supply Contract and the Electricity Act 1989 to disconnect an indebted customer. The Proposer had recommended urgency for CMP254.
4783. PM presented the background to the modification and noted that under the Electricity Act 1989, Suppliers have a right to disconnect indebted customers. However PM explained that practically suppliers have limited options when a customer doesn’t pay their bills. For domestic or lower voltage customers, the Supplier can request that the DNO disconnects the customer, or the customer can disconnect and then reconnect themselves. For higher voltage customers, the Supplier won’t have the specific skills required to disconnect the customer.
4784. PM noted that within the DCUSA, there is a clause that allows the Supplier to notify a DNO when a customer needs to be disconnected and that there are mutual clauses to protect the DNO. PM explained that there is a defect in the CUSC in that there are no current arrangements within the CUSC which allows Suppliers to request the System Operator (SO) to disconnect indebted customers. PM noted that there are similar conditions under the BSC which allows the BSC Panel to ask the SO to disconnect customers if they have not paid BSUoS charges and therefore the SO would already have the skills and resources required to do so.
4785. PM advised that resolving this defect has a level of urgency as the debt that a Supplier could face due to customers not paying their bills could be around £1m a week.
4786. PM explained that CMP254 better meets Applicable CUSC Objective (b) by making sure that Suppliers wouldn’t be unwilling to supply such customers due to the risk of not being able to disconnect them in the instance of them not paying their bills.
4787. PM noted that CMP254 should be classed as Self-Governance and didn’t consider it to require a Workgroup to develop the modification.
4788. It was questioned what would happen if this modification had not been raised. PM noted that customers wouldn’t pay their bills and a Supplier wouldn’t be able to disconnect them and therefore the Supplier would be vulnerable to the debts incurred by the customer. PM noted that there would be no scope to disconnect the customer. NJ advised that there would be a possibility to get a court order to allow the SO to disconnect the customer; however there would be difficulties if the customer was not a CUSC Party. GG was not certain that the SO would be able to obtain a court order itself to disconnect parties if they are not technically their customers.
4789. It was questioned whether there has been an example of an indebted transmission-connected customer not being able to be disconnected. PM noted that this has happened before and could happen again at any time, hence the urgency of resolving the defect.
4790. The Panel considered whether CMP254 should be considered as Self-Governance.

4791. SL noted that he recognises the materiality of the modification however considers that it could possibly be considered as Self-Governance because in his view these arrangements should already be within the CUSC.
4792. PH advised that a Supplier getting a court order would increase credit premium and costs and may limit Suppliers' willingness to treat these customers and therefore agreed that there was a defect. In terms of impact on customers, PH noted that there wouldn't be any, except for those not paying for electricity (the indebted customer). NJ noted that there are questions that need answering by a Workgroup for CMP254 and that there may be unintended consequences.
4793. AS was questioned on whether Ofgem had formed a view on Self-Governance. AS noted that it looks like CMP254 has potential to be classed as Self-Governance however there may be other ways of dealing with the issue and would like to hear the Panel's view on this.
4794. GG stated that if he was a smaller supplier he would, on the basis of the defect, be reluctant to sign up these types of larger customers as he would be exposed to the costs /risks of non payment if CMP254 was not implemented. In GG's view CMP254 would not meet the Self-Governance criteria on the grounds of materiality; however he would recommend that it is considered as Urgent. GG noted that the DNO and SO are acting as agents of the Supplier as they are the parties that have the specialist skills which allow them to disconnect customers.
4795. JA initially considered CMP254 to meet the Self-Governance criteria however noted that it was difficult to identify the impact on customers and therefore wouldn't strictly fit around the strict Self-Governance criteria.
4796. The Panel agreed that in some ways CMP254 should be considered as Self-Governance as the defect is straightforward; however the impact on indebted customers would not allow the Panel to class CMP254 as Self-Governance.
4797. CS agreed that the modification should not be Self-Governance and noted that disconnecting customers is material and that he would be uncomfortable if a decision on this modification was not made by the Authority. BB also considered CMP254 not to meet the Self-Governance criteria as the impact of a large transmission-connected customer being disconnected from the system would be substantial.
4798. AS noted that the Panel has considered whether CMP254 should be considered as Self-Governance or not and have landed on a reasonable approach.
4799. The CUSC Panel agreed unanimously that CMP254 should not be considered as Self-Governance and went on to discuss whether a Workgroup was required to develop the modification.
4800. NJ noted that she had questions that she felt a Workgroup could work through and therefore would suggest that one is required. BB noted that it had previously been discussed that some large transmission-connected customers are not CUSC Parties and that this should be picked up separately to this modification. JA felt that a Workgroup would be helpful to consider whether there were any alternative ways of dealing with the defect outside of the CUSC.
4801. The CUSC Panel unanimously agreed that CMP254 should be developed by a Workgroup; however, it noted the need for urgency within the Workgroup process. The Panel also unanimously agreed that CMP254 should be progressed as an urgent modification.

4802. GG noted that there is a Workgroup at Elexon on Thursday 5<sup>th</sup> November 2015 for BSC Modifications P324/325 which would most likely include Supplier parties that would be interested in being part of the CMP254 Workgroup and that there could be a possibility to hold the first CMP254 Workgroup meeting at Elexon following the P324/325 Workgroup meeting. CK offered to liaise with JC about arrangements for this.
4803. The Panel discussed what should be included within the Terms of Reference for the CMP254 Workgroup.
4804. NJ noted that she had some concerns around the legal text which was suggested by the Proposer as it was a direct 'lift and shift' of text from the DCUSA which would not work in the CUSC. NJ suggested that the following items should be included within the Terms of Reference for the Workgroup:
- Consider how the legal text from DCUSA would map across to CUSC.
  - What are the circumstances in which a customer would be de-energised?
  - How would ongoing connection charge liabilities be handled?
  - What happens if there are technical or safety issues associated with the de-energisation?
  - What will the arrangements be around de-energisation?
4805. PH asked whether the modification applies to only directly connected customers or would it apply to generators also? PM clarified that it would only apply to customers.
4806. BB also noted that it would be important to make clear to the Workgroup that this modification only applies to CUSC Parties and that it would be out of scope to discuss non-CUSC Parties. GG asked whether National Grid could produce a note as part of the Workgroup Consultation which sets out its understanding of the difference between the CUSC Parties and the non-CUSC Parties. PM's view was that there could be other means of de-energising these non-CUSC Parties.

**ACTION: National Grid to produce note on non-CUSC Parties to publish alongside Workgroup Consultation for CMP254**

**Post meeting note** – following the CUSC Panel meeting, on review of the Draft Terms of Reference, it was agreed that the following item should also be included:

- What arrangements are in place in the event of a re-energisation?
4807. The Panel considered a timetable for CMP254 and agreed that the Code Administrator should draft a timetable which would result in the Modification being submitted to the Authority in early December 2015. JC questioned whether the Authority would consider making a decision on CMP254 within their Christmas publishing moratorium period. AS advised that there would usually be no publishing within this time; however, if a decision on CMP254 was made within the moratorium period, there may be an exception. The Panel agreed that there should be a reduced consultation period of 5 Working Days and predicted that there should only be one Workgroup meeting required before a Workgroup Consultation.

**ACTION: JC to circulate draft timetable for CMP254 to CUSC Panel following October 2015 Panel meeting.**

## 5 Workgroups / Standing Groups

4808. **CMP242 'Charging arrangements for interlinked offshore transmission solutions connecting to a single onshore substation'.**

CMP242 aims to ensure that both circuits linking offshore platforms connecting to a common onshore substation and additional capacity that can be utilised on export cables to shore by offshore generation as a result are appropriately charged. JC presented the Workgroup progress of CMP242 noting that the Workgroup had developed two Workgroup Alternative CUSC Modifications (WACMs) and had voted on these as well as the Original option. JC advised that the Workgroup felt that all options better facilitated the Applicable CUSC Objectives than the baseline. However, half the Workgroup preferred the Original as the best option and half considered WACM1 to be the best option.

4809. The Panel agreed that the CMP242 Workgroup had met their Terms of Reference and that it could now progress to Code Administrator Consultation.
4810. AS noted that after checking the draft legal text provided by the Workgroup, he was not sure whether the numbering in the text for one of the WACMs was correct and asked JC to check this with the National Grid representative before sending the Code Administrator Consultation out.

**ACTION: JC to check numbering within CMP242 legal text is correct before sending out the Code Administrator Consultation.**

4811. **CMP243 ‘a fixed Response Energy Payment option for all generating technologies’**

CMP243 aims to allow all fuel cost<sup>1</sup> generators, regardless of technology type, the option of choosing whether their Response Energy Payment (REP) is based on the current methodology or a fixed value suggested at £0/MWh. JC advised that the Workgroup are currently agreeing the final version of the Workgroup Consultation and this will be sent out to Industry within the next few days. The Workgroup will be meeting again once the Workgroup Consultation has closed. JC noted that with the Workgroup timetable as it is, the Workgroup will require a one month extension as the Workgroup Consultation took slightly longer to draft than originally expected. The Panel agreed to this extension. The CMP243 Workgroup will now report back to the December 2015 CUSC Panel meeting.

4812. **CMP244 ‘Set final TNUoS tariffs at least 15 months ahead of each charging year’**

CMP244 seeks to increase the length of the notice period for TNUoS tariffs (currently 2 months) to a suggested minimum period of 15 months. GG noted that following the Workgroup deliberations, the Proposer is minded to reduce the notice period to 6-8 months. JC advised that the Workgroup have issued their consultation, based on this 6-8 month notice period (rather than the initial 15 months), which is currently open and will close on 19<sup>th</sup> November 2015. The next Workgroup meeting is currently being scheduled.

4813. **CMP245/CMP246 ‘Introduction of a new ‘Category 5 Intertripping Scheme’ to include System to System intertrips in relation to One-off Charges’.**

CMP245 & CMP246 aim to clarify the position in relation to the treatment of a System to System intertrip by classing it as a new Category 5 Intertripping Scheme. JC advised that the Proposer of CMP245/CMP246 had contacted her as the Panel Secretary on 20<sup>th</sup> October 2015 to withdraw his support from the Modifications. JC issued a note via e-mail to the CUSC Panel and to Industry parties to inform them of this and allowed 5 Working Days for any relevant party to support the modifications in the Proposer’s place. JC advised the CUSC Panel that she had received no such

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<sup>1</sup> CMP237 looks at non fuel cost generators, further details at:-  
<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP237/>

request and therefore asked the Panel to official withdraw the Modification Proposals. The CUSC Panel agreed that CMP245 and CMP246 could be withdrawn.

4814. **CMP248 'Enabling capital contributions for transmission connection assets during commercial operation'.**

CMP248 aims to enable users that have existing arrangements to make capital contributions for transmission connection assets pre-commissioning the opportunity to make similar capital contributions for transmission connection assets post commissioning. JC noted that the Workgroup met on 27<sup>th</sup> October 2015 and reviewed the responses to the Workgroup Consultation. The Workgroup developed no WACMs so voted on the Original Proposal (allowing full or partial contributions with a 10% of NAV minimum level). The Workgroup agreed that the Original proposal was better than the CUSC baseline. The Workgroup will report back to the CUSC Panel at the November 2015 meeting.

4815. **CMP249 'Clarification of Other Charges (CUSC 14.4) – Charging arrangements for customer requested delay and backfeed'.**

CMP249 aims to include the principles underpinning the CEC before TEC policy within Section 14 of the CUSC, state the methodology for calculation and clarify in which situations this would be applied. JC advised that the Workgroup are meeting for the third time next Wednesday 4<sup>th</sup> November 2015 and at this point are not requesting an extension to the timetable.

4816. **CMP250 'Stabilising BSUoS with at least a twelve month notice period'**

CMP250 aims to eliminate BSUoS volatility and unpredictability by proposing to fix the value of BSUoS over the course of a season, with a notice period for fixing this value being at least 12 months ahead of the charging season. NJ advised that the Workgroup have planned to meet every 2 weeks until the end of the middle of December 2015. The Workgroup are not currently requesting an extension to their timetable; however, NJ noted that there is a possibility that the Workgroup may request an extension at the November 2015 Panel meeting.

4817. **CMP251 'Removing the error margin in the cap on total TNUoS recovered by generation and introducing a new charging element to TNUoS to ensure compliance with European Commission Regulation 838/2010'.**

CMP251 seeks to ensure that there is no risk of non-compliance with European Regulation 838/2010 by removing the error margin introduced by CMP244 and by introducing a new charging element to the calculation of TNUoS. JC advised that the Workgroup have had an initial meeting and will meet again once legal advice has been provided on some concerns which have been raised by the Workgroup. The Workgroup sought approval from the CUSC Panel to include an additional item to the Terms of Reference 'consider when €2.50 is to be calculated'. The Panel agreed for this to be included within the Workgroup Terms of Reference.

4818. **Governance Standing Group (GSG).** GG noted that the Governance Standing Group had met on 22<sup>nd</sup> October 2015 and had discussed a number of issues including the CUSC disputes process, wording around amalgamation, Workgroup role outlines and the paper submitted by the CUSC Panel on Implementation dates in WACMs'.

4819. **Transmission Charging Methodologies Forum (TCMF).** PH advised that there has been no TCMF since the last CUSC Panel, however there is one scheduled to take place on 11<sup>th</sup> November 2015.

4820. **Commercial Balancing Services Group (CBSG).** JC noted that there had been no CBSG meeting since the last CUSC Panel.

4821. **Balancing Services Standing Group (BSSG).** JC noted that there had been no BSSG meeting since the last CUSC Panel.

## 6 European Code Development

4822. AS noted that the European Demand Connection Code has now got approval from Member States. AS also advised that Ofgem had published their decision on the role of TSOs and their obligations to implement CACM Code on 14<sup>th</sup> October 2015.
4823. **Joint European Stakeholder Group (JESG).** GG stated that the JESG met shortly after the September CUSC Panel meeting noting that they discussed the implementation of the CACM code, the three Grid connection code implementation arrangements and that there was an update on the capacity calculation regions.
4824. GG noted that there are a number of relevant meetings throughout November including the System Operation code GB stakeholder group meeting on 3<sup>rd</sup> November 2015, GC0090 GB Implementation of HVDC on 10<sup>th</sup> November 2015 and GC0091 Demand Connection Code on 20<sup>th</sup> November 2015.

## 7 CUSC Modifications Panel Vote

4825. There was no vote this month.

## 8 Authority Decisions as at 17 October 2015

4826. There was no Authority decision this month.

## 9 Update on Industry Codes/General Industry Updates relevant to the CUSC

4827. No updates on industry codes / general industry updates.

## 10 AOB

4828. MT questioned whether the CUSC Panel had any comments on the Quarter 3 KPI's produced by the Code Administrator. BB noted that it was interesting to see that the number of final modification reports submitted to the Authority with an extension was around 75%. BB questioned whether the Panel think that there is an issue with setting timetables or delivering modifications and whether the Panel should encourage the Workgroup Chairs to provide further justification for extensions.
4829. NJ noted that currently the Panel makes an assumption about the complexity of a modification before the first Workgroup meeting and then once the Workgroup meets, they may consider the modification to be much more complex than originally thought. NJ suggested that the Workgroup could have a review of the complexity within the first Workgroup meeting and then report back to the CUSC Panel to let them know what issues will need to be discussed and what analysis may need to be done. The Panel welcomed this suggestion.
4830. MT questioned whether there were any comments on the relevant interruption claims report which was included within the CUSC Panel papers. GG noted that the CMP235/6 claims were not identified within the report and that doing so would provide a useful post implementation review element into how successful these changes have been over time. JC advised that this is something that the Code Administrator aims to do in the following report. GG welcomed this and asked whether in the following report it could be clarified whether the outstanding claims in

this October Panel report could be identified as CMP235/6 claims. JC noted that she would check to see if this could be done.

4831. JC advised that there had been two responses received to the CMP253 Code Administrator Consultation and that one of the respondents had contacted her separately regarding the ten Working Day notice period for implementation following the closure of the 15 Working Day appeals window on a Self-Governance modification. JC noted that the respondent thought that this could be reduced to only one Working Day as people know the modification is likely to be implemented as there is an appeals window. JC stated that the Code Administrator were happy to reduce this notice period to just one Working Day as they could prepare any legal text changes within the appeals window. GG advised that the notice period also allows for parties to make changes to any of their internal processes or procedures that are required as a result of the change and therefore one Working Day may not be long enough. The CUSC Panel agreed that the notice period for implementation on Self-Governance modifications should henceforth be one Working Day, however when the Panel recognises the need for process changes etc., they may extend the notice period if required.
4832. AS noted that Ofgem had published their Code Governance Review (Phase 3) Initial Proposals on 29<sup>th</sup> October 2015 and that responses to this consultation are requested by 18<sup>th</sup> December 2015. AS advised that the proposals within the document are on ways to improve the current governance arrangements and make them work better, rather than introducing new processes. AS noted that there are some proposals on Self-Governance, explaining that the test for materiality could be turned around to ask why a modification is material rather than whether it is not material. AS also mentioned that Ofgem is looking at greater use by industry of pre-modification forums for potential modifications to the Charging Methodologies.
4833. PH noted that the TCMF is not a formal Workgroup with members and more of a forum where industry members can find out what issues National Grid are currently looking at. PH's view was that if TCMF had been treated as more of a standing group it may have been more effective in a pre-modification review process.
4834. GG asked whether the Panel would like to respond to the Consultation on the certain issues which involve the CUSC Panel or governance arrangements. The CUSC Panel members took an action to think of how they would respond to the Panel specific issues and to report back to the November CUSC Panel. At the November CUSC Panel meeting, if the Panel agree on views against these issues, they may choose to make a submission.
4835. JC stated that she had circulated an e-mail to the CUSC Panel detailing plans to publish a CMP213 version of the CUSC so that customers would be able to see the CUSC legal text before CMP213 is implemented on 1<sup>st</sup> April 2016. However, JC advised that there have been difficulties putting together the agreed CMP213 legal text with the current version of the CUSC as there have been subsequent Modifications approved and implemented since CMP213 was approved. JC noted that these are mainly discrepancies with paragraph numbering and references. JC noted that the Code Administrator was putting together the text for the Panel to agree whether it should be published on the National Grid website or not and that a Fast Track modification would be raised to correct these minor issues with the legal text.
4836. GG requested that all typos / paragraph numbering / references that would need changing with the Fast Track modification be highlighted within the legal text itself so it is obvious what will be changing. JC stated that this would be done.



4837. The Panel noted that this meeting would be the last for Patrick Hynes as National Grid Panel member after several years. The Panel thanked PH for his contribution and high quality technical advice and wished him all the best in his future role within National Grid.

## **11 Next meeting**

4838. The next meeting of the CUSC Modifications Panel will be held on 27<sup>th</sup> November 2015 at National Grid House, Warwick.