

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	183
Date of meeting	29 January 2016
Location	National Grid House, Warwick

Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
Jade Clarke	JC	Panel Secretary (alternate)
John Martin	JM	Code Administrator
Nikki Jamieson	NJ	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	GG	Users' Panel Member
James Anderson	JA	Users' Panel Member
Kyle Martin	KM	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Simon Lord	SL	Users' Panel Member
Claire Kerr	CK	ELEXON
Bob Brown	BB	Consumers' Panel Member
Abid Sheikh (dial-in)	AS	Authority Representative
John Norbury	JN	RWE Supply & Trading GmbH (CMP259 Proposer)
Nicky White	NW	RWE Npower (CMP260 Proposer)
Daniel Hickman	DH	RWE Npower (Observer)

Apologies

Name	Initials	Position
Heena Chauhan	HC	Panel Secretary

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

4933. Introductions were made around the group. Apologies were received from Heena Chauhan.

2 Approval of Minutes from the last meeting

4934. The minutes from the last meeting held on 18th December 2015 were approved subject to changes and are now available on the National Grid website.

3 Review of Actions

4935. **Minute 4920: AS to report back to Panel on length of time required to change EC 838-2010 if the European Commission accept ACER's advice.** AS noted that JC had circulated a note to the CUSC Panel completing this action. PM advised that the update was useful.

4 New CUSC Modification Proposals

4936. **CMP259 'Clarification of decrease in TEC as a Modification'**
CMP259 was proposed by RWE Supply and Trading and aims to amend the CUSC to enable a User to request both a TEC reduction and a subsequent TEC increase in the form of a single modification application to National Grid.
4937. JN presented slides which detailed the background, defect and solution of his Modification Proposal. JN noted that currently the CUSC only allows for a decrease in TEC via an irrevocable notice to reduce enduring TEC, however a User may increase TEC via a modification application. JN advised that the previous practice of achieving a temporary TEC reduction via a single modification application is no longer considered acceptable.
4938. The Proposer felt that the current arrangements present an unnecessary risk to the Generator and acts as a disincentive against temporary TEC reduction, this is because it is not clear whether they will get the TEC back which they request. JN is therefore suggesting that the CUSC is changed so that a User could achieve a temporary TEC reduction (or time-profiled TEC) via a modification application. This would allow a Generator to avoid risk by enabling them to contractually commit to all related TEC changes at the same time.
4939. The Proposer's view was that CMP259 better facilitates Applicable CUSC Objectives (a) by encouraging the negotiation of un-utilised TEC, thereby enabling transmission investment to be optimised. It also simplifies the administrative process and reduces the administrative burden on Users seeking to reduce TEC for a limited period of time and it clarifies the CUSC. JN went on to state that CMP259 better facilitates Objective (b) by encouraging the release of contracted TEC for use by other Generators and helps to remove unnecessary risk for Generators, leading to more efficient investment and operational decisions. JN also presented illustrative legal text to explain how changes could be made to the CUSC.
4940. PM asked whether once a User has reduced their TEC they would have the capacity reserved for them to increase it again after an agreed period of time. JN said that this would not be the case.
4941. The Proposer highlighted that when a User doesn't reduce their TEC to avoid risk, their TEC is going unused and unavailable to other Users. GG advised that currently under the CUSC, there is the ability for two Users to transfer TEC between each other and a Workgroup would need to consider this when developing the modification.
4942. SL questioned whether security would still apply on the wider works (as per CMP192) under CMP259. The value of this builds up over time and it would seem appropriate if the current provisions for increasing TEC and securities still apply. JN advised that securities under CMP192 would still apply and that CMP259 is simply to minimise the risk of making an open-ended TEC reduction. The Panel agreed that the Workgroup need to consider the interaction of CMP259 with securities under CMP192.
4943. GG also questioned if National Grid would review their advice prior to 2012 to what it was afterwards. Based on the Proposers' presentation it seems that there may have been a reinterpretation of National Grid's advice at some point in 2012. The Panel

agreed that it would be useful if National Grid could explain this advice and its 2012 changes within the first Workgroup meeting.

4944. The Panel considered what other items may need to be added to the Workgroup Terms of Reference. JA explained that there could potentially be an issue with the connection queue and what would happen if another generator connected within the time the User had requested reduced TEC.
4945. The CUSC Panel agreed that CMP259 should be developed by a Workgroup and considered the proposed timetable. It was suggested that if the Workgroup Consultation falls over Easter, this should be extended to 20 Working Days. The Panel requested that the Workgroup Chair reports back to the CUSC Panel meeting following the first Workgroup meeting with a more realistic view of the timetable.
4946. The CUSC Panel and the Ofgem representative both agreed that CMP259 should not be considered as Self-Governance.
4947. **CMP260 'TNUoS Demand charges for 2016/17 during the implementation of P272 following approval of P322 and CMP247'.**
CMP260 was proposed by RWE NPower and aims to give the option for metering systems that are registered on Measurement Classes E-G on or before 1st April 2016 to be treated as Half Hourly (HH) for the purposes of calculating the actual annual liability up until the full charging year after the implementation date of P272. CMP260 was raised as urgent by the Proposer.
4948. NW presented slides detailing the background, defect and proposed solution of CMP260. NW explained the details of the related modifications CMP241 'TNUoS Demand Charges during the implementation of P272' and CMP247 'TNUoS Demand Charges during the implementation of BSC Modification P272 following the approval of BSC Alternative Modification P322'.
4949. NW explained that CMP260 aims to give the option for metering systems that are registered on Measurement Classes E-G on or before 1st April 2016 to be treated as HH for the purposes of calculating the actual annual liability up until the full charging year after the implementation date of P272.
4950. The Proposer felt that CMP260 better facilitated Applicable CUSC Objective (a) by increasing the options for customers; (b) as because to treat some HH customers as NHH is a move away from cost reflectivity; and (c) as it will allow customers to fully realise the benefit of load management activity at peak times.
4951. CMP260 has been raised as urgent by the Proposer as Customers wishing to make plans to load manage will need certainty of the TNUoS methodology they face before the start of the charging year 2016/17. Suppliers will need to provide forecasts to National Grid through the year to calculate their TNUoS liability and therefore, knowing which methodology will apply before the start of the charging year will have benefits for end consumers and Suppliers alike. The Proposer felt that CMP260 justifies the urgent criteria as it is linked to an imminent date (1st April 2016) and will have a commercial impact on both customers and suppliers.
4952. GG questioned how practical introducing this modification by 1st April 2016 would be for those Suppliers already making their decisions following the implementation of CMP247. BB thought that if CMP260 was sent to a Workgroup, the Workgroup should consider whether the modification was advantageous to certain customers. SL thought that there was clearly a benefit of triad avoidance and that this is also something a Workgroup should consider. BB noted that analysis has already been done under CMP247 which would be helpful to the CMP260 Workgroup.

4953. The Panel considered whether they should recommend to the Authority that CMP260 is treated as urgent. The Proposer reiterated that customers and suppliers would need certainty about the TNUoS methodology before 1st April 2016. GG cautioned against rushing through a change for 1st April 2016 when it appeared, from a practical perspective, that it would not have an effect till later in 2016. GG advised that customers won't be doing any load management until the start of the Triad period in late 2016. GG therefore thought that CMP260 did not need to be implemented on or before 1st April 2016, but that more time should be allowed to consider any unintended consequences. AS noted that it is not clear that the case for urgency has been made and that it may be more beneficial to take the time to ensure the modification has been developed sufficiently rather than progress through an urgent process. BB commented that he was cautious when asked to recommend urgent treatment because of the increased risk of unintended consequences; however in this case he believed that there had been sufficient work in this area during the previous related charging Modifications to mitigate those risks and therefore he supported urgent treatment.
4954. PJ understood the request for urgency, however was not sure the modification strictly met the urgency criteria. PJ thought that the modification needs to be considered properly as there may be a small subset of customers that may be impacted negatively by the confusion an urgent modification may cause. PM felt that if the modification is not treated as urgent, there may be no benefit from the modification at all. PJ thought that the value of the modification would erode month on month, however there is still value of implementing the modification later in 2016.
4955. The Panel agreed that CMP260 should not be considered as Self-Governance and should be developed by a Workgroup. The Panel also agreed by majority that CMP260 should not be considered as urgent and would recommend this to the Authority. When considering a timetable for the modification, the Panel felt that CMP260 should be progressed to an accelerated timetable and agreed on a modification process of 4 months which could result in implementation on 22nd July 2016 (if approved by the Authority).

5 Workgroups / Standing Groups

4956. **CMP243 'a fixed Response Energy Payment option for all generating technologies'**
CMP243 aims to allow all 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 presented a summary of the Workgroup process explaining that the Workgroup had voted on CMP243 and had different views on the best option.
4957. JC advised that the CMP243 Workgroup is aware that Ofgem is waiting until they receive the Final CUSC Modification Report for CMP243 before making a decision on CMP237 'Response Energy Payment for Low Fuel Cost Generation'. As the two modifications are making changes to the same section of legal text within the CUSC, the CMP243 Workgroup have provided illustrative legal text within the Annex of the Workgroup Report to show what the legal text would look like if both CMP237 and CMP243 were approved by the Authority and implemented. JC asked the CUSC Panel if they agreed with including this legal text within the Report. GG noted that as long as it is made clear that the legal text is purely illustrative to show CMP237 and CMP243 together, he would agree with including it. The rest of the Panel agreed with this approach. JC noted that if any minor changes were required as a result of

both modifications being implemented, that this would be picked up within a fast track modification following implementation of CMP237 and CMP243.

4958. JC advised that the Workgroup Report was submitted late to the CUSC Panel as the Workgroup were attempting to provide analysis which was requested to be included within the Workgroup Report by the Ofgem representative on the CMP243 Workgroup. It was felt that this analysis was not possible to complete and therefore there are a few paragraphs within the summary of the Workgroup Report to explain this.
4959. AS noted that some of the analysis provided within the Workgroup Report covers inconsistent time periods and that the commentary surrounding the analysis was not clear. AS advised that given the analysis that has been provided within the Workgroup Report, that it is currently not sufficient for the Authority to make an informed decision on the modification.
4960. SL stated that the Industry is seeing significant changes in the way that the Market Index Price (MIP) payments will work and that this modification recognises these changes. SL advised that one of the challenges of the Workgroup is that it may not be possible to conduct analysis that clearly shows a correlation between the MIP volatility and the Response Energy Payment (REP). SL was therefore not sure if there was much more analysis that the Workgroup could provide and that the Panel should be aware of this if they were to send the Report back to the Workgroup.
4961. AS thought that the Ofgem representative on the Workgroup had been clear about what analysis he had requested and that this had not been completed by the Workgroup. CS believed that all the analysis that had been requested by Ofgem had been completed by the Workgroup and that some analysis that was requested at a late stage in the process was unable to be completed as the raw data was not useful. CS agreed with SL that it should be made clear what the significant changes in the market are, as not all the analysis requested will be possible to complete.
4962. The CUSC Panel agreed that if the Report continued through the modification process, there may be a possibility that the Modification will get sent back by the Authority. The Panel therefore agreed to request the Workgroup to report back to the Special CUSC Panel meeting on 8th February 2016 with any additional analysis or wording within the Workgroup Report which they think would help the Authority make an informed decision on the modification. The Panel requested that the Ofgem representative on the Workgroup be explicit in their request for analysis so that it is clear that the Workgroup has provided this or explain why they were unable to.
4963. **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 two months) to a suggested minimum period of 15 months. JC noted that the CMP244 Workgroup had met on 19th January 2016 and looked at a new notice period of 200 days (tariffs to be published mid-September) which was suggested by the National Grid representative. The Workgroup are hoping to finalise the Original Proposal and agree on any WACMs at their next meeting. The Workgroup are currently due to report back to the CUSC Panel at the March meeting, however this will give the Workgroup little time to agree the final Workgroup report and draft the legal text. Therefore the Workgroup requested a one month extension to the timetable, however they would make their best attempts to finalise the Workgroup Report for the March CUSC Panel. The Panel agreed to a one month extension to CMP244.

4964. **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. The Workgroup have arranged another meeting on 5th February 2016 to review the content of the Workgroup Report. JC advised that the CMP249 Workgroup has not reached the Workgroup consultation stage yet and therefore would be requesting a two months extension to their timetable. The Panel agreed to this extension. The Workgroup are now due to report back to the April CUSC Panel meeting.
4965. **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. JC noted that the Workgroup are progressing well, however they are finding it challenging to come up with a cost benefit analysis. The Workgroup consultation is currently being drafted and they aim to send this out to the Industry towards the end of February. The Workgroup requested a two month extension to their timetable which the Panel agreed to. The Workgroup are now due to report back to the May CUSC Panel.
4966. **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 stated that the Workgroup consultation is currently being agreed with the Workgroup and they aim to send it out to Industry W/C 1st February 2016. The Workgroup requested a one month extension meaning that they would now report back to the March CUSC Panel meeting. The Panel agreed to this.
4967. **CMP255 'Revised definition of the upper limit of Generation Charges in the charging methodology with removal of the reference to the 27% charging cap'**.
CMP255 aims to remove the requirement in the CUSC for the generation allocation of transmission system costs to revert to 27% if the limits to generation charges imposed by European Commission Regulations no longer apply. JC stated that the Workgroup consultation has been drafted and the Workgroup will meet in early February to discuss the consultation report. The Workgroup requested a one month extension to their timetable. The CUSC Panel agreed to this.
4968. **CMP256 'Potential consequential changes to the CUSC as a result of CMP244'**
CMP256 proposes that any sections of the CUSC outside of Section 14 are modified to reflect any charges to Section 14 deemed appropriate by the CMP244 Workgroup. JC noted that CMP256 Code Administrator Consultation has now closed and received three responses which were supportive of the modification.
4969. **Governance Standing Group (GSG)**. GG noted that the GSG are not due to meet until the 12th February 2016. The group will discuss the requirement to raise two separate modifications for one defect which seeks to amend two separate sections of the CUSC; such as CMP245/246 and CMP244/256.
4970. **Transmission Charging Methodologies Forum (TCMF)**. NJ advised that the last TCMF was held on 6th January 2016 and that there was a presentation on Intertrips and that the final 2016/17 TNUoS Tariffs were being published on the 29th January 2016.

4971. **CUSC Issues Steering Group (CISG).** NJ noted that the CISG was held on the same day as TCMF and that the group are trying to create a standard agenda for the meeting. NJ also advised that a survey was sent out to attendees to vote on priority areas for discussion within the meeting.
4972. **Commercial Balancing Services Group (CBSG).** JC advised that there will be a CBSG meeting on 24th February 2016. No agenda items have been agreed for this meeting yet.
4973. **Balancing Services Standing Group (BSSG).** JC noted that there has been no BSSG meeting since the last CUSC Panel and that there was not one scheduled in the future.

6 European Code Development

4974. **Joint European Stakeholder Group (JESG).** GG stated that the JESG meeting was held on 28th January 2016 and that this included a summary status of the European Network Codes. The Balancing network code was expected to be approved before the summer; however this is now expected later in 2016. Other discussion topics were around capacity regions and RFG banding. There was a follow on meeting on CACM and FCA in the afternoon.

7 CUSC Modifications Panel Determination Vote

4975. **CMP248 ‘Enabling capital contributions for transmission connection assets during commercial operation’**
CMP248 seeks to introduce arrangements that would enable Users that have existing arrangements to pay annual charges for transmission connection assets the opportunity to make capital contributions against the transmission connection assets. This would enable them to reduce ongoing annual charges and related post operational securities.
4976. JC presented an overview of the CMP248 modification process advising that all responses to the Code Administrator Consultation were supportive of the modification.
4977. The CUSC Panel voted on CMP248 against the Applicable CUSC Objectives and agreed unanimously that it better facilitates Objective (a) as it introduces flexibility and clearly benefits competition by allowing parties to pay a proportion of their contributions. The details of the Panel vote are as follows:

Panel member	(a)	(b)	(c)	(d)	(e)	Overall
James Anderson	Yes	Neutral	Neutral	Neutral	Neutral	Yes
Bob Brown	Yes	Neutral	Neutral	Neutral	Neutral	Yes
Kyle Martin	Yes	Neutral	Neutral	Neutral	Neutral	Yes
Garth Graham	Yes	Neutral	Neutral	Neutral	Neutral	Yes
Nikki Jamieson	Yes	Neutral	Neutral	Neutral	Neutral	Yes
Paul Jones	Yes	Neutral	Neutral	Neutral	Neutral	Yes
Simon Lord	Yes	Neutral	Neutral	Neutral	Neutral	Yes
Cem Suleyman	Yes	Neutral	Neutral	Neutral	Neutral	Yes
Paul Mott	Yes	Neutral	Neutral	Neutral	Neutral	Yes

4978. A 15 day appeals window has now commenced. If no successful appeals are received, CMP248 will be implemented on 4th March 2016.

4979. BB questioned whether there will be a consequential STC change. JM noted that it was not an STC change that was required but a change to the charging arrangements.
4980. **CMP257 'Enabling the electronic (email) issue of 'offers' to customers'**
CMP257 seeks to allow for the electronic issue of offers and other formal documents (where agreed) and removes the obligation to provide hard copies of documentation once that option was chosen.
4981. JC presented an overview of the CMP257 modification process explaining that there were 3 responses to the Code Administrator Consultation for CMP257. These responses each had suggestions on how the modification could be improved. JC advised that the Proposer has been considering these and had the following response:
4982. In response to the comments around providing delivery receipt for e-mail offers, the Proposer stated that National Grid do not currently provide this for postal delivery so does not propose a change to the legal text to have it for e-mail sent offers. In practice, the customer account managers would follow up with the customer to ask if they have received their offer and this would be the same whether it was sent via e-mail or via postal delivery. The Proposer also believes that the legal text was drafted in such a way that other products can be elected (by mutual agreement) to be formally sent electronically, however based on one of the consultation responses, it does appear that STTEC and LDTEC are very specific about the use of fax in CUSC paragraphs 6.31 and 6.32. Without changes to these paragraphs, there could be contradiction on the methods of acceptance. The Proposer thinks there could be merit in making changes however would like to consider this in more detail. For electronic exchange outside of the scope of the products specifically listed, there would need to be further consideration about the recording of any agreement to exchange products electronically, although he imagined in most cases it could simply be on ad-hoc basis between the provider and the recipient. The Proposer thinks that the legal text is actually quite broad to provide for electronic exchange of other documentation and provision electronically to multiple parties. The Proposer suggested allaying the concerns of respondents by addressing these with minor changes to the process outside of the CUSC.
4983. SL questioned whether the Panel were required to vote on CMP257 now or whether they could delay the vote until the February CUSC Panel meeting to consider the process outside of the CUSC further. JM agreed that this was acceptable. SL asked National Grid to provide information to the CUSC Panel on how the application process would work. The Panel agreed that this would be a sensible approach and that the additional information requested from National Grid would be useful. The Ofgem representative also agreed with this.

ACTION: National Grid to provide an update on the proposed application process outside of the CUSC in relation to CMP257.

8 Authority Decisions as at 21 January 2016

4984. There have been no Authority decisions since the last CUSC Panel meeting. AS reiterated that they are waiting for the CMP243 Final CUSC Modification Report before making a decision on CMP237. CMP242 is also currently with the Authority and they are planning on making a decision on this modification on or before the end of their 25 day KPI timeline for modification decisions, in this case by 10th February 2016.

9 Relevant Interruptions claims report

4985. JC advised that the quarterly Relevant Interruptions Claims report was included within the Panel Papers and invited comment from the Panel. GG advised that the CMP235/6 claims need to be highlighted in the report in order to see whether there are any claims which have been approved as a result of CMP235/6 being implemented.

ACTION: Code Administrator to highlight claims relating to CMP235/6 within future Relevant Interruptions Claims reports.

4986. GG stated that from a stakeholder perspective, the visibility of the information provided within this report helps to understand how many claims are being made, processed and accepted. Other than via this report, these claims are not visible anywhere for the Industry to see.

10 KPI's

4987. JC welcomed questions from the Panel on the Annual CUSC KPIs. There were no comments on the KPIs produced for the CUSC Panel.

4988. AS advised that Ofgem have asked the Code Administrators to have a look into the value of the current KPIs. JM noted that National Grid as Code Administrator for the CUSC have given some feedback to Ofgem on the KPIs with a view that the KPIs are more of a reflection of the performance of the Code itself rather than the Code Administrators. BB's view was that it would also be useful to measure the Panel's performance in future if this was possible.

11 Update on Industry Codes / General Industry Updates relevant to the CUSC

4989. JC mentioned that the Code Administrator had been considering how to make the current status of CUSC modifications more visible to the Industry and the CUSC Panel. It was suggested that a project plan of modifications could be presented at the CUSC Panel meeting. This would highlight specific times where the Panel may have a number of votes in one month, or more than one modification is being submitted to the Authority for decision.

4990. BB thought that it would be useful to have an overall view of the modifications in one place. GG liked the idea of producing this overview, however thought that it is important that it is clear that the dates are indicative and subject to change. JA advised that the JESG uses a project plan and that JC may wish to use the same template for the CUSC Panel.

4991. BB advised that he had been to the BSC Panel at which Rachel Fletcher from Ofgem had presented on HH settlement. BB noted that he is on a BSC Workgroup looking at delivering elective HH settlement and asked whether National Grid were looking into this.

4992. NJ advised that she will be leading on a charging review and that this is something she will be focusing on.

4993. BB noted that within the slides presented at the BSC Panel by Ofgem, there was some information of the changing role of the Code Administrator under the Code Governance Review. MT asked AS to provide an update on the Code Governance Review to the CUSC Panel at the February CUSC Panel.

ACTION: AS to provide update on Code Governance Review.

12 AOB

4994. MT thanked IP and JC for their work on the CUSC Modifications Panel and wished them luck in their future roles within National Grid.

13 Next Meeting

4995. The next standard meeting of the CUSC Modifications Panel will be held on 26th February 2016 at National Grid House, Warwick. There will also be a Special CUSC Panel meeting held on 8th February 2016 to vote on CMP254.