

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	185
<b>Date of meeting</b>	26 February 2016
<b>Location</b>	National Grid House, Warwick

## Attendees

<b>Name</b>	<b>Initials</b>	<b>Position</b>
Mike Toms	MT	Panel Chair
Heena Chauhan	HC	Panel Secretary
John Martin	JM	Code Administrator
Nikki Jamieson	NJ	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
Simon Lord (dial-in)	SL	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Bob Brown	BB	Consumers' Panel Member
Abid Sheikh (dial-in)	AS	Authority Representative
Mike Oxenham	MO	National Grid (CMP 257 Proposer)
Damian Clough	DC	National Grid (CMP 258 Proposer)

## Apologies

<b>Name</b>	<b>Initials</b>	<b>Position</b>
Kyle Martin	KM	Users' Panel Member
Claire Kerr	CK	ELEXON

*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

5008. Introductions were made around the group. Apologies from Kyle Martin and Claire Kerr.

## 2 Approval of Minutes from the last meeting

5009. The minutes of the Panel meeting held on 29 January 2016 plus the two Special CUSC Panel meetings held on 18 January 2016 and 8 February 2016 were approved subject to changes and are now available on the National Grid website.

## 3 Review of Actions

5010. **Minute 4938: HC to make sure the CMP254 Code Administrator Consultation states a five working day notice for implementation.** – HC noted that this action was complete.

5011. **Minute 4983: National Grid to provide an update on the proposed application process outside of the CUSC in relation to CMP257.** Closed as new action opened in Minute 5057.

5012. **Minute 4985: Code Administrator to highlight claims relating to CMP235/6 within future Relevant Interruptions Claims reports.** HC noted that this action would remain open and on the Agenda until April 2016 when the next Relevant Claims Report is presented to the Panel.
5013. **Minute 4993: AS to provide update on Code Governance Review.** AS provided an update on the Code Governance Review Phase 3 and highlighted that the Code Administrators have been working together to try and attain consistencies across codes, e.g. a standard modification proposal template.. It was also highlighted that the Competition Markets Authority (CMA) investigation is ongoing and this may lead to changes in the industry codes governance structure. The CMA report is due to be issued in March and implemented by June. JM agreed to send a link to the CMA timetable.

**ACTION: JM to send a link to the CMA timetable, which is provided below.**

[https://assets.digital.cabinet-office.gov.uk/media/569f81f5e5274a112c000032/Energy\\_market\\_investigation\\_timetable\\_20-01-16.pdf](https://assets.digital.cabinet-office.gov.uk/media/569f81f5e5274a112c000032/Energy_market_investigation_timetable_20-01-16.pdf)

5014. **Minute 5000: All voting Panel members to provide voting statements for inclusion into the CMP254 FMR by 10 February 2016.** HC noted that this action was complete.
5015. **Minute 5001: HC to ensure that the proposed CMP254 Legal Text has been reviewed and updated within the FMR prior to submitting it to the Authority.** HC noted that this action was complete.

#### 4 New CUSC Modification Proposals

5016. **No new modifications were presented to the Panel this month.**

#### 5 Workgroups / Standing Groups

5017. **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. HC advised that the CMP243 Workgroup Report was presented to the CUSC Panel in January 2016, however due to concerns which Ofgem had raised at the Panel, the Panel asked the Workgroup to re-consider what analysis or additional wording could be included within the Workgroup Report. As requested at the last Panel, the Ofgem representative provided a clear request for analysis via e-mail to the Workgroup and the Workgroup met on 19 February 2016 to discuss this request. It was agreed that the issue of CMP243 was a future issue which the modification is attempting to avoid, so analysis of past trends was not possible. The Workgroup agreed that it was not possible to provide any further analysis for their report and provided additional text in the report to explain why.
5018. GG highlighted that the Workgroup report seems a sensible and appropriate approach, especially if a variable approach is substantial rather than a fixed rate, the risk premium will be high which has been identified in the Workgroup Report. CS agreed with GG and also highlighted that the Ofgem requirements were discussed by the Workgroup and a decision was made by the Workgroup. SL commented that a robust debate has been made in the Workgroup and hopes that this has come across in the report. SL also commented that this is the correct approach and hopes that the Authority has enough information to take it forward.

5019. AS noted the Workgroup discussion and comments at the Panel on this modification. AS stated that Ofgem had raised some concerns, which the Workgroup have now provided their views on and that the Workgroup's views would be taken into account when a decision was made on this modification.
5020. The Panel agreed to accept the Workgroup Report and for it to proceed to Code Administrator consultation.
5021. BB commented that he would be disappointed if this modification was sent back by the Authority considering the Workgroup's view around what analysis could be provided. GG noted that this is a matter of economic principle and that the decision needs to be made on that basis.
5022. AS requested that as part of the Code Administration consultation, Frequency Response providers should be contacted to get their views given the potential impact of the modification on them.

**ACTION: Code Administrator to ensure Frequency Response providers are contacted as part of the Code Administrator consultation.**

**ACTION: It was also agreed to add an additional question into the Code Administrator consultation, asking industry participants whether they had any additional information/ data on the subjects queried by Ofgem.**

5023. **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. HC advised that the CMP244 Workgroup met on 8th February and voted within that meeting. There were no alternatives raised so the Workgroup voted on the Original Proposal, agreeing by majority that it better met the CUSC Objectives and therefore should be implemented. The legal text is currently being drafted and the Workgroup Report is out for review by the Workgroup and on track to be presented to the Panel in March 2016.
5024. **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. HC advised that the Workgroup have been reviewing the Workgroup Consultation to make sure that they are happy with the content of the report and that views have been accurately reflected. They are doing the final review of the Workgroup Consultation and aim to send it out as soon as possible. The main issue in this Workgroup is with the methodology which the Proposer wants to include within the CUSC for calculating the charges. The majority of the Workgroup are uncomfortable that this has not been consulted on as the defect in the Proposer's view is that of transparency. They propose just to include the methodology within the CUSC to make it clear to Users what their charges would be. There are clearly differing views within the Workgroup and it is important to make sure that these are being reflected within the Report.
5025. Currently the Workgroup is on track, but they may request an extension next month if more work is required following the Workgroup Consultation. Currently the Workgroup Report is due to be presented to the Panel in April 2016.
5026. **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. HC advised that the Workgroup are due to meet again on Monday 29 February 2016 to review the Workgroup Report in readiness for it being

issued to the Industry for consultation on 21 March 2016. Currently the Workgroup is on track. The timetable has been revised based on the extension to May 2016 which was granted in January 2016.

5027. **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 CMP224 and by introducing a new charging element to the calculation of TNUoS. JM noted that the Workgroup Consultation is currently being finalised with the Workgroup with the intention of sending it out to consultation on 29 February 2016.

The Workgroup will be asking for a 1 month extension, so that the Workgroup Report will be submitted to the April 2016 Panel, the rationale for the delay is highlighted below:

- Initially Workgroup delayed due to time that we took to initially receive the legal opinion.
- Delay with issuing the draft Workgroup Report to Workgroup to include the latest forecast data which was being published imminently.
- More detailed discussion of the Workgroup Report, than initially anticipated (3 conference calls).

The Panel agreed to the one month extension.

5028. **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 for the generation allocation of costs to revert to 27% if the limits to generation charges imposed by European Commission Regulations no longer apply. JM advised that the Workgroup is currently on track. The Workgroup Consultation closes on 4 March 2016.

5029. **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; HC noted that the Workgroup met following the CMP244 Workgroup meeting on 8 February 2016. As CMP244 had no alternatives, there was only one option to vote on for CMP256 and like CMP244, the Workgroup agreed by majority that CMP256 better facilitated the CUSC Objectives and therefore should be implemented.

The Workgroup Report for this will be a combined report for CMP244 and CMP256, and will be presented to the Panel in March 2016.

5030. **CMP259 'Clarification of decrease in TEC as a Modification'**

CMP259 proposes 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. JM advised that the first Workgroup meeting was held on the 15 February 2016. The next meeting will be held on the 4 March 2016. The draft Workgroup Consultation is being circulated on the 26 February 2016 to Workgroup members. The Workgroup is presently on track.

5031. **CMP260 'TNUoS Demand charges for 2016/17 during the implementation of P272 following approval of P322 and CMP247'.**

CMP260 was proposes to give the option for metering systems that are registered on Measurement Classes E-G on or before 1 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. HC noted that the Workgroup have met twice and the Workgroup Consultation has been issued for comment to the Workgroup. AS to confirm if the Workgroup should follow 3 month or 4 month process; i.e. if it should be a 15 or 10 working

day consultation period. AS noted that the Authority letter responding to the Panel on the urgency request for CMP260 had not properly reflected that the Authority is content with the CMP260 timetable proposed by the Panel in its letter. AS confirmed that the Authority is content with progress on CMP260 in accordance with the Panel's proposed timetable.

**ACTION: AS to provide confirmation on the consultation timescales for CMP260.**

5032. **Governance Standing Group (GSG).** GG noted that the meeting was held on 12 February 2016 as scheduled. The Group discussed the raising of two separate modifications on the same defect and will table a paper on the options for the Panel at the next CUSC Panel meeting. The paper was issued for information and comment.
5033. The Amalgamation Paper was also agreed at the GSG and can be used as guidance for the Panel.
5034. PJ queried why the paper provided advice on whether amalgamation was compulsory or not. PJ felt the Panel was aware it wasn't compulsory and believed the paper arose due to concerns about reduced efficiency of the modification process caused by amalgamating CMP235 and CMP236. PJ believed that the Panel felt amalgamation would be more efficient in this instance and it would be helpful if the lessons learnt could be looked into; i.e. issues caused by not amalgamating versus efficiencies from amalgamating.
5035. JA questioned whether the charging and non-charging applicable objectives discussion has been resolved. GG confirmed that this is still under discussion within the GSG. GG also stated that he has spoken with AS to look at combining objectives/ the relevant licence requirements. GG also noted that the GSG is looking to see if the seven applicable objectives can be combined into a single grouping. AS noted the reason for different applicable CUSC objectives is because the transmission charging methodologies which were incorporated into the CUSC after the first Code Governance Review have their own charging objectives which are different from the non-charging CUSC objectives. This is established in licence and therefore in the CUSC.
5036. 5036. PM questioned whether an assessment can be completed in Workgroup meeting. AS commented that flexibility is required when considering charging modifications that may also result in non-charging modifications, so that the most appropriate process can be applied in practice.
5037. GG highlighted the complexity being faced includes when some modifications are being raised at the same time and other examples of modifications being raised some time apart. GG commented that the primary change would be for charging modifications and then other types of modifications would follow and that it was important to identify the primary driver for change. GG confirmed that presently no conclusion has been reached by the GSG.
5038. PJ commented that this is driven by the licence and that this is difficult to change. PJ continued that the licence sets out the objectives to be met by the CUSC and charging methodologies respectively, but it could be that it isn't prescriptive about how modifications are assessed against those objectives. Therefore, joint modifications could possibly be considered against the combined set of objectives and this may just require a CUSC change to resolve the issue.
5039. GG confirmed that the CUSC Workgroup role outlines are a work in progress and will be updated over time.
5040. BB highlighted that the role profiles had already been published by the BSC and that he hoped a similar approach would be adopted across all codes. BB also commented that he would like to see a similar approach for the CUSC as is in place now for the BSC, where the Workgroup Chair is acting on behalf of the Panel and the Chair has to be impartial. BB also

commented that the Workgroup Chair was responsible for ensuring the Terms of Reference were being met and that Elexon provide adequate support. Also Workgroup members in the BSC have an obligation to act impartially, which is not required in the CUSC Workgroups. BB concluded his comments that it is reassuring that both the BSC and CUSC role description documents contain largely the same criteria and roles.

5041. MT commented that for clarity that the 'Chair' role should be identified as the Workgroup Chair.
5042. NJ commented that the role profiles need to be consistent for all members; i.e. NG representative and Workgroup members. PJ caveated that the BSC can sometimes be overtly prescribed and from a CUSC perspective we should try and avoid this.
5043. GG confirmed that he will take the Panel comments and also the BSC profiles to the GSG for review. The papers will be brought back to the Panel in a few meetings time.
5044. GG confirmed that he is unlikely to be at the next CUSC Panel meeting, and that the GSG update will be nothing to report.
5045. **Transmission Charging Methodologies Forum (TCMF)**. NJ noted that there has not been a TCMF since the January Panel. The next TCMF and CISG will be held on 9 March 2016. The TCMF agenda will cover the charging review at a high level.
5046. **CUSC Issues Steering Group (CISG)**. NJ noted that there has not been a CISG since the January Panel. The next CISG will be held on 9 March 2016. The CISG agenda will look at;
- Statement of Works,
  - Issues prioritised by CISG attendees (a survey was sent after the last meeting to see what the group wanted to prioritise and the result will be fed back at the meeting)
  - Potentially a customer led item on balancing services.
5047. **Commercial Balancing Services Group (CBSG)**. HC noted that the CBSG was cancelled due to lack of agenda items, and a date to be rearranged for April/May time. The next meeting will be a broader discussion on which issues and areas identified in the System Operability Framework (SOF) can be developed and what commercial and regulatory barriers are delaying the development.
5048. **Balancing Services Standing Group (BSSG)**. HC noted that no meeting for the BSSG has been scheduled.

## 6 European Code Development

5049. **Joint European Stakeholder Group (JESG)**. GG stated that there was a JESG meeting held on 23 February 2016. The group discussed developments around the Balancing Network Code; there was also a separate meeting held on the Generation & Load Data Provision Methodology, its implementation and how National Grid and the DSOs will deal with data items associated with all classes of consumers. AS noted that there was nothing specific to add from an Ofgem perspective on European code developments.

## 7 CUSC Modifications Panel Determination Vote

5050. **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 elected.
5051. HC presented an overview of the CMP257 modification process explaining that there were three responses to the Code Administrator Consultation for CMP257. MO attended the meeting and provided an update on the proposed application process outside of the CUSC

in relation to CMP257. MO confirmed that as feedback to the query raised by RWE in their consultation response that presently the normal postal route would not provide any positive confirmation of receipt. Also MO confirmed that conversations are being had with customers on an ongoing basis, so confirmation of the Offer will normally be verbally received.

5052. In response to the Code Administrator Consultation, GG queried the last point on slide four in the presentation where 'CUSC parties may be reluctant to agree to Offers being provided only by electronic means', that this needs to be in the interest of both parties, therefore this could be introduced by National Grid immediately as it could be done through mutual agreement.
5053. SL questioned whether anything has changed since the last Panel Meeting and that there is still a risk around Interactive offers. SL would like to see a process as a minimum to see how the process operates. SL if there was a process for interactive offers; i.e. if one party is using postal and the other using email.
5054. NJ confirmed a process would be developed, but that it was not envisaged it would be within the CUSC drafting.
5055. SDTEC/LDTEC issues – unlike other applications – this refers to faxes and there was a query as to whether this could be included within this Modification Proposal.
5056. BB queried that there must be some level of acceptance on issuing of information within CUSC, as electronic billing is currently business as usual. NJ agreed to take away an action to confirm how NG completes electronic billing and what the payment terms are.

**ACTION: NJ to confirm the process that NG use for electronic billing and whether the same terms can be picked up for the offer process.**

5057. AS confirmed that it would be important to have a safeguard for customers who received an offer electronically and how the contact details that NG utilise are kept updated. AS also suggested it may be helpful if there is a post implementation process that could be monitored by the Panel; i.e. a three month check on how CMP257 is being implemented.
5058. MT highlighted that following the discussion the view seemed to be that the Panel presently require further information on the process prior to a vote, all Panel members agreed with this view.
5059. MO agreed to issue a Panel a process for the electronic (email) issue of 'offers' to customers'.

**ACTION: MO to issue to the Panel a process of how this works in practice needs to be shared with the Panel before voting. Process note to be issued to Panel in the next few days and this will then be reviewed at the next Panel meeting and annexed to the Workgroup Report.**

5060. BB queried whether the process should be included within the CUSC legal drafting. The view from the Panel was that this was presently unlikely that it would go into the CUSC drafting. GG highlighted that if the process goes into the CUSC, then the amended drafting should go back out to industry consultation.
5061. **CMP258 'Rewording of the legal text to align the CUSC with the intentions of CMP235/6'**. CMP258 was raised by National Grid Electricity Transmission plc and aims to amend the current CUSC legal text so that the full intention of previously implemented CMP235/6 can be achieved. CMP258 is considered as a Self-Governance modification.
5062. PJ queried whether this modification was changing the intent of the original modification.

5063. DC joined the meeting for this section of the meeting and confirmed that from the proposer's perspective that the intent of the original modification is not being amended.
5064. The Panel voted on CMP258 where they unanimously agreed that CMP258 better facilitates Applicable CUSC Objective (a) and therefore should be implemented. Kyle Martin was absent for the vote and gave his voting rights to Garth Graham, Simon Lord was also absent for the vote and gave his voting rights to Paul Jones. Details of the Panel vote can be found below;

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

5065. A 15 day appeals window has now commenced. If no appeals are received, CMP258 will be implemented on 22 March 2016.

## 8 Authority Decisions as at 18 February 2016

5066. There has been an Authority decision on CMP242 '**Charging arrangements for interlinked offshore transmission solutions connecting to a single onshore substation**'; the Authority approved CMP242 WACM1 with an implementation date of 24 February 2016.

**Post Meeting note: It has been agreed that, in the interest of efficiency and to avoid multiple implementations, CMP242 WACM1 will be implemented on 1 April 2016 alongside CMP213 and CMP248.**

5067. AS reiterated that the Authority are waiting for the CMP243 Final CUSC Modification Report before also making a decision on CMP237. CMP254 is also currently with the Authority and they are planning on making a decision as soon as possible.

## 9 Code Administrator's Workload Plan

5068. HC presented a slide which shows the 'Current CUSC Modifications' on a single page.
5069. Panel members provided positive feedback on the 'Current CUSC Modifications' document, with the following comment from BB that it helps the Panel and Code Administrator to identify if any modifications need to be deferred.
5070. MT recommended that it should be version controlled and dated.
5071. GG also suggested a footnote to illustrate when extensions are granted by the Panel.

5072. JA commented that it would be positive if when a modification goes out to consultation, that it is highlighted in a different colour, so that industry participants can quickly see when they have an opportunity to respond to consultations.

5073. It was agreed by the Panel for the Code Administrator to publish on the National Grid website, in the CUSC Panel section.

**ACTION: HC to make the amendments suggested to the 'Current CUSC Modifications' document and then publish on the National Grid website.**

5074. BB commented that recently there had been issues in relation to the BSC in relation to software systems and cash out. As a result, the BSC Panel stated that the practice was to implement modifications in isolation. This increased risk as several core IT systems required amendments. Instead it was more prudent to apply a more holistic approach. The code administrator should include this as part of their routine look at what modifications are on the horizon. This has been previously done for TNUoS changes, which have had to be delayed due to implementation costs.

5075. PJ stated that implementation costs should be included in the Workgroup discussions and include the impact on wider industry parties.

5076. It was also agreed by the Panel members that timetables should be discussed as a standard agenda item at the first Workgroup meeting.

5077. AS stated the implementation dates for CMP213, CMP242 and CMP248 in hindsight could have been better managed to ensure consistent implementation of the modifications on 1 April 2016. AS noted that Electralink (the DCUSA code administrator) publish a spreadsheet of approved DCUSA charging changes showing when they will be implemented and which parts of the DCUSA will be affected, including if the same parts of the DCUSA are affected by more than one approved change.

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

5078. JA highlighted an Ofgem e-mail update from 17 February 2016, on urgency criteria guidance for modifications. AS confirmed that this was a housekeeping update to the guidance document and that for CUSC there should be no material impact.

Link to the Ofgem update:

[Ofgem Guidance on Code Modification Urgency Criteria](#)

5079. GG raised a query that as we are now approaching the end of the charging year 2015/16 whether we were going to breach the €2.50/MWh upper limit in the EU Regulation 838/2010 and what, if any, steps National Grid is planning to do about it, as it is important for users to know.

5080. A query was raised by PM on what were the circumstances that GG had raised it as calendar rather than financial year. GG confirmed that based on the feedback within the CMP251 legal advice, the advice was that to use financial year was compatible with the Regulation.

5081. NJ confirmed that tariffs can be changed in a mid-year tariff change, but that only Ofgem can instruct it.

5082. GG reiterated that the €2.50/MWh query was to ensure that GB is compliant with the Regulation for 2015/16 charging year. AS agreed to take away an action to report back as soon as possible to identify what steps need to be taken to ensure that we are compliant with the €2.50/MWh legislation.

**ACTION: AS to report back as soon as possible as what steps need to be taken to ensure that we are compliant with the €2.50/MWh legislation.**

5083. Following a query from AS, HC confirmed that following the e-mail from Chrissie Brown (National Grid Code Governance) that National Grid will be raising a new Fast Track Self-Governance modification at the March Panel about the implementation of CMP213, CMP242 and CMP248 in CUSC Section 14.

## **11 AOB**

5084. No AOB was raised at this meeting.

## **12 Next meeting**

5085. The next meeting of the CUSC Modifications Panel will be held on 18 March 2016.