

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	188
<b>Date of meeting</b>	29 April 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
Wayne Mullins	WM	National Grid Panel Member (alternate)
Cem Suleyman	CS	Users' Panel Member
Garth Graham	GG	Users' Panel Member
James Anderson	JA	Users' Panel Member
Kyle Martin (dial-in)	KM	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Simon Lord (dial-in)	SL	Users' Panel Member
Bob Brown	BB	Consumers' Panel Member
Abid Sheikh	AS	Authority Representative
Lewis Heather (dial-in)	LH	Authority - CMA
Richard Woodward	RW	National Grid - Grid Code Consultation

## Apologies

<b>Name</b>	<b>Initials</b>	<b>Position</b>
Claire Kerr	CK	ELEXON
Nikki Jamieson	NJ	National Grid
Paul Mott	PM	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

5178. Introductions were made around the group. Apologies from Paul Mott, Nikki Jamieson and Claire Kerr. Claire is now on maternity leave and the Panel are awaiting confirmation of her replacement from Elexon. Wayne Mullins attended as Nikki Jamieson's alternate. Lewis Heather dialled in to the meeting to provide an Ofgem update on CMA findings. Richard Woodward joined towards the end of the meeting to provide an update on the Grid Code consultation on modification GC0048.

## 2 Approval of Minutes from the last meeting

5179. The minutes of the CUSC Panel meeting held on 18 March 2016 were approved subject to changes and are now available on the National Grid website.

5180. AS advised the Panel that the Ofgem Code Governance Review3 (CGR3) and CMA [presentation](#)<sup>1</sup> is being delivered by Ofgem to all industry code panel meetings. AS presented the overview on CGR3 and LH presented CMA material.

**CGR3**

5181. AS noted that Ofgem's final proposals will make important incremental improvements while the new regime proposed by the CMA is developed and implemented. These changes support the longer term aims of the CMA's proposed remedies, and are steps towards implementing those remedies.

5182. There are four key areas of change that were noted: (i) Self-Governance; (ii) Charging Methodologies; (iii) SCR and (iv) Code Administration. A statutory consultation on the required changes to the licence closed on 28 April 2016 and the licence changes are expected to be implemented in late summer 2016.

5183. Following the consultation, it is expected that amendments to CACoP to introduce new reporting metrics, and for Code Administrators to report data will commence from Q1 2016. Code and process changes will require code change by March 2017.

**CMA**

5184. LH provided an overview of the CMA proposed findings and noted that Ofgem are now developing an overall implementation plan which will be published in due course. Ofgem are committed to implementing remedies as promptly as possible.

5185. Introduction of any proposed new licensed regime will require new legislation, new licences, significant amendments to codes and designing a new strategic modification processes. LH noted that not all changes will require changes to legislation.

5186. LH advised that some current responsibility will shift from Ofgem to Code Administrators. Code governance bodies will become code managers and systems deliverers. This will mean that they will take on responsibility for project management of strategic code change. Consistency will be introduced across all codes including governance and funding arrangements.

5187. BB noted that having reviewed the CGR3 proposals he welcomed the proposed inclusion to assess the impact on consumers as this is not currently considered within the existing code objectives and should be consider a step in the right direction.

5188. GG noted that he understood the merit of considering consumer costs when assessing CUSC Modifications but expressed concern around Workgroups and Panel members' general ability to carry out this task as this is not likely to be an area of their expertise. GG also highlighted that this obligation is currently placed with Ofgem and not the Panel or Workgroups and that caution should be exercised as this may lead to a situations where voting may be flawed due to the vote being based on CUSC applicable objectives. AS noted this concern and suggested that it would be recommended that someone from the consumer community should be encouraged to be involved in Workgroups to provide relevant input from a consumer perspective.

5189. JM highlighted that as Code Administrator, parties that normally don't participate in the development of modifications but are impacted by a specific proposal have been encouraged to come forward and participate as Workgroup members. JM used CMP249 as a good example of where this had been demonstrated.

---

<sup>1</sup> This presentation is available on the National Grid website under 'CUSC Panel Meeting April 2016'.

5190. MT noted that the issues raised by GG had not been fully addressed and expressed that this proposal could potentially put the Panel in a very difficult position, as carrying out a consumer impact study required a different focus to the current requirements of the Panel and Workgroups. MT asked if it was appropriate that the Panel be responsible for carrying out Welfare Analysis that Ofgem are currently responsible for. Additionally, MT also stated that should the Workgroups or Panel not be able to meet this requirement, this could lead to unnecessary delays in the implementation of change as proposals could be sent back to the Panel or Workgroups for further work to be carried out.
5191. AS responded to these concerns and noted that this change did not alter the Applicable CUSC
5192. In terms of objectives or the current dynamics, AS noted that Ofgem would still remain the decision maker and the amendment aimed to get more input from consumers and increase the evidence base that is presented to Ofgem.
5193. PJ noted that this amendment could lead to an erroneous decision on a modification with strong qualitative arguments, but with a weak contradictory customer impact analysis, as the quantitative result might be given undue weight as it is easier to understand. PJ believed that the current focus on whether a modification promoted more effective competition was correct, as improved competition should result in better outcomes for customers. A narrow focussed customer impact assessment might not take into account the wider context or longer term benefits of a change.
5194. BB supported the change and noted that this would add efficiency to the process as it would assist Ofgem to form their view but also noted that it would require Ofgem to work closer with the Workgroup and Panel. BB also acknowledged that the Panel has been good at considering the impact on the end user and identifying differential customer impacts such as locational pricing (HH and NHH).
5195. GG noted the obligation in the Third Package in terms of considering the cross border trade affect and asked AS if Ofgem would be expecting the Panel to provide advice on that going forward.

**ACTION: AS to clarify the expectations of the Panel on their responsibility on the cross border trade affect and report back to the Panel.**

5196. JM advised the Panel that as Code Administrator, work had already commenced to consider a generic modification template and develop the requirements of a Critical Friend. The progress of this work will be shared with the Panel on a regular basis. GG also invited the Panel to come forward with any suggestions that the GSG could develop.

#### 4 Review of actions

5197. **Minute 4985: Code Administrator to highlight claims relating to CMP235/6 within future Relevant Interruptions Claims reports.** HC noted that this action is complete and provisions have been made within the Report albeit there have been no claims in the last quarter.
5198. **Minute 5235: ACTION: KM to issue Scottish and Southern Paper on the Capacity Mechanism to the CUSC Panel.** KM has shared this paper with Panel members and therefore this action is complete.

#### 5 New CUSC Modification Proposals

5199. There were no new modifications presented to the Panel this month.

5200. **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. This has subsequently been changed by the Proposer to a notice period of 200 calendar days.
5201. HC noted that the Code Administrator Consultation for this modification closed 27 April 2016 and the report is on track to be presented to the Panel in May for voting.
5202. **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, which states the methodology for calculation and clarification in which situations this would be applied.
5203. JM noted that the Workgroup reconvened on the 15 April 2016 to review the Workgroup Consultation responses. The Workgroup felt that further analysis was required before it could be in a position to discuss WACMs and vote. The next meeting is scheduled to be held on 9 May 2016. The Workgroup are presently not requesting an extension but highlighted that there is a significant risk that an extension may be required; this was noted by the Panel.
5204. **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.
5205. HC noted that the Workgroup have met and reviewed the sixteen responses received to the Workgroup Consultation and have identified options that can be put forward as potential WACMs.
5206. The Workgroup are due to meet again on 10 May 2016 and 13 May 2016 to agree WACMs, approve proposed Legal Text and vote.
5207. The Workgroup is currently on track and are presently not requesting an extension but highlighted that there is a risk that an extension may be required; this was noted by the Panel.
5208. **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.
5209. JM noted that the Workgroup process for CMP251 has now been concluded. Due to the number of WACMs raised by Workgroup members there has not been enough time to complete all of the legal text, so the Report has been submitted to the Panel only inclusive of the legal text for the Original Proposal. Within the CMP251 Workgroup some Workgroup members highlighted the legal opinion for CMP261 could interact with the CMP251 scope.
5210. GG noted the view from National Grid in the CMP251 report (at paragraph 9.5) and wondered if this was saying that neither CMP251 nor CMP261 could be reconciled. GG noted that EU law would take precedence over the CUSC.

5211. Panel members have reviewed the Workgroup Report and directed it back to the Workgroup to include in the Terms of Reference the CMP261 legal opinion, with an extension for it to be presented back to the Panel meeting in May 2016.

5212. **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.

5213. JM presented a high level summary of Workgroup findings noting that 12 responses had been received to the CMP255 Workgroup Consultation. The Workgroup raised three WACMs and voted against the applicable CUSC Objectives. Overall, five Workgroup members voted that the Original Proposal best facilitates the Applicable CUSC objectives; three Workgroup members voted for WACM1 and one Workgroup member voted for WACM2.

**ACTION: HC to re-publish presentation slides with the additional slide showing agreed WACMs**

5214. GG noted that the Workgroup Report required updating to include Annexes 1, 2 and 4.

**ACTION: Code Governance to republish the Workgroup report with missing Annexes.**

5215. The CUSC Panel agreed that the report should proceed to Code Administrator Consultation.

5216. **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.

5217. JM confirmed that the Workgroup is currently on track to report back to the Panel in May. The Workgroup Consultation closes on 3 May and the next meeting will take place on 5 May to review responses and vote. JM stated that it has been highlighted to the Code Administrator by Workgroup members that they were potentially minded to raise WACMs that may cause additional complexity to the Workgroup discussions and which may lead to the Workgroup requesting an extension in due course.

5218. **CMP260 'TNUoS Demand charges for 2016/17 during the implementation of P272 following approval of P322 and CMP247'**

CMP260 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.

5219. HC presented a high level summary of Workgroup findings noting that five responses had been received to the CMP260 Workgroup Consultation. The Workgroup raised a WACM and voted against the applicable CUSC Objectives. Overall, one Workgroup member voted that the baseline better facilitated the applicable CUSC Objectives, two Workgroup members each voted that the Original better facilitated the applicable CUSC Objectives and two Workgroup members voted that the WACM better facilitated the applicable CUSC Objectives.

5220. GG noted that the Workgroup Report required updating to include Annex 1.

**ACTION: HC to update CMP260 Workgroup Report to include Annex 1**

5221. The CUSC Panel noted conclusions of the Workgroup and agreed the report should proceed to Code Administrator Consultation.
5222. **CMP261 'Ensuring the TNUoS paid by Generators in GB in Charging Year 2015/16 is in compliance with the €2.5/MWh annual average limit set in EU Regulation 838/2010 Part B (3)'**.  
CMP261 aims to ensure that there is an ex post reconciliation of the TNUoS paid by GB generators during charging year 2015/16 which will take place in Spring 2016 with any amount in excess of the €2.5/MWh upper limit being paid back, via a negative generator residual levied on all GB generators who have paid TNUoS during the period 1 April 2015 to 31 March 2016 inclusive.
- JM confirmed that the Workgroup met for the first time on Wednesday 23 March 2016 where the Workgroup requested a legal opinion. The next meeting will be on the afternoon of 29 April 2016 (after the CUSC Panel) where the legal opinion will be discussed. A better view of timelines will be provided following the meeting on 29 April 2016.
5223. **CMP262 'Removal of SBR/DSBR costs from BSUoS into a 'Demand Security Charge''**. CMP262 was proposed by VPI Immingham and aims to create a new cost recovery mechanism, a "Demand Security Charge" specifically for recovery of all SBR/DSBR costs, which is only levied on demand side Balancing Mechanism Units (BMUs).
5224. HC noted that this modification was recommended to follow an Urgent Timetable by the Panel at the last meeting. This recommendation was approved by Ofgem on 31 March 2016 and the first CMP262 Workgroup meeting took place on 28 April 2016. The group will have their second meeting on 6 May 2016.
5225. **Governance Standing Group (GSG)**. No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. The next GSG meeting is anticipated in May 2016 but this may slip by a month.
5226. **Transmission Charging Methodologies Forum (TCMF)**. No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. The next TCMF meeting is due on 11 May 2016. The agenda for this meeting will be confirmed by 4 May 2016.
5227. **CUSC Issues Steering Group (CISG)**. No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. The next CISG meeting is due on 11 May 2016. The agenda for this meeting will be confirmed by 4 May 2016.
5228. **Commercial Balancing Services Group (CBSG)**. No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. The next CBSG meeting is due in May 2016.
5229. **Balancing Services Standing Group (BSSG)**. No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. The next BSSG meeting is due in May 2016.

## 7 European Code Development

5230. AS advised that there was no Ofgem European updates to provide to the Panel this month.
- Joint European Stakeholder Group (JESG)**.
5231. GG provide on update to the Panel from the last JESG that met in Glasgow on 8 April 2016 after the National Grid Customer Seminar. GG said it was positive to note a lot of new faces in attendance at this meeting.

5232. A number of agenda items were discussed at the meeting including an update on Ofgem's Tariff Harmonisation, Requirements for Generators (RfG), Demand Connection Code (DCC), High Voltage Direct Current (HVDC), Capacity Allocation and Congestion Management (CACM), Forward Capacity Allocation (FCA), Electricity Balancing and Requirements for Generators (RfG) Banding Threshold Consultation which will impact new plants and generators.
5233. MT acknowledged GG's contribution to the work he is supporting on various European codes.

## 8 CUSC Modifications Panel Determination Vote

5234. **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. The CMP243 proposal was subsequently amended so that eligible generation technologies would not have the option to choose the current methodology (based on the Market Index Price). Rather, the proposed REP applied to these generation technologies is set based on month ahead wholesale market prices rather than £0/MWh.
5235. HC presented an overview of the CMP243. There were four responses to the Code Administrator Consultation for CMP243. Three of the four responses supported the modification proposal and one response did not support it.
5236. PM had sent his apologies and passed his voting rights to GG. NJ had sent her apologies and passed her voting rights to WM.
5237. BB abstained from voting as he did not feel he had enough knowledge of the modification in order to vote.

5238. Vote 1: Does each option better facilitate the objectives better than the Baseline?

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Overall (Y/N)
<b>James Anderson</b>				
Original	Neutral	Yes	Neutral	Yes
WACM1	Neutral	Yes	Neutral	Yes
WACM2	Neutral	Yes	Neutral	Yes
<b>Bob Brown</b>				
Voting right abstained				
<b>Kyle Martin</b>				
Original	Neutral	Yes	Neutral	Yes
WACM1	Neutral	Yes	Neutral	Yes
WACM2	Neutral	Yes	Neutral	Yes
<b>Garth Graham</b>				
Original	Neutral	Yes	Neutral	Yes
WACM1	Neutral	Yes	Neutral	Yes
WACM2	Neutral	Yes	Neutral	Yes
<b>Nikki Jamieson (Wayne Mullins)</b>				
Original	Neutral	Yes	Neutral	Yes
WACM1	Neutral	Yes	Neutral	Yes
WACM2	Neutral	Yes	Neutral	Yes
<b>Paul Jones</b>				
Original	Neutral	No	Neutral	No
WACM1	Neutral	No	Neutral	No
WACM2	Neutral	No	Neutral	No
<b>Simon Lord</b>				
Original	Neutral	No	Neutral	No
WACM1	Neutral	Yes	Neutral	Yes
WACM2	Neutral	No	Neutral	No
<b>Cem Suleyman</b>				
Original	Yes	Yes	Neutral	Yes
WACM1	Yes	Yes	Neutral	Yes
WACM2	Yes	Yes	Neutral	Yes
<b>Paul Mott (Garth Graham)</b>				
Original	Neutral	Yes	Neutral	Yes
WACM1	Neutral	Yes	Neutral	Yes
WACM2	Neutral	Yes	Neutral	Yes



5239. Vote 2: Which option is the best.

Panel Member	BEST Option?
James Anderson	WACM1
Bob Brown	Abstain voting right
Kyle Martin	WACM1
Garth Graham	WACM1
Nikki Jamieson	Original
Paul Jones	Baseline
Simon Lord	WACM1
Cem Suleyman	Original
Paul Mott	WACM1

5240. The Panel voted by majority that the Original and both WACMs facilitate the Applicable CUSC Objectives better than the baseline; when considering which option was the best the majority of the CUSC Panel felt that WACM1 was the best and recommended to the Authority that it should therefore be implemented.

**ACTION: All members to provide their voting statements to HC by 12 May 2016.**

## 9 Authority Decisions as at 21 April 2016

5241. There has been an Authority decision on CMP262 to treat it as urgent which was received on 31 March 2016.

## 10 Code Administrator's Workload Plan

5242. HC shared the updated slide showing the workload plan of 'Current CUSC Modifications', the KPI report and the Relevant Interruptions report ahead of the meeting. These reports were not reviewed at the meeting, however it was noted that GG appreciated the production of these.

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

5243. AS advised the Panel he would be sending on the link to the Ofgem consultation on TSO obligations in respect of a number of European Network Codes (RfG, DCC, etc.), stating Ofgem's 'minded to' position on these, which has a closing date of 13 May 2016 to the Panel and also a link to Ofgem's letter regarding the extension of the Transmission Constraint Licence Condition (TCLC) and asked the Panel to contact Ofgem should they be interested in attending a workshop on the latter.

**ACTION: AS to send links to HC so that these could be forwarded to the Panel after the meeting.**

5244. BB highlighted that DECC had asked Ofgem to look at the Capacity Mechanism payment for diesel generators urgently and asked if National Grid were aware of this in terms of the impact this may have on the Transmission Charging Review and Embedded Generators. WM confirmed that National Grid has been in discussions with Ofgem and GG noted that a number of reviews which are currently taking place will all feed into the Transmission Charging Review.

## 12 AOB

5245. RW thanked the Panel for the opportunity to present on GC0048, Grid Code/D-Code. This workgroup will set those parameters left to national interpretation in the Requirements for Generators European Network Code and make sure that the GB codes align with it. This is to ensure that necessary changes are made to the Grid Code, Distribution Code and supporting documents or Engineering Recommendations.
5246. The RfG Network Code changes the existing GB Generator Banding (Small, Medium, Large) to that of Types A, B, C and D based on size and connection. RfG requires Member States to set the thresholds within these Types (A, B, C and D) which is premise of the industry consultation. It was noted that these requirements are applicable for generators sized at 800 Watts and above.
5247. The consultation will close on 16 May 2016 and RW urged everyone to respond. GG noted that once banding levels are fixed all new generators will be bound to these requirements in terms of connecting to the system; but that the banding will apply to all generators (new and existing) in terms of the Transmission System Operation Guideline (which is expected to be finalised shortly) .

### **13 Next meeting**

5248. The next meeting of the CUSC Modifications Panel will be held on 27 May 2016.