

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	192
<b>Date of meeting</b>	29 July 2016
<b>Location</b>	National Grid House, Warwick

## Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
Heena Chauhan	HC	Panel Secretary
Caroline Wright	CW	Code Administrator
Nikki Jamieson	NJ	National Grid Panel Member
Cem Suleyman (dial-in)	CS	Users' Panel Member
Garth Graham	GG	Users' Panel Member
James Anderson	JA	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Simon Lord (dial-in)	SL	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Bob Brown	BB	Consumers' Panel Member
Abid Sheikh (dial-in)	AS	Authority Representative
Nicholas Rubin	NR	ELEXON
Ellen Bishop	EB	National Grid (observer)
John Tindal	JT	SSE (CMP268 Proposer)

## 1 Apologies

Apologies were provided from John Martin (JM) and Kyle Martin (KM).

*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/>

## 2 Introductions

5462. Introductions were made around the group. EB has joined the National Grid Code Administration team and attended the meeting as an Observer. JT joined the teleconference to present his modification proposal CMP268.
5463. At the start of the Panel meeting MT raised concerns he had regarding the current volume and scope covered by the Urgent modifications that have been raised and the Panel's ability to manage these.
5464. MT asked AS to review this matter with his Authority colleagues and invited the Panel members to provide suggestions of how they might mitigate this issue.

5465. AS noted that the raising of CUSC modifications is through an Industry-led process, however agreed with MT that this issue did need to be addressed as it had to be considered and balanced in the context of existing resource commitments.
5466. AS also commented that 'proposer ownership' meant that the Industry had a right to raise modification proposals at any time, however it would be useful if the Industry could discuss their issues with National Grid before raising modifications so that the timetabling risks could be better understood.
5467. AS noted that Ofgem were not in a position to be able to control this industry-led process. MT agreed but wondered if something could be done differently to influence the industry to move from existing practices to be in a place that would allow a better management of the pace of change.
5468. MT noted that KM had sent a letter to the Panel regarding the recent increase in modifications addressing issues with the Capacity Market in particular and suggested writing to Ofgem to propose the issue be addressed through an open letter.
5469. GG agreed that a lot of modifications raised recently referred to the Capacity Market which was a relatively new market arrangement that participants were coming to terms with. NJ stated that currently all Capacity Mechanism modifications were being badged as Urgent and expressed concern that to meet expedited timescales this could lead to a reduction in the quality of analysis in reports due to time constraints.
5470. NJ referred to CW and noted that ELEXON managed its workload based on the assumption of two releases per year and asked if the CUSC Panel could consider something similar for changes that related to the Capacity Market. GG and AS noted that this concept (of having modification windows in the CUSC) had already been discussed previously. AS noted that industry had strongly opposed this approach as seen in Code Governance Review 3 (CGR3) responses and Ofgem had therefore decided not to proceed with any relevant proposal as a result. GG confirmed that at the time, Ofgem had not been sympathetic to this suggestion but was not sure this would still be the case due to the number of modifications being raised that are linked to the Capacity Market. The Panel agreed that it would welcome NJ considering the concept of releases and coming back to a future Panel meeting to present findings.

**ACTION: NJ to provide feedback to the Panel considering the concept of releases to better manage workload.**

5471. BB noted that ideally the industry should be engaging with National Grid and other industry parties at TCMF. BB also noted that the reason for the current issues experienced was due to the existing process that had not kept up with the pace of change in the industry. BB commented that CAB had received a significant number of presentations from the industry, particularly regarding embedded benefits and that this was also an indication of issues with the current charging framework and that could have an adverse effect on consumers.
5472. MT proposed that the Panel should allocate an hour at the end of the August Panel meeting to further discuss this issue and for Code Administration to discuss what best practice could look like and how the process can support urgent modifications and the co-ordination across multiple industry codes.
5473. **ACTION: JM to feedback on what best practices may look like and how the process can support urgent modifications and the co-ordination across multiple industry codes.**
5474. NR noted that there is currently a large volume of work across all the industry codes and could National Grid raise this at the next Code Administrators Cross Code meeting noting that modification changes also can have a consequential impact on other industry codes.

**ACTION: NR to ask the ELEXON codes team to contact JM and Naomi Regan.**

5475. MT suggested to the Panel that they should send a paper to HC in the next fortnight outlining their proposals for mitigating the current situation.

**ACTION: All Panel members to send proposals for mitigation the current situation to HC by 18 August.**

**ACTION: HC to send Panel proposal to MT by 19 August 2016.**

### 3 Approval of Minutes from the last meeting

5476. The minutes of the last CUSC Panel meeting held on 24 June 2016 were approved and are available on the National Grid website. Comments and changes suggested from AS, BB, GG were clarified and approved by the Panel.

### 4 Review of actions

5477. **Minute 5376: To provide the official global smart meter roll-out figures to the CMP266 Workgroup.** AS has provided the link to these figures to the Panel. This action is complete
5478. **Minute 5380: Damian Clough to contact Ofgem to ensure that the request for nominations for the CMP266 Workgroup is extended to those that have already engaged with Ofgem on this matter.** HC noted that Damian has engaged with Ofgem on this matter and that this action is complete.
5479. **Minute 5390: To ensure that the CMP251 Workgroup Report is updated to ensure that text in Workgroup Report is aligned to the Legal Text prior to issuing the Code Administration Consultation document to the Industry.** HC noted that this action is complete.
5480. **Minute 5409: To check the CMP264 report and in particular the link to the Ofgem website (point 3.3) and provide feedback to the Workgroup via Panel.** AS noted that the process is for the Panel to initially consider whether this modification has an impact on greenhouse emissions, whether this impact is likely to be material, and then whether to commission an assessment of the impact using the Ofgem guidance as a reference for how to proceed with that assessment. CW confirmed that the Workgroup had not discussed this in its Workgroup meetings. The Panel noted that Workgroup would need to clarify in its Workgroup consultation report that it had not been discussed and as such any benefit could not be assessed by industry or the CUSC Panel. This action is complete.
5481. **Minute 5411: To send revised Terms of Reference for CM264 to the Panel.** HC noted that has been sent to the Panel and that this action is complete.
5482. **Minute 5418: To send revised Terms of Reference for CMP265 to the Panel.** HC noted that has been sent to the Panel and that this action is complete.
5483. **Minute 5420: To provide Charging seminar update at the July Panel.** NJ provided the Panel with an update and noted that two seminars had been organised, one in London and one in Glasgow with over 200 people in attendance. The morning sessions provided information to attendees and the afternoon sessions invited panel debate. These sessions have enabled the National Grid Charging Review team to start plotting what the Charging Review would look like into a single consolidated view using the industry feedback received. This action is complete.
5484. **Minute 5429: All Panel members to provide their voting statements for CMP255 to HC by 28 June 2016.** HC noted that this had been provided and that this action is complete.

5485. **Minute 5432: To identify and feedback any issues identified with National Grid IT systems back to the Panel.** A verbal update had been provided at the last Panel meeting and there was nothing more to add to this therefore this action is closed.
5486. **Minute 5435: To issue a copy of the new modification templates for Panel members to review.** HC noted that these templates have been issued to the Panel and that the Panel are requested to provide any comments back to JM by 3 August 2016.
5487. **Minute 5437: JM will look at potential Licence Changes regarding CGR3 when responding to the Consultation and feedback to Panel.** CW noted that she will come to September Panel to present this modification. This action is complete.
5488. **Minute 5440: To provide an NGET response to the questions raised by GG on the GLDPM Implementation Rules.** NJ noted that this action will be carried forward to August /September Panel meeting.
5489. **Minute 5441: To discuss the current strain on industry resources with Ofgem colleagues and provide feedback to the Panel.** This will be discussed again within Ofgem. This action remains open.
5490. **Minute 5443: NJ to share Charging Review Seminar agenda and Panel members to provide NJ with feedback.** NJ noted that this action is complete.

## 5 New CUSC Modification Proposals

5491. One new modification requesting Urgency was presented to the Panel at this meeting.
5492. **CMP268 'Recognition of sharing by Conventional Carbon plant of Not-Shared Year-Round circuits'.** CMP268 aims to change the charging methodology to more appropriately recognise that the different types of "Conventional" generation do cause different transmission network investment costs, which should be reflected in the TNUoS charges that the different types of "Conventional" generation pays. The change to the charging methodology would take the form that for generators which are classed as Conventional Carbon, the generator's ALF should be applied to both its Not-Shared Year-Round as well as its Shared Year-Round tariff elements. This does not change the way the Year Round tariff is calculated and it does not change existing generator classifications, but it does change the formula by which the Year Round tariff is applied to different types of Conventional generator.
5493. JT presented the defect to the Panel, noting the solution to the defect would be simple and focus on Conventional Carbon and this had been identified after the implementation of CMP213.
5494. PM asked JT if this generation would generally be behind the boundary. JA confirmed that conventional generation diminishes as it goes down the system and GG noted that a significant proportion of transmission connected conventional plant has recently closed.
5495. BB queried with the Panel how difficult this issue would be to assess as the Proposer had requested Urgency. PJ noted that this would be a fundamental change and would require the Workgroup to re-open the CMP213 Project TransmiT debate. NJ and SL agreed with this view and highlighted that it may also require re-forming the original CMP213 Project TransmiT workgroup. NJ was also concerned that the proposal was being played out too simply. GG did not agree with this view and considered the solution was simple as all the information required to resolve the defect was available through the analysis provided for CMP213. PJ did not support this view as he considered the assessment to be complex.

5496. MT queried what the distributional impact would be of the modification and if there would be any winners and losers as a result of the proposed changes. JT did not consider that the modification would lead to an overall increase in cost.
5497. SL was concerned that the proposal would be changing the CMP213 Project TransmiT principles. JT noted that the proposal did not change the TransmiT model. SL did not agree and considered the proposal to be a big change which would impact those in the south of the country.
5498. MT asked JT if there could be any alternative solutions to address the defect. JT confirmed that there could be but that the proposal contains the preferred approach although WACMs could always be raised. JT was also able to confirm to BB that this defect had been implemented in the CUSC in April 2016.
5499. The Panel reviewed the timetables developed by the Code Administrator. JA noted that the proposed Urgency timetable required weekly meetings of the Workgroup to develop the proposal and suggested that in this situation CMP213 analysis could be used. PJ noted that although a lot of the analysis could be re-used for this proposal, it would need to be refreshed. SL noted that the Authority may be unlikely to grant Urgency for this proposal due to the volume of work required by a Workgroup.
5500. GG noted that although the text in CMP213 had been available for a period of time, this did not mean that the party understood this as a defect at the time.
5501. JA did not believe that the proposal met the Urgency criteria set by Ofgem as this could not be considered an imminent issue and, although it could have a significant impact on parties, it is not realistic to assume that the defect could be resolved following an urgent timetable. The majority of the Panel agreed with this view with the exception of GG.
5502. The Panel agreed by majority that they would support the proposal to be developed by a Workgroup following a standard timetable. When reviewing the standard timetable the Panel considered the existing high number of urgent modifications being progressed by the industry and agreed that the first meeting for the Workgroup should not be scheduled until the start of September at the earliest with subsequent meetings taking place on a monthly basis to assist the current strain of industry workload.
5503. The Panel reviewed the Term of Reference and agreed that the Workgroup should consider the following issues;
- a. Reviewing CMP213
  - b. Distribution impacts
  - c. HVDC implications and links

## 6 Workgroups / Standing Groups

5504. The latest CUSC Modifications 'Plan on a Page' was shared with the Panel and referred to as the Panel were provided with updates to the current modifications in progress.
5505. **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.
5506. HC noted that the Workgroup were currently on track however the impact of the additional new modifications requiring Urgency could have a knock on impact due to additional industry commitment in the future. HC noted that following a note to the Panel requesting an extension for the CMP250 Workgroup to report back to the Panel in September, JA, PM, PJ, AS, CS had confirmed their approval to this request. The Panel noted that the CMP250 Workgroup had

spent some time reviewing the decision from the Authority for CMP244/256 to see if there were any lessons that could be learnt. The Workgroup were continuing to develop the elective product and due to meet again on 1 August 2016 to agree options for WACMs.

5507. **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.
5508. HC noted that the Code Administrator Consultation had been launched after the last Panel meeting. The Panel expect to vote on this modification at its August Panel meeting.
5509. **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.
5510. HC requested that CMP259 move to the Code Administrator Consultation phase of the process and presented the Workgroup findings to the Panel.
5511. The Panel approved the paper and were happy for it to progress to Code Administrator Consultation.
5512. GG noted that the National Grid £10,000 material impact threshold should be re-considered by National Grid as this had been in place for many years, had not been increased for inflation and may no longer be an appropriate measure of 'material impact'.
- ACTION: JM to investigate the National Grid £10,000 material impact threshold and report back to the Panel.**
5513. **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.
5514. CW noted that this Workgroup was not on track. The Workgroup Consultation closed 28 July 2016 and the Workgroup received nine responses which they will review and consider when developing options for WACMs prior to voting.
5515. The Panel approved an extension and as this modification is being progressed on an accelerated timetable, GG as the Proposer, requested the Panel agree to a Special CUSC Panel meeting to review the report enabling it to progress on to the next stage of Code Administrator Consultation. The Panel had agreed to meet by teleconference on 15 August 2016 from 9am to 10am, however, following the July Panel meeting, [Post meeting note: HC reviewed the timetable and agreed with GG and MT that this would not be required. HC has suggested some minor adjustments to the timetable which do not impact the overall delivery of this proposal and agreed that with GG and MT that the Panel will be able to review the Workgroup Report at the regular August Panel meeting and vote at the September Panel as originally intended.]
5516. **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).

5517. HC noted that everything was on track with this modification and, following on from the Special CUSC Panel on 19 July 2016, the Code Administration Consultation had been launched and was due to close on 10 August 2016. HC also noted that the Legal Text for this modification had taken more time to develop than anticipated due to complex formulae within the text. The Panel are due to vote on this modification at the August CUSC Panel meeting.

5518. **CMP264 Embedded Generation Triad Avoidance Standstill**

This proposal has been raised by Scottish Power and seeks to change the Transport and Tariff Model and billing arrangements to remove the netting of output from New Embedded Generators until Ofgem has completed its consideration of the current electricity transmission Charging Arrangements (and any review which ensues) and any resulting changes have been fully implemented.

**And**

5519. **CMP265 'Gross charging of TNUoS for HH demand where embedded generation is in Capacity Market'**

This proposal has been raised by EDF Energy and specifically seeks to address the issue that half hourly metered (HH) demand for TNUoS purposes is currently charged net of embedded generation.

5520. As both modifications are being progressed together by one Workgroup, CW provided a joint update to the Panel. CW noted that these modifications were not on track and additional meetings had been required to develop them further. At the teleconference on 28 July 2016, CW noted that 400 comments had been made to the Workgroup Report. The Panel recognised the volume of effort required to progress both modifications and approved a one month extension for the Workgroup Report to be presented back at the September Panel meeting although they also noted that a further extension may be requested in the future.

5521. NR observed that the consequential BSC modification had had one meeting and was concerned that there may be a risk that the BSC modification is developed based on assumptions and that the CMP264/CMP265 Workgroup would need to be considering the level of detail required by the BSC.

5522. GG requested if the scheduled meeting on the 11 August 2016 for CMP264/CMP265 could be broadcasted enabling non Workgroup members to be able to dial in as observers only as this meeting was being held at the same time as the open consultation and could present information that could be beneficial to parties when responding.

**ACTION: CW to arrange facilities to enable non Workgroup members to dial into CMP264/CMP265 Workgroup meeting on 11 August 2016**

5523. **CMP266: Removal of Demand TNUoS charging as a barrier to future elective Half Hourly settlement.** This proposal seeks to prevent double charging of TNUoS for a meter electing to be HH settled, all demand within Measurement Class F & G will be charged under the TNUoS NHH methodology from April 2017 up until HH settlement is mandatory for all consumers.

5524. HC noted that the Workgroup was on track. The Workgroup have met and discussed the scope of proposal and are due to meet again on 3 August 2016.

5525. **CMP267 'Defer the recovery of BSUoS costs, after they have exceeded £30m, arising from any Income Adjusting Events raised in a given charging year, over the subsequent two charging years'.** CMP267 aims to defer unforeseen increase in BSUoS costs arising

from an Income Adjusting Event (IAE) by two years. This proposal only applies to IAE's which, in their total in any given charging year, have a combined effect on "raw BSUoS" of over £30m.

5526. HC noted that the letter from Panel regarding Urgency for this modification had been issued to the Authority on 26 July 2016. HC also noted that conflicting opinions regarding deliverability of modification had led to two timetables being submitted to the Authority. The Code Administrator is carrying out a lessons learnt exercise regarding timetable development process.
5527. **Governance Standing Group (GSG).** GG noted that no meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. GG also noted that in light of high CUSC modification workload highlighted earlier in the meeting, availability of members was proving difficult and it was unlikely that a meeting of the GSG would be held in the near future.
5528. **Transmission Charging Methodologies Forum (TCMF).** NJ noted that no meeting had been held since last Panel meeting due to the Charging Review Seminars.
5529. **CUSC Issues Steering Group (CISG).** NJ noted that no meeting had been held since last Panel meeting due to the Charging Review Seminars.
5530. **Commercial Balancing Services Group (CBSG).** No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. The requirement for the next CBSG meeting will be assessed in September 2016.
5531. **Balancing Services Standing Group (BSSG).** No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. The requirement for the next BSSG meeting will be assessed in September 2016.

## 7 European Code Development

5532. AS advised that there was no Ofgem European updates to provide to the Panel this month.
5533. **Joint European Stakeholder Group (JESG).** GG confirmed that the July JESG had been cancelled and the next JESG would take place in Edinburgh in August.

## 8 CUSC Modifications Panel Recommendation Vote

5534. There were no Panel votes this month.

## 9 Authority Decisions as at 21 July 2016

5535. There have been two Authority decisions since the last meeting. CMP260 and CMP244/CMP256 were both rejected. GG asked AS to review the CMP244/CMP256 letter which referred to the penalty 'cost borne by customers' as it was felt that it should read as the 'Shareholder'.
5536. BB noted that it would be useful for the Code Administrator to carry out a lessons learnt exercise following the decision of a modification from the Authority where the decision of the Authority is different to that of the Panel.
5537. The Panel also noted that they are obligated to read all decision letters.
5538. AS confirmed that the CMP243, CMP237 and CMP255 decision letters were expected to be issued soon.



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

5539. AS noted that, at the July STC Panel, a paper had been presented on a potential modification regarding the obligation on the SO to calculate the cancellation charges payable by a developer in the event of a project termination. For the SO to calculate this, it requires information from TOs. The issue that was raised is that under the STC how the TOs provide this information is not consistent or standardised and each TO can apply its own interpretation.
5540. CW noted that the obligation on the SO is contained in the CUSC but, to discharge this obligation, the TOs are required to provide information to the SO and the obligations on TOs is contained within the STC. The issue is being reviewed by National Grid subject matter experts to determine impacts but the initial view is that the issue relates to the information TOs provide and that any changes would be limited to the STC. NGET will come back with a further update to confirm that no changes to the CUSC would be required.

## 11 AOB

5541. GG noted that, at the July Grid Code Review Panel, the Panel discussed changes to the BCA for the Emergency Disconnection of Embedded Generation. This appeared to be taking place without any consultation and GG has raised this with the National Grid representative on a number of occasions as this could impact the CUSC and require a future CUSC modification to amend the BCA.

**ACTION: NJ to speak with Rob Wilson regarding this issue.**

5542. AS noted that Ofgem had published an open letter to the industry on embedded benefits that day (29 July 2016) and welcomed industry views by 23 September 2016. MT asked if this letter could lead to an SCR. PM and NJ confirmed that having reviewed the letter this did not seem to be the case.
5543. AS noted that the August CUSC Panel meeting would be his last meeting as he would be moving onto a new role within Ofgem. A new Authority Representative will be dialling into the Panel meeting from August. The Panel wished AS well in his new role and look forward to seeing him in person at the August Panel meeting.
5544. CW requested that the December CUSC Panel meeting be rescheduled to 15 December 2016. The Panel approved this request.
5545. GG reviewed the Relevant Interruption Claim report and noted that the report should explicitly reference any claims made in accordance with CMP235 and CMP236 within the future reports (as agreed at a previous Panel meeting) so that a post implementation evaluation of those two modifications could be undertaken in due course.

## 12 Next meeting

5546. The next meeting of the CUSC Modifications Panel will be held on 26 August 2016. [The Special CUSC Panel meeting which had been agreed on 15 August from 9am to 10am was cancelled post the Panel meeting.]