

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	194
Date of meeting	30 September 2016
Location	National Grid House, Warwick

Attendees

Name	Initials	Position
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
Garth Graham	GG	Users' Panel Member
James Anderson	JA	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Kyle Martin	KM	Users' Panel Member
Bob Brown	BB	Consumers' Panel Member
Abid Sheikh (dial-in)	AS	Authority Representative
Nadir Hafeez (dial-in)	NH	Authority Representative (observer)
Nicholas Rubin(dial-in)	NR	ELEXON
Louise Schmitz	LS	CMP264/CMP265 Chair (update)
Bill Reed	BR	CMP271 Proposer
Sam Wither	SW	CMP274 Proposer

1 Apologies

Apologies were provided from Simon Lord (SL). Simon Lord passed his voting rights to Paul Jones.

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

5639. Introductions were made around the group. Louise Schmitz (LS) joined the Panel to provide an update for CMP264 and CMP265. Bill Reed (BR) from RWE joined the Panel to present CMP271 and Sam Wither from UK Power Reserve joined the Panel to present CMP274.

3 Approval of Minutes from the last meeting

5640. The minutes of the CUSC Panel meeting held on 26 August 2016 were approved subject to comments and are available on the National Grid website.

4 Review of actions

5641. **Minute 5512: JM to investigate the National Grid £10,000 material impact threshold and report back to the Panel.** JM confirmed that value had not changed for a long period of time and industry parties could raise a modification to address this if they believed it to be a defect. CS asked where this figure has come from and why it was set to this value.
5642. JM confirmed that this value had been set to £10,000 in 1990. GG noted that at the time, this value had been considered to be material but possibly was now more than double with the effect of inflation. BB questioned the purpose of this value and GG noted he understood this to be related to the modification application fee for connection agreements and considered that due to inflation, it would seem sensible to increase this value to be more cost reflective. JM stated that if this value is considered to be a defect then it is open to parties to raise a CUSC modification proposal. This action has been closed.
5643. **Minute 5541: NJ to speak with Rob Wilson regarding changes to the BCA for Emergency Disconnection of Embedded Generations that could impact the CUSC.** AW noted at the August Panel meeting that he had spoken with Rob Wilson regarding BCA changes and Rob had confirmed that this issue had been withdrawn by the Grid Code Review Panel. GG asked AW to confirm that BCAs had not changed as a result of these changes to Emergency Disconnection of Embedded Generations.
5644. NJ noted at the September Panel meeting that conversations within National Grid had taken place regarding this issue. GG stated that there may be some CUSC and BSC consequential changes taking place as a result of the Grid Code changes. The Panel agreed to discharge this action as it was considered as being out of scope for the CUSC Panel at this time.
5645. **Minute 5570: AS to confirm when the new CUSC objective needs to be included within the Workgroup/ Panel voting.** This action is complete. AS confirmed that the new CUSC objective needs to immediately be included in all future Workgroup or Panel votes.
5646. **Minute 5598: AW to confirm SBR and DSBR procurement arrangements for this winter following discussions on CMP262.** NJ noted that communications within National Grid would be issued week commencing 3rd October 2016. This action is complete.
5647. **Minute 5604: JM to ensure that the lessons learned exercise carried out by the CMP262 Workgroup be shared at a future Panel meeting.** JM noted that this action will remain open and that a session to carry out a 'lessons learned' review will be arranged after the FMR is issued to the Authority. An updated will be provided to the Panel and BB noted that he would also like to see a written paper to the Panel to support this action.
5648. **Minute 5613: AS to confirm to HC who the CMP268 recommended timetable will need to be sent to at Ofgem.** This action is complete.
5649. **Minute 5622: JM to issue a summary of changes to CMP251 Legal Text to Panel.** This action is complete.
5650. **Minute 5627: AS to confirm if the Panel are required to vote on the additional objective introduced as part of CGR3 when voting on CMP251.** This action is complete as per minute 5570.
5651. **Minute 5629: HC to republish decision letter for CMP244 / CMP256 on National Grid website.** This action is complete. The Panel noted that the updated letter did not clarify the changes made to the letter. AS noted these observations. AS stated that the August 2016 Panel minutes should, in hindsight, have given more detail about the changes made to the decision letter. AS highlighted these changes to the Panel, namely, amendment of the second

sentence at the top of page 6 of the letter. AS noted that the amendments were clarificatory and did not affect the Authority's decision.

5652. **Minute 5632: JM to send link to Panel members to the single modifications register housed on the Gemserve website.** This action is complete, as the link was issued.

5653. **Minute 5636: JM to investigate how other Code Administrators manage Initial Stage assessments of modifications.**

JM provided an update to the Panel and noted that he had raised this issue at a recent Code Administrators call. Currently one Code Administrator completes an initial written stage assessment. JM has also spoken with Alex Thomason, the previous Code Administrator Team Manager, as this had been trialled previously and Alex had confirmed this to have been of limited benefit. The Panel also noted that the submission of late papers did not allow the Code Administrator time to carry any analysis. BB noted other Panels carried out more pre panel activities as standard practice. JA noted that an initial assessment may have helped with CMP262 in understanding the defect.

5654. The Panel noted that the new Proposal Form did not identify the organisation of the Proposer. JM and HC will assess the new template to ensure that this is clearly identifiable.

ACTION: JM and HC to assess the new CUSC Modification Proposal new template to ensure that details identifying the organisation of the Proposer are clearly identifiable.

5655. **Minute 5637: All Panel members to send comments on Workload Plan paper to MT and JM by 2 September 2016. An updated paper will be recirculated after this date by MT and JM.** MT noted that comments had been provided from CS and BB & NJ. HC will arrange a session in mid-October between JM, HC, MT and NJ to discuss the future workload plan for next 5 years. JM will provide a format template.

5 New CUSC Modification Proposals

5656. Two new modifications were presented to the Panel at this meeting. The Code Administrator had been scheduled to present two separate modifications, CMP272 and CMP273 which they have now deferred to the November 2016 CUSC Panel meeting.

5657. **CMP271 'Improving the cost reflectivity of demand transmission charges'.** This CUSC modification proposal aims to improve the cost reflectivity of demand transmission charges. It is proposed that the transmission charging methodology should include a Peak Security demand tariff levied at Triad, a Year Round demand tariff and revenue recovery levied on year round supplier demand. PM asked if the year round locational demand TNUoS charge element was also envisaged to be recovered over the new all-year charging window, as well as the demand residual; BR confirmed that this was his intent as Proposer.

5658. BR presented the proposal to the Panel and noted that the current basis of demand transmission tariffs appears unsustainable and expected demand residual to rise by 2020/21 to £72.03/kW. BR highlighted that in his opinion the current arrangements did not address the cost reflectivity of the locational demand tariff. Additionally the issues regarding the demand charging base for the relevant tariff components are out of scope and did not consider the cost recovery arrangements for the residual component of the demand tariff. PM noted that the proposal used the word "triad" in relation to the peak security demand tariff, and asked if BR as Proposer would regard debate around alternative peak charging basis to triads, as falling within the statement of defect and a fair subject matter for debate at the Workgroup; BR said yes, adding that he would actually like to see this topic debated at the Workgroup.

5659. BR advised that implementation would be no earlier than 1st April 2020 or three years following a decision from the Authority. GG asked for clarification around this to which BR confirmed this as being the first practical Charging Year three years after the decision.
5660. MT questioned if the defect had been correctly defined in the proposal. BR believed it was and noted it was linked with the SQSS.
5661. NJ expressed concern that the modification was being addressed at the same time as CMP264 and CMP265 and could this potentially undo the work that had been completed by these Workgroups.
5662. PJ noted that CMP264 and CMP265 did not consider the basis of the residual and this proposal would be looking to recover over a different charging basis, therefore differing from CMP264/5. MT confirmed that the terms of reference for CMP264 and CMP265 had had a limited scope and that this decision had been intentional. PM wondered if this issue of the demand charging basis would be addressed through the Ofgem, or National Grid, Charging Reviews, and how CMP271 might “fit in” – or not - to those reviews.
5663. The Panel accepted the Proposal and agreed that it should be developed by a Workgroup and would follow a standard timetable. They also agreed that the following initial issues should be included within the Terms of Reference and assessed by the Workgroup;
- a) To consider if a commodity basis of charging conforms to ACER’s ‘Scoping towards potential harmonisation of electricity transmission tariff structures’ report of December 2015;
 - b) Identify the distributional impacts, including an indication of materiality, on the various types of market participants both present and emerging, including consumers who respond to price signals and those who do not;
 - c) Where material, the potential impact on the transmission systems and distribution networks, system demand and balancing/cashout costs.
- ACTION: Panel to consider additional issues to be assessed by the Workgroup that should be included within the Terms of Reference.**
5664. NR asked if there would be an impact on the BSC. BR did not think there would be any impact on the BSC at this stage as all changes were considered to be contained within Section 14 of the CUSC although potential WACMs may lead to some changes in the future.
5665. The Panel discussed Workgroup membership and KM noted it would be beneficial to encourage smaller players to participate in the Workgroup. MT confirmed that this is not a requirement for the Terms of Reference. NJ highlighted that membership concerns had already been raised by smaller parties. JM noted that when writing out to the Industry inviting participation to the Workgroup, the Code Administrator would also reach out to the same distribution list used for CMP264 and CMP265. This suggestion was welcomed by the Panel and the Panel noted that they would support also non-CUSC parties wishing to join the Workgroup.
5666. BB suggested the Workgroup should invite membership from any party that would be materially impacted by the proposal, for example customer trade organisations, and that the Code Administrator should also look at other technologies such as webinar as this would encourage participation from more diverse players. GG supported this but also cautioned that the Workgroup would need to remain manageable in terms of numbers.
5667. PJ suggested National Grid host charging teaching sessions as this would be useful for parties that were not as familiar with how charging works.

ACTION: JM to get feedback from CMP264 and CMP265 Workgroup to understand what worked well and introduce these best practices for the CMP271 Workgroup.

5668. LS asked if membership should be restricted. GG agreed it should in terms of overall numbers and LS questioned what that number should be as no restriction had been applied to CMP264 and CMP265. LS also noted that as Chair, it had been challenging to progress a modification with twenty five Workgroup members following an accelerated timetable. MT suggested not fixing a limit to membership at this point in time and instead asked the Code Administrator to provide an update at the next Special CUSC Panel meeting regarding interest in joining the Workgroup.

ACTION: HC to provide feedback on the CMP271 Workgroup membership at the next Special CUSC Panel meeting.

5669. BR noted that his proposal would require a considerable amount of technical and welfare analysis covering cost reflectivity, effects of commoditised residuals etc. BB asked if National Grid could support this level of analysis. NJ confirmed that this had been discussed and that she was concerned, especially with the high volume of ongoing modifications at the moment. NJ also noted that analysis for the locational element will require extensive support and noted that National Grid did not always have to be the party that carried out the analysis for the Workgroup.

5670. The Panel discussed the Proposal form. BR confirmed that he had initially completed this using the previous template and then transferred his content across to the new template. Panel confirmed they understood the defect and asked BR if he could submit his original form as the new template appeared to be missing some information.

ACTION: HC to ensure that BR provides his original proposal to the Panel

ACTION: HC to compare the previous and new template and ensure that the new Proposal template captures all key requirements.

5671. The Panel agreed that the frequency of Workgroup meetings should be highlighted in the letter to the industry inviting participation in order to set the expectation of what members would be required to commit in terms of time etc., in order to support the development of this modification.

5672. **CMP274 ‘Winter TNUoS Time of Use Tariff (TToUT) for Demand TNUoS’.** This CUSC modification proposal aims to improve the cost reflectivity of demand transmission charges. It is proposed that the transmission charging methodology should include a “Winterround”time of use demand tariff which reflects the existing Demand Residual element of the existing methodology so that revenue recovery is levied over a longer period of assessment. PM asked if the existing year round locational demand TNUoS charge element was also envisaged to be recovered over the new Winter-round charging window, alongside the demand residual; SW confirmed that this was his intent as Proposer.

5673. This modification had been submitted to the CUSC Panel at 6.57pm the evening before the Panel meeting. The Panel recognised the synergy between this proposal and CMP274 and agreed to carry out an initial assessment of it.

5674. SW presented the proposal to the Panel and noted that existing Triad methodology for allocating and charging demand users and embedded generation is creating distortions across Capacity Market Auctions, Contracts for Difference Auctions and Wholesale winter peak electricity market.

5675. SW noted that CMP264 and CMP265 had a very narrow scope also identifies a similar distortion with current market arrangements. SW also noted that CMP274 was materially different as it proposed to introduce split out demand residual, looking to recover a different baseline peak.
5676. MT asked SW if this had been discussed by the CMP264 and CMP265 Workgroup and raised as an option for a WACM. SW noted that the concept of his proposal had been discussed but not raised as an option.
5677. The Panel had mixed views in relation to accepting CMP274 as a late paper. GG expressed concern as this may set a precedent. MT asked SW to clarify if he thought the defect required urgent attention. SW confirmed that the issue was related with the Capacity Auction and delays in assessing the defect could impact the market although he accepted in terms of implementation, he would envisage CMP274 following a similar timetable to CMP271.
5678. The Panel agreed that the modification had been submitted as a late paper and not as an urgent paper.
5679. The Panel discussed if they should accept this paper as a late paper at this meeting. The Panel had mixed views with some members noting that they would prefer to have time to review the proposal at a subsequent meeting whilst others acknowledged these concerns but accepted it was sensible and an efficient use of their time to discuss this modification along with CMP271. The Panel agreed that on this occasion it would be pragmatic to accept the proposal but would require time to fully consider it and to discuss the Terms of Reference which they would agree at their next Panel meeting.
5680. GG noted that the Panel would need to be clear what the cut-off date should be to accept a late paper from a procedural perspective in the future. BB and AS confirmed that these requirements were noted within the CUSC (Sections 8.8.11 and 8.16.8) and that the Code Administrator would need to refer to these in the future.

ACTION: JM and HC to confirm process for late papers at next CUSC Panel meeting

5681. The Panel recommended that the Workgroup meetings for both CMP271 and CMP274 should be held on the same day as this would promote efficiency. BB noted that the Terms of Reference agreed for CMP271 should also apply to CMP274 along with any additional issues identified by the Panel at their next meeting.

6 Workgroups / Standing Groups

5682. The latest CUSC Modifications 'Plan on a Page' was shared with the Panel.
5683. **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

5684. **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.

And

5685. CMP269 'Potential consequential changes to the CUSC as a result of CMP264'

This modification aims to address a number of consequential changes required to non-charging sections of the CUSC to reflect the CMP264 Proposal or any alternative proposals agreed by the CMP264 Workgroup.

And

5686. CMP270 'Potential consequential changes to the CUSC as a result of CMP265'. This modification aims to address a number of consequential changes required to non-charging sections of the CUSC to reflect the CMP265 Proposal or any alternative proposals agreed by the CMP265 Workgroup.

5687. LS joined the Panel to provide an update on CMP264 and CMP265. LS confirmed that the Workgroup is not on track and requested a one month extension which was approved by the Panel. The Panel noted that the Workgroup sub-group had met on three occasions to consider the legal text changes.

5688. Additionally the Workgroup as a whole have met a further six times to go through the options for WACMs. On 19th September 2016 the Workgroup met to vote on options for WACMs. For CMP264, eight options were supported as WACMs by a majority of the Workgroup, with the Chair saving an additional fifteen options as WACMs. For CMP265, four options were supported by a majority of the Workgroup as WACMs, with the Workgroup Chair saving fourteen options as WACMs.

5689. The rationale for the Chair saving these additional twenty nine options as WACMs was that they could be argued to be better than the baseline and facilitate the CUSC charging objective (a) "That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity". In addition the Workgroup Chair considers that the requirement to save these additional WACMs reflects the composition of the Workgroup and the variety of views of the Workgroup. This would allow the CUSC Panel and ultimately the Authority to be provided with a wide range of alternatives that reflects the views of the Workgroup to meet the defects described.

5690. The Workgroup will meet again on 5th October 2016 to vote. The Panel noted the requirement for two Special CUSC meetings on 25th October 2016 and 23rd November this would allow Code Administration to provide the FMR to the Authority by 28th November 2016. LS also noted that CMP269 and CMP270 may not be required.

5691. MT asked LS if all Workgroup members were fully engaged with the process and if they had had a sufficiently broad representation from the industry. PJ confirmed that the Workgroup had a strong representation from embedded generators and LS was able to confirm that there were no gaps in terms of representation, other than as previously mentioned that there is no representation from non-vertically integrated suppliers.

5692. The Panel discussed the WACMs and KM questioned if there was a more efficient way to finalise WACMs. GG noted that in the case of CMP213 the Workgroup Chair had saved a significant amount of options as WACMs for similar reasons.

5693. LS confirmed members were still trying to understand the CUSC modification process and that she received frequent questions from Workgroup members regarding the process. PJ confirmed that he had been asked questions regarding voting from embedded and non-embedded industry participants.

5694. MT noted that he had received a letter from Ofgem which has been shared with the Panel regarding the potential appointment of an additional Panel member with experience of embedded generation. The Panel noted that they have previously stated that they are happy to be approached by Workgroup members and that they consider they have wide ranging experience and knowledge of the industry to support embedded generation parties. BB confirmed that he has a broad understanding of the industry but would not claim to be an expert on embedded generation.
5695. LS noted that she had clarified to the CMP264 and CMP265 Workgroup that the Panel recommends a solution but the final decision is made by Ofgem.
5696. **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.
5697. HC noted that the Workgroup is not on track due to Workgroup member availability as a result of a peak in workload commitments during the month of August and September. The Panel approved a one month extension to October allowing for the Workgroup to meet and vote on this modification. BB noted that he would prefer details of Workgroup extension requests to be issued with Panel papers.
- ACTION: HC to add a note to Agenda that indicates which modifications will be requesting an extension**
5698. **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 1st April 2015 to 31st March 2016 inclusive.
5699. NJ noted that the Workgroup is not on track to meet the timetable and that since the last Panel two further Workgroup meetings had been held. The Workgroup are still awaiting confirmation from Ofgem that they are happy with the supporting analysis carried out to date.
5700. NJ requested a flexible extension for this Workgroup as they are also awaiting direction from the Ofgem Legal Counsel and noted that the Workgroup hoped to submit the Workgroup Report to the Special CUSC Panel on the 25th October 2016.
5701. In terms of next steps, JM also noted that the Workgroup were due to vote on Monday. PJ supported this approach as voting should not be delayed and should be carried out on the basis of best available information. MT asked AS if this could lead to the potential risk of a send back if analysis is not provided. AS noted that the analysis should be discussed at the meeting on Monday as he did not have enough information about the matter at this Panel meeting to confirm whether the Workgroup should vote at the meeting taking place on Monday.
5702. GG stated that the Workgroup would not see a summary of the advice from Ofgem lawyers and therefore should continue with the vote. GG also expressed concern regarding delays with the modification process and that as the Proposer of the modification he did not know what may change between Monday and any future date agreed to vote on the proposal as the only material change will be advice that Ofgem have said they may not be able to provide to the Workgroup. The Panel approved a one month extension.

5703. **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.
5704. HC noted that this Workgroup is back on track. The Workgroup Consultation has closed and the Workgroup are due to meet week commencing 3rd October 2016 to review responses, agree options for WACMs and vote. The Workgroup report will be presented back to the Panel at the 28th October meeting.
5705. NR observed that he was not sure following discussion with his colleagues if a consequential BSC modification was required. The Workgroup would need to clarify this with the Elexon.
- ACTION – NJ to confirm if CMP266 has an impact on BSC systems and will clarify with ELEXON if an additional BSC mod will need to be raised.**
5706. **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.
5707. The Workgroup are behind schedule and have advised these delays as being necessary due to the need to clarify the Original and proposed WACM prior to voting.
5708. The Workgroup plan to present it to the Panel at their Special CUSC Panel meeting on 11th October 2016.
5709. **CMP268 ‘Recognition of sharing by Conventional Carbon plant of Not-Shared Year-Round circuits’.** CMP268 proposes 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 ideally ahead of the December Capacity Auction.
5710. This Workgroup is behind schedule by one week. The Workgroup have met on four occasions to finalise the Workgroup Consultation which was published on the 16th September 2016 and will close on the 30th September 2016. The Workgroup Consultation publication was delayed due to extensive debate within the Workgroup regarding the validity of evidence provided by the Proposer.
5711. The Workgroup are due to meet in early October to discuss consultation responses, raise alternatives and vote ahead of bringing the Workgroup Report to the Panel at their Special CUSC Panel meeting on the 18th October 2016.
5712. The Panel approved a one week extension to the Workgroup.
5713. **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.

5714. **Transmission Charging Methodologies Forum (TCMF).** NJ provided an update from the last TCMF that took place 7th September 2016 that had highlighted the need to change existing charging arrangements and the broader requirement to consider of the needs of different parties. The existing timetable holistically took into account the Ofgem Charging review.
5715. PM noted that the private client report by “Cornwall” on the 7th September TCMF session, said that National Grid had said the Terms of Reference for their embedded generation review would be published in summer 2017. Others present had not noticed this being said – was it correct? NJ confirmed that National Grid had not made this comment, adding that National Grid was in fact more or less ready to launch its charging review, and was now waiting for a green light from Ofgem to ensure a good fit and co-ordination with Ofgem’s charging review.
5716. **CUSC Issues Steering Group (CISG).** NJ noted that this meeting had taken place on 7th September 2016.
5717. **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 due course. No new date agreed.
5718. **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 CBSG meeting will be assessed in due course. No new date agreed.

7 European Code Development

5719. AS advised that there was only one update to provide to the Panel this month on European Code development, namely, that a consultation had been published on 29th September 2016 on Ofgem’s minded to position to assign Transmission System Operator obligations under the TSO Guideline within GB. This consultation is due to close on 27th October 2016 and stakeholder comments are welcome. A link to the document is here:
<https://www.ofgem.gov.uk/publications-and-updates/consultation-ofgem-s-minded-position-assign-transmission-system-operator-obligations-under-tso-guideline-within-gb>
5720. **Joint European Stakeholder Group (JESG).** GG noted that a meeting had not taken place in September and the only update for the Panel to note was that the HVDC Connection Code and Forward Capacity Allocation Code had been published and would be entering into force accordingly.

8 CUSC Modifications Panel Recommendation Vote

5721. **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.
5722. JM presented the slides to the Panel providing an overview of the modification. The Panel did not have any comments although BB noted that he did not believe that a defect existed.

5723. Nine responses were received to the Code Administrator Consultation and a variety of views were recorded within the DFMR.

5724. For the avoidance of doubt, the CUSC Panel voted for CMP251 against Use of System Charging Methodology Objectives which now includes the new CUSC objective. These are:

(a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;

(b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);

(c) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses*;

(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1; and

(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

5725. **CMP251 Vote 1** – Does the Original or WACM facilitate the objectives better than the Baseline?

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Better facilitates ACO (e)?	Overall (Y/N)
James Anderson						
Original	No	Neutral	Neutral	No	No	No
WACM1	Neutral	Neutral	Neutral	Yes	No	No
WACM2	No	Neutral	Neutral	No	No	No
WACM3	No	Neutral	Neutral	No	No	No
WACM4	No	Neutral	Neutral	Yes	No	No
WACM5	Neutral	Neutral	Neutral	Yes	No	No
WACM6	Neutral	Neutral	Neutral	Neutral	No	No
WACM7	Neutral	Neutral	Neutral	Neutral	No	No
Bob Brown						
Original	No	Neutral	Neutral	No	No	No

WACM1	Neutral	Neutral	Neutral	Yes	No	No
WACM2	No	Neutral	Neutral	No	No	No
WACM3	No	Neutral	Neutral	No	No	No
WACM4	No	Neutral	Neutral	Yes	No	No
WACM5	Neutral	Neutral	Neutral	Yes	No	No
WACM6	Neutral	Neutral	Neutral	Neutral	No	No
WACM7	Neutral	Neutral	Neutral	Neutral	No	No
Kyle Martin						
Original	No	No	Neutral	Neutral	No	No
WACM1	No	No	Neutral	Neutral	No	No
WACM2	No	No	Neutral	Neutral	No	No
WACM3	No	No	Neutral	Neutral	No	No
WACM4	No	No	Neutral	Neutral	No	No
WACM5	No	No	Neutral	Neutral	No	No
WACM6	No	No	Neutral	Neutral	No	No
WACM7	No	No	Neutral	Neutral	No	No
Garth Graham						
Original	Yes	Yes	Neutral	Yes	Neutral	Yes
WACM1	Yes	Yes	Neutral	Yes	Neutral	Yes
WACM2	Yes	Yes	Neutral	Yes	Neutral	Yes
WACM3	Yes	Yes	Neutral	Yes	Neutral	Yes
WACM4	Yes	Yes	Neutral	Yes	Neutral	Yes
WACM5	Yes	Yes	Neutral	Yes	Neutral	Yes
WACM6	Yes	Yes	Neutral	Yes	Neutral	Yes
WACM7	Yes	Yes	Neutral	Yes	Neutral	Yes
Nikki Jamieson						
Original	No	Yes	Neutral	No	No	No
WACM1	No	Yes	Neutral	No	No	No
WACM2	No	Yes	Neutral	No	No	No
WACM3	No	Yes	Neutral	No	No	No

WACM4	No	Yes	Neutral	No	No	No
WACM5	No	Yes	Neutral	No	No	No
WACM6	No	Yes	Neutral	No	No	No
WACM7	No	Yes	Neutral	No	No	No
Paul Jones						
Original	No	Neutral	Neutral	Neutral	No	No
WACM1	No	Neutral	Neutral	Neutral	Neutral	No
WACM2	No	Neutral	Neutral	Neutral	No	No
WACM3	No	Neutral	Neutral	Neutral	No	No
WACM4	No	Neutral	Neutral	Neutral	Neutral	No
WACM5	No	Neutral	Neutral	Neutral	Neutral	No
WACM6	No	Neutral	Neutral	Neutral	No	No
WACM7	No	Neutral	Neutral	Neutral	No	No
Simon Lord (Paul Jones)						
Original	No	Neutral	Neutral	Neutral	No	No
WACM1	No	Neutral	Neutral	Neutral	Neutral	No
WACM2	No	Neutral	Neutral	Neutral	No	No
WACM3	No	Neutral	Neutral	Neutral	No	No
WACM4	No	Neutral	Neutral	Neutral	Neutral	No
WACM5	No	Neutral	Neutral	Neutral	Neutral	No
WACM6	No	Neutral	Neutral	Neutral	No	No
WACM7	No	Neutral	Neutral	Neutral	No	No
Cem Suleyman						
Original	No	Neutral	Neutral	Neutral	Neutral	No
WACM1	No	Neutral	Neutral	Neutral	Neutral	No
WACM2	No	No	Neutral	Neutral	Neutral	No
WACM3	No	No	Neutral	Neutral	Neutral	No
WACM4	No	Neutral	Neutral	Neutral	Neutral	No
WACM5	No	Neutral	Neutral	Neutral	Neutral	No
WACM6	No	Neutral	Neutral	Neutral	Neutral	No

WACM7	No	Neutral	Neutral	Neutral	Neutral	No
Paul Mott						
Original	No	Neutral	Neutral	Neutral	Neutral	No
WACM1	No	Neutral	Neutral	Neutral	Neutral	No
WACM2	No	Neutral	Neutral	Neutral	Neutral	No
WACM3	No	Neutral	Neutral	Neutral	Neutral	No
WACM4	No	Neutral	Neutral	Neutral	Neutral	No
WACM5	No	Neutral	Neutral	Neutral	Neutral	No
WACM6	No	Neutral	Neutral	Neutral	Neutral	No
WACM7	No	Neutral	Neutral	Neutral	Neutral	No

5726. **CMP251 Vote 2** – Which option is the best?

Panel Member	BEST Option?
James Anderson	Baseline
Bob Brown	Baseline
Kyle Martin	Baseline
Garth Graham	WACM5
Nikki Jamieson	Baseline
Paul Jones	Baseline
Simon Lord (Paul Jones)	Baseline
Cem Suleyman	Baseline
Paul Mott	Baseline

5727. The Panel voted on CMP251 Original and WACMs against the Applicable CUSC Objectives. Simon Lord was absent from the meeting and passed his voting rights to Paul Jones. The Panel agreed by majority that the Baseline better facilitate the CUSC Objectives.

5728. **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.

5729. JM presented the slides to the Panel providing an overview of the modification.

5730. Four responses were received to the Code Administrator Consultation. Two responses were in favour of the modification and two were not.

5731. GG clarified to the Panel how the proposal would work in practice and could be tied in with the type of regular reporting back to the Panel; i.e. Relevant Interruptions Report.

5732. For the avoidance of doubt, the CUSC Panel voted for CMP259 against Standard Applicable CUSC Methodology Objectives which now includes the new CUSC objective. These are:

- (a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;

(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;

(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency; and

(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.

5733. The Panel voted on CMP259 Original and WACMs against the Applicable CUSC Objectives. Simon Lord was absent from the meeting and passed his voting rights to Paul Jones. The Panel agreed by majority that the Baseline better facilitate the Applicable CUSC Objectives. Here are the details of that vote :

5734. **CMP259 Vote 1** – *Does the Original or WACM facilitate the objectives better than the Baseline?*

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

5735. **Vote 2** – Which option is the best?

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

5736. **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).

5737. HC presented the slides to the Panel providing an overview of the modification.

5738. Nine responses were received to the Code Administrator Consultation, Overall, three respondents preferred the Baseline; one supported the Original Proposal; four supported WACM1 and one respondent supported WACM2.

5739. For the avoidance of doubt, the CUSC Panel voted for CMP262 against Use of System Charging Methodology Objectives which now includes the new CUSC objective. These are:

(a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;

(b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);

(c) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees’ transmission businesses*;

(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1; and

(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

5740. **CMP262 Vote 1** – Does the Original or WACM facilitate the objectives better than the Baseline?

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

5741. **CMP262 Vote 2** – Which option is the best?

Panel Member	BEST Option?
James Anderson	WACM1
Bob Brown	WACM2
Kyle Martin	Original
Garth Graham	WACM2
Nikki Jamieson	WACM1
Paul Jones	Original
Simon Lord (Paul Jones)	Original
Cem Suleyman	WACM1
Paul Mott	Baseline

5742. The Panel voted on CMP262 against the Applicable CUSC Objectives. The Panel had mixed opinions with three members voting for the Original, three voting for WACM1, two voting for WACM2 and one member considering that the Baseline as better facilitating the CUSC Objectives.

9 Authority Decisions as at 22 September 2016

5743. There have been no Authority decisions since the last meeting.

5744. AS confirmed that the CMP243 and CMP237 decisions were still under consideration by the Authority.

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

5745. NR noted that the BSC Panel elections had been concluded.

5746. NR referred to the CGR3 guidance. JM confirmed that this had been shared with the Panel noting that Self Governance will be the default position for new proposals. AS noted that a number of Code Administrators had been drafting guidance. JM confirmed that he had been liaising with other Code Administrators.

11 CUSC Modification Workload Management

5747. MT noted that a meeting would take place in October 2016 to discuss this issue and a report would be provided back to the Panel in November 2016. This would allow for consultation to take place and stressed it would be important for Ofgem to comment on this and provide their views on priority.

5748. MT and NJ have considered notational future cut-off dates, especially for charging mods. MT noted that this had not been welcomed by the Authority previously.

5749. MT suggested that the Code Administrator carry out an initial works assessment prior to proposal being tabled in a similar format to the Terms of Reference timetable currently provided by the Code Administrator for new proposals.

ACTION: JM to consider initial assessment requirements and identify what the Code Administrator can support.

5750. JA noted it would be useful to carry out an impact assessment on other Sections of the CUSC and other Codes.

5751. NJ noted that National Grid follow an internal triage assessment process and shared the one page document that is produced to support this process.
5752. NR noted that he would strongly support a work plan and suggested that National Grid contact ELEXON's change team as they have developed a longer term work plan which they would be happy to share.

12 Next meeting

5753. The next meeting of the CUSC Modifications Panel will be held on 28th October 2016. A number of proposed Special CUSC Panel meetings have also agreed as noted below.

Notification of Future Meetings:

Monthly CUSC Panel Meetings (10:00 to 14:00):

- **Meeting No 199: 28 October 2016** at National Grid House, Warwick
 - *Papers Day: 21 October*
 - *Proposed Agenda Items:*
 - *CMP266 Workgroup Report*
- **Meeting No 201: 25 November 2016** at National Grid House, Warwick
 - *Papers Day: 17 November 2016*
 - *Proposed Agenda Items:*
 - *CMP261 Vote*
 - *CMP266 Vote*
- **Meeting No 202: 15 December 2016** at National Grid House, Warwick
 - *Papers Day: 7 December 2016*
 - *Proposed Agenda Items:*

Proposed Special CUSC Panel Meetings:

- **Meeting No 196: 11 October 2016** via teleconference (14:00-16:00)
 - *Papers Day: 3 October 2016*
 - *Proposed Agenda Items:*
 - *CMP261 Workgroup Report*
 - *CMP267 Workgroup Report*
 - *CMP274 TOR*
- **Meeting No 197: 18 October 2016** via teleconference (10:00-11:00)
 - *Papers Day: 14 October 2016*
 - *Proposed Agenda Items:*
 - *CMP268 Workgroup Report*
- **Meeting No 198: 25 October 2016** via teleconference (10:00-13:00)
 - *Papers Day: 20 October 2016*
 - *Proposed Agenda Items:*
 - *CMP264/CMP265/CMP269/CMP270 Workgroup Report*
- **Meeting No 200: 15 November 2016** via teleconference (9:30-10:30)
 - *Papers Day: 8 November 2016*
 - *Proposed Agenda Items*
 - *CMP267 and CMP268 Votes*
- **Meeting No 201: 23 November 2016** via teleconference (10:00-12:00)
 - *Papers Day: 17 November 2016*
 - *Proposed Agenda Items*
 - *CMP264/CMP265/CMP269/CMP270 Vote*