

CUSC Panel

Friday 25 February 2022

Online Meeting via Teams

WELCOME

nationalgridESO

Approval of Panel Minutes

**Approval of Panel Minutes from the
Meeting held 17 December 2021, 6, 12
and 26 January 2022 and 9 February
2022**



Actions Log

Review of the actions log



Chair's Update

An update from the Chair about ongoing relevant work, discussions etc.



Authority Decisions (as at 25 February 2022)

Decisions Received since last Panel meeting

- ❑ **CMP383 (Urgent treatment approved 11 February 2022)**
- ❑ **CMP384 (Urgent treatment not approved 11 February 2022)**

Decisions Pending

- ❑ **CMP335/336 and CMP343/340 (At CUSC Panel on 26 January 2022, Ofgem confirmed that they are seeking to make their final decision by end March 2022).**
- ❑ **CMP371 (decision now expected 28 February 2022 according to Ofgem's latest expected decision dates table published on 9 December 2021 and as confirmed at Panel on 26 January 2022).**
- ❑ **CMP292 (decision date TBC in 2022 (previously 30 June 2021 and latterly 30 September 2021) as Ofgem consider this to be low priority).**
- ❑ **CMP308 (On 8 December 2021, Ofgem advised that they were consulting on their minded-to decision on CMP308. Ofgem are minded-to approve the CMP308 Original Proposal, which would move BSUoS charges fully onto demand, with effect from 1 April 2023 and launched the consultation to gather industry views. The consultation closed 19 January 2022 and at CUSC Panel on 26 January 2022, Ofgem advised they would be looking to make a decision on CMP308 by end February 2022. On 18 February 2022, Ofgem advised they would be looking to make a decision on CMP308 on 4 March 2022).**

Authority Decisions (as at 17 February 2022)



Decisions Pending

- ❑ **CMP368/369** (On 24 November 2021, Ofgem sent a letter (which was sent to Panel Members, industry and published on 25 November 2021). This formally confirms that Ofgem intend to wait until judgment has been issued in the Judicial Review before reaching a decision in respect of CMP368 and CMP369, even if judgment is not available before the end of 2021). Ofgem's latest expected decision dates table (published on 9 December 2021) confirms that there is currently no firm date for a decision).
- ❑ **CMP377** (Final Modification Report received 6 October 2021. Ofgem's latest expected decision dates table (published on 9 December 2021) confirms that there is currently no firm date for a decision).
- ❑ **CMP328** (Final Modification Report received 10 November 2021 and Ofgem confirmed at November 2021 Panel that no decision would be made on this until they have received the equivalent STC Modification. Ofgem's latest expected decision dates table (published on 9 December 2021) confirms that there is currently no firm date for a decision).

Received Final Modification Reports since last Panel Meeting

- ❑ **None**

New modifications submitted

None this month





In Flight Modification Updates

**Review of all CUSC Modifications with
current status, next steps and any Panel
recommendations**

Dashboard – CUSC (as at 24 February 2022)

Category	Sep	Oct	Nov	Dec	Jan	Feb
New Modifications	1	0	1	1	1	2
In-flight Modifications (includes those on hold but not New Modifications)	44	42	40	41	42	43
Modifications issued for Workgroup consultation	1 <i>(CMP361/362)</i>	0	0	2 <i>(CMP330/374 and CMP381)</i>	0	2 <i>(CMP316, CMP304)</i>
Modifications issued for Code Administrator Consultation	1 <i>(CMP328)</i>	0	0	3 <i>(CMP380, CMP361/362 and CMP381)</i>	3 <i>(CMP381, CMP300. CMP298)</i>	3 <i>(CMP361/362, CMP383, CMP382)</i>
Workgroups held	8	6	10	9	7	5
Authority Decisions	1 <i>(CMP370)</i>	1 <i>(CMP378)</i>	0	0	1 <i>(CMP381)</i>	0 <i>(CMP371 due 28 Feb)</i>
Implementations	0	3 <i>(CMP373, CMP370 and CMP378)</i>	0	0	1 <i>(CMP381)</i>	0
Modifications Withdrawn	0	0	2 <i>(CMP358 and CMP359)</i>	0	0	0
Modifications on Hold	3 <i>(CMP271, 276, 305)</i>	3 <i>(CMP271, 276, 305)</i>	3 <i>(CMP271, 276, 305)</i>	3 <i>(CMP271, 276, 305)</i>	3 <i>(CMP271, 276, 305)</i>	3 <i>(CMP271, 276, 305)</i>
Workgroups postponed	0	0	0	0	1 <i>(CMP379 – not quorate)</i>	2 <i>CMP375/315 – more time for Proposer and Workgroup to complete actions and CMP376 – more time for ESO Connections team to review feedback</i>

In flight Modifications – the asks of Panel

CMP286/287

Workgroup on 24 February 2022 agreed that one further Workgroup (on 23 March 2022) will be needed before Workgroup Consultation is issued. Therefore, the Workgroup Report will be presented to June 2022 Panel rather than May 2022 - Panel will be asked to **AGREE** the revised timeline. As there is sufficient time between the June 2022 and July 2022 Panels to finalise the Code Administrator Consultation process, there is no impact on the date this will be ultimately be issued to Ofgem for decision

CMP288/CMP289

Workgroups restarted on 20 January 2022 and there were concerns from some Workgroup Members that the revised solution did not address the defect set out in CMP288. January 2022 Panel views were mixed on this and given this, the ESO will proceed with their Original (although Panel stated that the Original solution needs further development) noting that Alternatives can be raised. Panel also reviewed the Workgroup's proposed revisions to the Terms of Reference and added to these - these have been shared with the Workgroup. As Workgroup concluded that it would be prudent to run a 2nd Workgroup Consultation given the change in solution, an updated timeline will be presented to February 2022 Panel and Panel will be asked to approve a delay to receiving the final Workgroup Report from March 2022 Panel to June 2022 Panel - Panel will be asked to **AGREE** the revised timeline

In flight Modifications – the asks of Panel

CMP330/CMP374

Meetings to discuss the non-confidential responses were held 24 January 2022 and 7 February 2022. At the meeting on 7 February 2022, the Workgroup agreed to have 2 more meetings (16 and 31 March 2022) to finalise the Original solution including legal text . Therefore, the Workgroup Report will be presented to April 2022 Panel rather than February 2022 - Panel will be asked to **AGREE** the revised timeline.

CMP375/CMP315

Workgroup that was due on 9 February 2022 has been delayed to 9 March 2022 to allow for more time for Workgroup to assess options and ESO to obtain data from Transmission Owners and re-run analysis. This will mean further delay to when the Workgroup Report will be presented to Panel - expected now to be July 2022 rather than May 2022 . Panel will be asked to **AGREE** the revised timeline.

Timeline for CMP286/287 V2 as of 24 February 2022

Milestone	Date	Milestone	Date
Workgroup 1 (re-education of proposal (including the Workgroup Consultation Responses) and solution (what has changed), agree timeline and review terms of reference)	7 December 2021	Code Administrator Consultation	27 June 2022 to 18 July 2022
Workgroup 2 and 3 (finalise solution to be consulted on, flesh out impacts, review legal text, agree alternatives, agree Workgroup Consultation questions and finalise Workgroup Consultation)	13 January 2022, 24 February 2022 and 23 March 2022	Draft Final Modification Report (DFMR) issued to Panel	21 July 2022
Workgroup Consultation (20 Working Days)	6 April 2022 to 9 May 2022	Panel undertake DFMR recommendation vote	29 July 2022
Workgroup 4 - Assess Workgroup Consultation Responses	18 May 2022	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	2 August 2022
Workgroup 5 – finalise solutions, review terms of reference, hold Workgroup Vote	1 June 2022	Final Modification Report issued to Ofgem	10 August 2022
Workgroup report issued to Panel (5 working days)	16 June 2022	Ofgem decision	TBC – <i>by 31 October 2022</i>
Panel sign off that Workgroup Report has met its Terms of Reference	24 June 2022	Implementation Date	Effective Date: 1 April 2024 so needs to be implemented by 1 January 2023

Timeline for CMP288/CMP289 V3 as at 11 February 2022

Milestone	Date	Milestone	Date
Re-open Workgroup Nominations (10 working days)	15 December 2021 to 7 January 2022	Panel sign off that Workgroup Report has met its Terms of Reference	24 June 2022
Workgroup 10 – Re-cap: The Proposal, Terms of Reference, previous Workgroup discussions and Workgroup consultation responses. Review the Proposer's solution, legal text and identify any possible alternatives.	20 January 2022	Code Administrator Consultation (15 Working Days)	04 July 2022 – 25 July 2022
Workgroup 11 - Review amended ToR from Panel, Further refine solution and discuss any potential alternatives.	16 February 2022	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	18 August 2022
Workgroup 12 – Finalise Workgroup Consultation document and questions	7 March 2022	Panel undertake DFMR recommendation vote	26 August 2022
Workgroup Consultation	21 March 2022 to 11 April 2022	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	30 August 2022
Workgroup 13 - Workgroup 13 - Review Workgroup Consultation Responses. Refine proposal(s)	6 May 2022	Final Modification Report issued to Ofgem	09 September 2022
Workgroup 14 - Carry out alternative vote. Finalise solution(s) and legal text, agree that Terms of Reference have been met, review Workgroup Report and hold Workgroup Vote	23 May 2022	Ofgem decision	TBC
Workgroup report issued to Panel (5 working days)	16 June 2022	Implementation Date	TBC

CMP330 & CMP374 Proposed Timeline as at 7 February 2022

Milestone	Date	Milestone	Date
Modification presented to Panel	28 May 2021	Code Administrator Consultation (15 working days)	4 May 2022 – 25 May 2022
Workgroup Nominations (10 Working days)	28 May 2021 – 14 June 2021	Draft Final Modification Report (DFMR) issued to Panel	16 June 2022
CMP330/CMP374 Workgroup Meeting 1 (Discuss CMP374 solution and any potential alternatives & review legal text)	18 June 2021	Panel undertake DFMR recommendation vote (5 working days)	24 June 2022
Workgroup meetings (Agree solution & Workgroup Consultation Questions & Finalise legal text) & Workgroup Meeting 3 (Finalise Workgroup Consultation)	5 October 2021 26 October 2021 25 November 2021	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	29 June 2022
Workgroup Consultation	17 December 2021 – 17 January 2022	Final Modification Report issued to Ofgem	7 July 2022
Workgroup Meetings post consultation (review CMP374 Workgroup Consultation responses, finalise solution, hold Votes)	24 January 2022 & 7 February 2022 16 March 2022 (1 – 5pm) 31 March (10 – 2pm)	Ofgem Decision	TBC
Workgroup Report issued to Panel	21 April 2022	Implementation Date	TBC
Workgroup Report presented to Panel	29 April 2022		

CMP375 (and CMP315) Proposed Timeline as at 10 February 2022

Milestone	Date	Milestone	Date
Modification presented to Panel	25 June 2021	Workgroup report issued to Panel	21 July 2022
Workgroup Nominations (15 Working days)	1 July 2021– 5pm on 22 July 2021	Workgroup report presented to Panel	29 July 2022
CMP375/CMP315 Workgroups 1 to 5	10 August 2021, 1 and 13 September 2021, 15 November 2021 and 12 January 2022	Code Administrator Consultation (20 working days as summer)	2 August 2022 to 31 August 2022 (5pm)
CMP375/CMP315 Workgroup 6	9 March 2022	Draft Final Modification Report (DFMR) issued to Panel	22 September 2022
CMP375/CMP315 Workgroup 7 (Finalise Workgroup Consultation)	29 March 2022	Panel undertake DFMR recommendation vote	30 September 2022
CMP375/CMP315 Workgroup Consultation (20 working days as Easter)	12 April 2022 to 13 May 2022 (5pm)	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	3 October 2022
CMP375/CMP315 Workgroup 8	25 May 2022	Final Modification Report issued to Ofgem	11 October 2022
CMP375/CMP315 Workgroup 9	14 June 2022	Implementation Date	TBC
CMP375/CMP315 Workgroup 10	30 June 2022	NOTE: 3 previous Workgroups for CMP315	

Discussions on Prioritisation

- **AGREE** where New Modifications that need Workgroups (CMP384) are placed in the prioritisation stack
- **AGREE** any movements in the current prioritisation stack

Prioritisation Principles

Section 8: 8.19.1.(e) makes the following provision for the Panel and states “Having regard to the complexity, importance and urgency of particular CUSC Modification Proposals, the CUSC Modifications Panel may determine the priority of CUSC Modification Proposals and may (subject to any objection from the Authority taking into account all those issues) adjust the priority of the relevant CUSC Modification Proposal accordingly”

Complexity	The modification is viewed as being resource intensive and will most likely require a higher than average number of workgroups to conclude the process. Additionally the modification defect is viewed to have implications for many different areas of the energy market which need to be taken into consideration throughout the process.
Importance	The perceived value & risk associated with the proposed modification. The value / risk could be considered from a number of different perspectives i.e. financial / regulatory / licence obligations both directly for customer and end consumers more generally.
Urgency	A modification which requires speedy consideration within the code governance process, both complexity and importance should be factors considered in evaluating urgency as well as the timescales for implementation within the respective code.



Workgroup Reports

None this month

BREAK



Draft Final Modification Reports

CMP361 & CMP362 'BSUoS Reform: Introduction of an ex ante fixed BSUoS tariff & Consequential Definition Updates'

Paul Mullen

CMP361 & CMP362 Background

- CMP361 seeks to introduce an ex ante fixed volumetric BSUoS tariff set over a total fixed and notice period of 15 months. This will deliver the recommendations of the Second BSUoS Task Force.
- CMP362 facilitates the implementation of BSUoS Reform by introducing and updating required definitions into CUSC section 11 from CMP308 and CMP361.
- CMP361 & CMP362 has been assessed by a Workgroup and will require Authority decision (Standard Governance).
- Implementation date is 1 April 2023.

CMP361 & CMP362 Workgroup Consultation Responses Summary

- The Workgroup held their consultation between 1 September – 24 September 2021 and received 16 non-confidential responses and 1 confidential response.
- Most respondents were supportive of the proposal and/or some of the alternatives mentioned.
- **Implementation timescales:** Some respondents voiced that industry needs sufficient time to factor in the change before it's implemented. Some Workgroup members highlighted that a longer notice period would provide more certainty of future tariffs and more accurate charges for customers.
- **Residual Cashflow Reallocation Cashflow issues:** One respondent believed that any RCRC issues should be addressed now. The Workgroup discussed this further and agreed that RCRC is material to BSUoS and therefore would need to be aligned with the reformed BSUoS. It was also noted that only liable Parties would be involved with this.
- **BSUoS Fund:** Some consultation respondents were supportive of more exploration of options without a BSUoS Fund. The Workgroup questioned if all cost options had been fully explored.
- **BSUoS Fund collection time:** There was some support for the BSUoS Fund being built up over two financial years. There was also some support for it to be built up over more than two years, e.g. five.
- **Length of notice and fixed Periods:** Mixed views. The Workgroup noted that respondents gave more support for a longer notice period, than the Original solution.
- **Probability of tariff reset:** Respondents had mixed views on what the appropriate probability level would be, with P99 being the most popular.
- **Respondents were supportive of CMP362.** Workgroup members noted that CMP361 provides the benefits and CMP362 makes it happen, so the modifications do not work if they are not both implemented together.

CMP361 & CMP362 Workgroup Alternative CUSC Modifications

- 7 Workgroup Alternative CUSC Modifications (WACMs) were brought forward by the Workgroup for CMP361.
- 6 WACMs were brought forward for CMP362. The option which has a BSUoS Fund collected over 5 years uses the Original CMP362 solution.

CMP361 solution	Alternative name	Notice Period	Fixed Period	P level	BSUoS Fund?	BSUoS Fund recovery period	Corresponding CMP362 solution
Original		3 months	12 months		Yes	2 years	362 Original
WACM1	12N 3F	12 months	3 months	P99	Yes	2 years	362 WACM 1
WACM2	9N 6F	9 months	6 months	P99	Yes	2 years	362 WACM 2
WACM3	9N 6F, No BSUoS Fund	9 months	6 months	P99	No	N/A	362 WACM 3
WACM4	12N 3F, No BSUoS Fund	12 months	3 months	P99	No	N/A	362 WACM 4
WACM5	5-year BSUoS Fund Recovery	3 months	12 months	P99	Yes	5 years	362 Original
WACM6	9N 6F, P90, BSUoS Fund cap	9 months	6 months	P90	Yes	Capped at £25m per year	362 WACM 5
WACM7	12N 3F, P90, BSUoS Fund cap	12 months	3 months	P90	Yes	Capped at £25m per year	362 WACM 6

CMP361 & CMP362 Workgroup Vote

The Workgroup Vote took place on 3 November 2021 (CMP361) and 10 November 2021 (CMP362).

CMP361 - Assessment of the Original and WACM1 to WACM7 vs Baseline

The Workgroup concluded unanimously that the Original and WACM2 better facilitated the Applicable Objectives than the Baseline, and by majority concluded that WACMs 1, 3, 4, 5, 6 and 7 better facilitated the Applicable Objectives than the Baseline.

CMP362 - Assessment of the Original and WACM1 to WACM6 vs Baseline

The Workgroup concluded unanimously that the Original and WACMs 1, 2, 5 and 6 better facilitated the Applicable Objectives than the Baseline, and by majority concluded that WACMs 3 and 4 better facilitated the Applicable Objectives than the Baseline.

Workgroup Report was presented to November 2021 Panel and Panel unanimously agreed that CMP361/362 Workgroup has met its Terms of Reference.

Code Administrator Consultation Responses– Summary (CMP361)

- The majority of the respondents felt that all of the solutions better facilitated the applicable objectives. Support was shown for the Original, WACM1, WACM2, WACM3, WACM4, WACM5, WACM7. There was no specific mention to WACM6.
- The majority of respondents supported the implementation approach. Some respondents felt that these modifications should be implemented at the same time as CMP308.
- There was mixed support for each of the different options, with some preferences shown for longer notice periods for tariffs and some preferences shown for shorter periods. Some did not support the BSUoS Fund whilst others did.
- There were a couple of comments stating that they expect the ESO's BSUoS Forecasts to be accurate and monitored by Ofgem. Some noted that the solution should reduce the likelihood of tariffs being reset within the fixed period and that it should benefit consumers.
- One respondent raised that the solution should be simple given the amount of change currently affecting the industry. Another raised that CMP361 would require a change to include the new fixed BSUoS price in the price cap at the point of implementation.
- No legal text issues identified as part of Code Administrator Consultation but subsequently identified by a Panel Member.

Code Administrator Consultation Responses– Summary (CMP362)

- The majority of respondents felt that all of the solutions better facilitated the objectives. Some gave the same answer as for CMP361. Others felt like this was a purely enabling modification for CMP361. One highlighted the importance that the corresponding solution to CMP361 needs to be implemented to ensure this facilitates the objectives.
- The majority of respondents supported the implementation approach. Some respondents felt that these modifications should be implemented at the same time as CMP308.
- No legal text issues identified.

2nd Code Administrator Consultation Responses

- The CUSC Panel discussed the proposed legal text changes at their meeting on 26 January 2022 and agreed that the changes to CUSC 14.30.5 and 14.30.24 were typographical. However, Panel agreed that the changes to CUSC 14.30.7 and 14.30.18 needs to be consulted on and Panel agreed to run a 5 working day Code Administrator Consultation (from 3 February 2022 to 10 February 2022).
- 1 non-confidential response received, which supported the changes to CUSC 14.30.7 and 14.30.18.

CMP361 & CMP362 Timeline

Milestone	Date
Panel undertake Draft Final Modification Report recommendation vote	25 February 2022
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	28 February 2022
Final Modification Report issued to Ofgem	8 March 2022
Ofgem decision	TBC
Implementation Date	1 April 2023

CMP361 & CMP362 - the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
 - *Does the CMP361 Original proposal and/or WACMs 1 - 7 better facilitate the Charging objectives than the current CUSC arrangements?*
 - *Does the CMP362 Original proposal and/or WACMs 1 - 6 better facilitate the objectives than the current CUSC arrangements?*
- **NOTE** next steps

EBR Article 3 Objectives

For reference, the Electricity Balancing Regulation (EBR) Article 3 (Objectives and regulatory aspects) are:

1. This Regulation aims at:
 - (a) Fostering effective competition, non-discrimination and transparency in balancing markets;
 - (b) enhancing efficiency of balancing as well as efficiency of national balancing markets;
 - (c) integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;
 - (d) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;
 - (e) ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;
 - (f) facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;
 - (g) facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.

Draft Final Modification Reports

CMP300 'Cost reflective Response Energy Payment for Generators with low or negative marginal costs'

Paul Mullen

CMP300 Background

- CMP300 was raised by Drax Power Ltd. and was submitted to the CUSC Panel for their consideration in February 2019.
 - The CUSC Panel decided that this modification should be assessed by a Workgroup and submitted to the Authority for decision.
- Currently, the Reference Price which feeds into the calculation of the Response Energy Payment (REP) is set to £0/MWh for “non-fuel” cost BM Units only.
 - **Original** suggests that this is set at £0/MWh for CfD BM Units as well.
 - **WACM1** allows Market Participants a one-off choice for the REP to be set at £0/MWh (as per Original) or at the prevailing Market Index Price. This must be exercised within 28 calendar days of ESO’s letter/notice asking them to indicate their choice. Where no choice has been made within 28 calendar days, the REP will be set at £0/MWh.
 - Proposed Implementation for both **Original** and **WACM1** is 10 working days after Ofgem decision.
- 4 Workgroup Meetings held
 - 3 Workgroup Consultation Responses received
 - 2 respondents believed that the proposed change better facilitates the CUSC objectives than the Baseline. However, 1 of these respondents favours an optional pricing approach as it allows market participants to provide their own approach in terms of cost reflective pricing. This has subsequently been raised as a Workgroup Alternative Code Modification (WACM1).
 - Workgroup Vote held 31 October 2019
 - 5 of the 6 Workgroup Members voted that the Original and WACM1 were better than the current CUSC arrangements; and
 - 3 voted that WACM1 was best, with 2 votes for the Original and 1 vote for no change.

CMP300 Background - continued

- Workgroup Report was presented to November 2019 Panel; however, Panel raised concerns that the Workgroup Report didn't really explain to what extent a CfD plant loses out at the moment under the current arrangements, as it doesn't set out the payments that the affected generator receives/pays/forgoes when it provides response.
- More detail on the Benefits/Costs was provided within the updated Workgroup Report that was presented to October 2020 Panel; however, Panel still required illustrative numbers to be added before they approve that the Terms of Reference have been met. Workgroup Report was updated accordingly and Panel approved via circulation on 9 November 2020.
- First Code Administrator Consultation ran from 9 November 2020 to 9 December 2020 with 2 responses received. One respondent supported the change and implementation approach and one didn't.
- Draft Final Modification Report was presented at a Special Panel on 8 January 2021 and they agreed by majority that the CMP300 Original and WACM1 better facilitated the CUSC objectives than the current CUSC arrangements.
- Final Modification Report was sent to Ofgem on 19 January 2021 for decision but on 9 July 2021, Ofgem sent back CMP300 and directed that the CUSC Panel re-submit the Final Modification Report to address the following:
 - Provide more evidence that demonstrates objective (b) would be better facilitated for CfD BMUs as a class of users;
 - Seek further feedback from industry and affected parties to improve the robustness of the assessment of the proposals; and
 - Make best endeavours to secure further supporting evidence to demonstrate the economic impact of the Proposal against the class of users that would be affected.

CMP300 – What Panel agreed at July 2021 Panel

8.23.12 If the **Authority** determines that the **CUSC Modification Report** is such that the **Authority** cannot properly form an opinion on the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**, or where the **CUSC Modification Proposal** and/or any **Workgroup Alternative CUSC Modification(s)** constitutes an **EBGL Amendment** where the **Authority** requires an amendment to **CUSC Modification Proposal** and/or any **Workgroup Alternative CUSC Modification(s)** in order to approve it, it may issue a direction to the **CUSC Modifications Panel**:

- (a) specifying the additional steps (including drafting or amending existing drafting associated with the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**), revision (including revision to the timetable), analysis or information that it requires in order to form such an opinion; and
- (b) requiring the **CUSC Modification Report** to be revised and to be re-submitted.

8.23.13 If a **CUSC Modification Report** is to be revised and re-submitted in accordance with a direction issued pursuant to Paragraph 8.23.12, it shall be re-submitted as soon after the **Authority's** direction as is appropriate, (and in the case of an **EBGL Amendment** within 2 months), taking into account the complexity, importance and urgency of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**. The **CUSC Modifications Panel** shall decide on the level of analysis and consultation required in order to comply with the **Authority's** direction and shall agree an appropriate timetable for meeting its obligations. Once the **CUSC Modification Report** is revised, the **CUSC Modifications Panel** shall carry out its **CUSC Modifications Panel Recommendation Vote** again in respect of the revised **CUSC Modification Report** and re-submit it to the **Authority** in compliance with Paragraphs 8.23.4 to 8.23.6.

July 2021 Panel agreed next steps following send-back on 9 July 2021:

NOTED that Ofgem are asking the Final Modification Report to be revised and resubmitted

AGREED that this needs to be assessed by a Workgroup (*there is no Workgroup Consultation, or Workgroup Report and no further Workgroup Alternatives can be raised*)

AGREED Workgroup's Terms of Reference

AGREED (following the assessment by the Workgroup) that a Code Administrator Consultation is needed to be run before it is re-presented to Panel for Recommendation Vote

CMP300 – Terms of Reference

- Provide more evidence that demonstrates CUSC Objective (b) would be better facilitated for CfD Balancing Mechanism Units (BMUs) as a class of users.
 - Confirm that there is only 1 CfD BMU currently impacted; and
 - Assess whether or not any future CfD BMUs are likely to come on line in the future and assess how it can be ensured that they are not negatively impacted.
- Seek further feedback from industry and affected parties to improve the robustness of the assessment of the proposals.
- Secure further supporting evidence to demonstrate the economic impact of the Proposal against the class of users that would be affected or clearly articulate why this has not been possible.

CMP300 – What did Workgroup do?

- **Workgroup met on 8 and 25 November 2021 to address each Terms of Reference with the majority of the discussion focused on the following Terms of Reference:**

“Assess whether or not any future CfD BMUs are likely to come on line in the future and assess how it can be ensured that they are not negatively impacted”

- Workgroup agreed that the Future Energy Scenarios (FES) data was the most appropriate data source to quickly help the Workgroup provide a view of “whether or not any future CfD BMUs are likely to come on-line in the future”. The baseline FES data will only consider the CfD auctions that have occurred and therefore does not provide a direct forward view of what technology may or may not receive a CfD or similar incentive in the future.
- Excluded technologies not expecting to be connected at transmission and/or those that have no fuel cost.
- Documented approach, assumptions and conclusions.
- **December 2021 Panel** expressed no concerns with the approach taken but asked that the conclusions re: storage were checked ahead of the 2nd Code Administrator Consultation. Clarification text was added and the 2nd Code Administrator Consultation was issued on 17 January 2022 and closed 5pm on 16 February 2022.

CMP300 – 2nd Code Administrator Consultation Responses

- Respondents were supportive of either or both of the proposed changes predominantly as this creates a level playing field for all transmission connected low carbon projects in receipt of a CfD;
- Respondents supported the Workgroup's analysis re: technologies that may benefit in the future from a CfD or similar support mechanism. One respondent identified parties that will benefit in the near term at transmission level and added there are further projects set to commission and connect at distribution, who may also benefit if precedent for this arrangement is set at transmission; and
- One respondent noted that CMP300 is positive in relation to the Electricity Balancing Regulation Article 3 objectives, and in particular enhancement of objective (e) as it removes an undue distortion between generators that receive renewable subsidy payments.

CMP300 Timeline

Milestone	Date
Panel undertake Draft Final Modification Report recommendation vote	25 February 2022
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	1 March 2022
Final Modification Report issued to Ofgem	9 March 2022
Ofgem decision	TBC
Implementation Date	10 working days after Authority Decision

CMP300 - the asks of Panel

- **NOTE** that this Modification does impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- Do you have any comments as to whether or not the proposed changes concur with the EBR Article 3 Objectives?
- **VOTE** whether or not to recommend implementation
 - *Does the CMP300 Original proposal and WACM1 better facilitate the objectives than the current CUSC arrangements?*
- **NOTE** next steps

EBR Article 3 Objectives

For reference, the Electricity Balancing Regulation (EBR) Article 3 (Objectives and regulatory aspects) are:

1. This Regulation aims at:

- (a) Fostering effective competition, non-discrimination and transparency in balancing markets;
- (b) enhancing efficiency of balancing as well as efficiency of national balancing markets;
- (c) integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;
- (d) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;
- (e) ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;
- (f) facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;
- (g) facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.

Standing Groups - *Updates on all standing groups relevant to CUSC panel e.g. potential for future governance changes or modifications*

Governance Standing Group – Garth Graham

TCMF – Jenny Doherty

European Updates - *Updates on all European developments relevant to CUSC panel e.g. potential for future governance changes or modifications*

European Code Development – Nadir Hafeez

Joint European Stakeholder Group – Garth Graham

Update on Other Industry Codes

Grid Code

STC

SQSS

DCUSA

BSC



Relevant Interruptions Claim Report

(January, April, July, October)

The background features several decorative yellow lines. In the top left, there are several thin, curved lines that sweep upwards and to the right. In the bottom right, there are several thick, parallel diagonal lines that sweep upwards and to the right, creating a sense of movement and energy.

Governance

None this month

The background features several abstract, flowing yellow lines. Some lines are curved and sweep across the top left, while others are more linear and extend diagonally from the bottom left towards the right side of the frame.

Horizon Scan

(February, May, August, November)

CUSC Horizon Scan – February 2022 to August 2022

Mod Area	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Comments
Housekeeping Section 14 numbering Modification								Fast Track Self Governance
User Commitment - MM3 notification of fixed attributable works (Cancellation Charges)								Timing to be confirmed - likely to be a CUSC Modification rather than a policy/procedural improvement. Current estimate that Modification could be raised in ~ March 2022
User Commitment Modifications								Proposer has suggested March 2022 to raise one modification covering all the issues.
TCR Securities								CMP335 and CMP336 expected end March 2022. Likely to re-presented to TCMF in April 2022 and raise at April 2022 Panel.
Early Competition								Timing to be confirmed - estimated to be Q2 2022.
Rezoning following CMP324/325								Still determining when this will be raised. Recognition that this is related to the Expansion Constant Review but Proposer believe it is prudent to only raise this change once the wider review of the Expansion Constant Modification (CMP375) is close to being finalised
Tertiary Charging								Timing to be confirmed - how classified has been confirmed but policy review to be undertaken. Aiming to present to TCMF ~ July 2022

CUSC Horizon Scan – September 2022 onwards

Mod Area	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Comments
Electricity System Restoration Standard Modifications						All the mods need to be completed by Sep 2023 so ESO will need to raise them by Sep 22 (maybe earlier but need to ensure Grid Code solution is relatively settled first).
Energy Codes Review						Timing to be confirmed - earliest would be Q4 2022
Offshore Coordination						Timing to be confirmed - earliest would be Q4 2022
Market Wide Half Hourly Settlement Reform - CUSC changes						Timing to be confirmed - estimated to be October 2022 based on design-led approach adopted by the Market Wide Half Hourly Settlement Reform Programme
Access and Forward Looking Charges SCR						Timing to be confirmed
Classify Hydro as Conventional Carbon						Timing to be confirmed
BSUoS billing frequency and credit cover requirements						Timing to be confirmed
Changing when ESO have to publish data on the TEC register (from offer acceptance to offer application)						Timing to be confirmed

Ask of Panel: Is there anything else you were expecting to see on this list?

Forward Plan Update/Customer Journey)

(January, March, May, July, September, November)

(Critical Friend Quarterly Update in Panel Pack – January, April, July and October. To be discussed at Panel – January and July)

None this month

AOB

1. Modification Tracker (PM)

Next Panel Meeting

10am on 25 March 2022 via Teams

Papers Day – 17 March 2022

**Modification Proposals to be submitted
by – 10 March 2022**

TCMF – 3 March 2022

Close



Trisha McAuley

Independent Chair, CUSC Panel

nationalgridESO