

CUSC Panel Minutes: 25 March 2022

CUSC Panel Minutes: Meeting Number 295

Date: 25/03/2022 **Location:** Microsoft Teams

Start: 10:00am **End:** 1:00pm

Participants

Attendee	Initials	Company
Trisha McAuley	TM	Independent Panel Chair
Paul Mullen	PM	Code Administrator, National Grid Electricity System Operator
Ren Walker	RW	Technical Secretary, Code Administrator, National Grid Electricity System Operator
Jennifer Doherty	JD	National Grid Electricity System Operator
Grace March	GM	Users' Panel Member
Nadir Hafeez	NH	Authority Representative
Andy Pace	AP	Users' Panel Member
Binoy Dharsi	BD	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Joseph Dunn	JDu	Users' Panel Member
Cem Suleyman	CS	Users' Panel Member
Andrew Enzor	AE	Users' Panel Member
Jeremy Caplin	JC	BSC Representative (Observer)
Neil Bennett	NB	Agenda Item 6 – Alternative Proposer of CMP385

Karen Lilley - Thompson	KLT	National Grid Electricity System Operator – Observer
Grahame Neale	GN	National Grid Electricity System Operator – Agenda Item 11
Apologies	Initials	Company
Mark Duffield	MD	Users’ Panel Member (Alternate)

1. Introductions and Apologies for Absence

11383. Apologies were received from Mark Duffield. JD advised the Panel that she has secured a new role within the ESO and therefore April will be the last CUSC Panel meeting she will attend. JD stated that KLT will be the National Grid ESO representative on CUSC Panel from May 2022 onwards.

2. Approval of minutes from previous meetings

11384. The meeting minutes from the CUSC Panel on 25 February 2022 and Special CUSC Panel on 10 March 2022 were approved by the Panel.

3. Action log

11385. The CUSC Panel reviewed the open actions from the meeting held on 25 February 2022, which can be found on the Actions Log.

4. Chair update

11386. TM noted that she had a meeting with the BSC Panel Chair and held discussions regarding the Energy Codes Review.

5. Authority decisions

11387. NH confirmed that the following decisions on CUSC Modifications had been made since the Panel meeting that was held on 25 February 2022.

Modification	What this seeks to achieve	Decision
CMP335/336 and CMP343/340	Proposes the methodology for Transmission Demand Residual charges to be applied only to ‘Final Demand’ on a ‘Site’ basis, as well as how to treat negative locational charges and the application of any charging bands.; CMP335/336 looks at the Transmission Demand Residual billing and consequential changes	Ofgem approved CMP343 WACM2 on 10 March 2022. WACM2 has four bands for transmission-connected final demand and floors the forward-looking charge at £0 in negative locational TNUoS charging zones. The Authority has also approved the related Modifications - namely CMP340 Original, CMP335 Original and CMP336 WACM1 (As per the Original but introduce an annual September review to confirm the new transmission connection site is in the correct band and reallocate if required). To be implemented 1 April 2023.

Awaiting Decisions

11388. NH provided an update at the Panel on Modifications awaiting decisions. The summary table below sets out which Modifications are with the Authority for decision, together with the expected decision date:

Modification	What this seeks to achieve	Expected Decision Date
CMP292	Introduces a cut-off date for changes to the Charging Methodologies	Expected decision date of TBC in 2022 (previously 30 June 2021 and latterly 30 September 2021) as Ofgem still consider this to be low priority.
CMP371	Seeks to update CUSC Section 8 such that it is possible, under one CUSC Modification Proposal, to change CUSC provisions relating to Connection Charges, and Use of System Charging Methodologies alongside non-charging provision.	Ofgem decision is now anticipated 3 May 2022 (formerly 31 March 2022) as confirmed at Panel on 25 March 2022.
CMP308	Seeks to modify the CUSC to better align GB market arrangements with those prevalent within other EU member states by removing BSUoS charges from Generation.	Ofgem advised at CUSC Panel on 25 March 2022 that they would be seeking to make a decision on 1 April 2022. Post Meeting Note: Ofgem advised that this would be delayed to 14 April 2022 but have since advised there will be a further short delay - no revised date for a decision has been confirmed.
CMP368/369	CMP368 seeks to give effect to the Authority determination within the CMP317/327 decision published on the 17 December 2020 to amend the definition of Assets Required for Connection, create new definitions of 'GB Generation Output' and define Generator charges for use in the Limiting Regulation range calculation. To facilitate the change, CMP369 proposes to update the legal text relating to 'Generation Output' detailed in the tariff setting methodology within Section 14.14.5 and the Ex-Post Reconciliation within Section 14.17.37 of the CUSC to align with the updated definitions introduced by CMP368.	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 10 February 2022) confirms that there is currently no firm date for a decision.
CMP377	Seeks to provide clarity on how the BSUoS charging methodology is described in Section 14 of the CUSC. The four areas being addressed are: Covid-19 cost recovery calculations, capitalisation of defined terms in	Ofgem advised at CUSC Panel on 25 March 2022 that they would be seeking to make a decision on 31 March 2022 - Post Meeting Note: Decision received 31 March 2022 approving the CMP377 Original. Implemented into CUSC on 14 April 2022.

	CMP373 legal text, clarifying storage import terminology and general housekeeping.	
CMP328	Seeks to put in place an appropriate process to be utilised when any connection triggers a Distribution impact assessment.	Final Modification Report was sent to Ofgem on 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 (expected to be raised to STC's March 2022 Panel). Ofgem's latest expected decision dates table (published on 10 February 2022) confirms that there is currently no firm date for a decision.
CMP383	To enable the ESO to recover the costs deferred under CMP381, a licence change is required. This will not be in place for 1 April 2022. Therefore, CMP383 seeks to change the recovery of CMP381 costs, to when the new licence comes into effect until 31 March 2023.	Ofgem advised at CUSC Panel on 25 March 2022 that they would be seeking to make a decision later on 25 March 2022 or 28 March 2022 – Post Meeting Note: Decision was received after business hours on 25 March 2022. Will be implemented 3 May 2022.
CMP300	Seeks to improve the cost reflectivity of the Response Energy Payment (“REP”) for Balancing Mechanism Units (“BMUs”) with low or negative marginal costs, as a consequence of having a Contract for Difference (“CfD”)	Ofgem advised at CUSC Panel on 25 March 2022 that they would be seeking to make a decision on 13 May 2022.
CMP361/CMP362	To introduce an ex-ante fixed volumetric BSUoS tariff set over a total fix and notice period of 14 months. This tariff would be split with a different price for the summer and winter periods. This will deliver the recommendations of the Second BSUoS Task Force Modification (CMP361) and to facilitate the implementation of BSUoS Reform by introducing and updating required definitions into CUSC section 11 from CMP308 and CMP361 (CMP362)	Final Modification Report was sent to Ofgem on 8 March 2022. Ofgem aware that industry would like any decision on CMP308 alongside the decision on CMP361/362. However, they will seek to make the decision on CMP308 ahead of CMP361/362 if timings don't work and at Panel on 25 March 2022 confirmed that CMP308 decision will be 1 April 2022 and CMP361/362 decision will be 24 June 2022. Post Meeting Note: Ofgem advised that CMP308 decision would be delayed to 14 April 2022 but have since advised there will be a further short delay - no revised date for a decision has been confirmed.

6. New modifications

CMP385 'Improvements to Securities and Liabilities provisions within CUSC'

11389. EN and NB delivered a presentation on CUSC Modification CMP385 to the Panel. NB explained that the purpose of CMP385 is to review Section 15 'User Commitment

Methodology' of the CUSC and issues identified by the Energy Networks Association that may have an impact on securities and liabilities for Generators and Demand Users.

11390. The Panel held discussions on CMP385 and raised concerns predominantly on the scope of the issue and the potential amount of Workgroup Alternatives (WACMs) that could be raised through the process. The Panel also questioned whether there should be discrete Modifications to address the issues raised rather than one all-encompassing Modification.
11391. The Panel invited the Proposer (under CUSC 8.19.2) to further develop CMP385 before presenting this and/ or additional Modifications to be a subsequent Panel meeting. The Proposer and alternative Proposer thanked Panel for their feedback and noted they would feed these discussions back to the ENA for further clarity on how to progress with the modification.

7. In Flight Modification Updates

11392. PM talked the Panel through the progression of the in-flight modifications. The in-flight modifications can be found within the CUSC Panel papers pack on the National Grid ESO website via the following link:

<https://www.nationalgrideso.com/calendar/cusc-panel-meeting-250322>

11393. PM also presented the latest rolling 12-month cross code view of all the Workgroups currently planned in and when Workgroup Reports and Draft Final Modification Reports are planned to be presented to Panel, together with a view of modifications that are likely to be raised in the same period.

[CMP363 & CMP364 'TNUoS Demand Residual charges for transmission connected sites with a mix of Final and non-Final Demand & Definition changes for CMP363](#)

11394. PM advised the Panel that one more Workgroup is needed to review solution vs CMP343 decision, finalise Workgroup Report and hold the Workgroup Vote before the Workgroup Report can be presented to Panel. PM noted that as the CMP343 decision was published on 10 March 2022, there will be a final Workgroup on 27 April 2022 with the intention to present the Workgroup Report to the May 2022 CUSC Panel. The Panel agreed the revised timeline.

[CMP376 'Inclusion of Queue Management process within the CUSC'](#)

11395. PM advised that the Workgroup on 28 February 2022 was postponed as the Workgroup had provided extensive feedback particularly on the practicality of the proposed milestones that needed to be considered further by the ESO Connections team. The CUSC Panel were advised that it was prudent to postpone Workgroups which will be paused until September 2022 to allow the ESO Connections team to fully take into account the feedback received and ensure the solution had been fully thought through. Despite this "pause", Panel agreed that this still "Medium to High" in the prioritisation stack. PM noted that Workgroups will restart on 6 September 2022. The Panel agreed the revised timeline.

[CMP384 'Apply adjustments for inflation to manifest error thresholds using Indexation'](#)

11396. PM advised that at the February 2002 Panel, the Panel agreed that CMP384 would be placed as "Medium" in the prioritisation stack. Although Urgent treatment was sought on this and Panel had by majority recommended Urgent treatment (although Ofgem did not approve this), the materiality is such that "Medium" is more appropriate. The Code

Administrator advised that CMP384 would have started 14 March 2022 if it had been placed as "Medium to High" or "High" but Workgroups will start on 8 April 2022 as "Medium". The Panel agreed to the revised timeline. ***(Post Meeting Note: 1st CMP384 Workgroup meeting was held on 20 April 2022 due to Proposer's availability on 8 April 2022).***

CMP304 'Improving the Enhanced Reactive Power Service by making it fit for purpose'

11397. PM advised the Panel that the Workgroup meeting scheduled for 24 March 2022 has been postponed until the ESO Reactive Power Market Design project has published their recommendations. GG (as Proposer of CMP304) noted that following discussions with RW it was sensible to wait for the ESO's publications as this could help guide the CMP304 Workgroup. PM confirmed that an updated timeline will be presented at the April Panel meeting.

CMP386 'Creating a TNUoS generation classification for storage' & CMP387 'Removing generation charges from storage operators who provide contracted stability services'

11398. PM advised the Panel that CMP386 (Creating a TNUoS generation classification for storage) proposes to introduce a new generation classification for battery storage and pumped storage which, in the view of the Proposer, reflects the value that storage assets in generation constrained areas provide to transmission licensees, and CMP387 (Removing generation charges from storage operators who provide contracted stability services) seeks to create a new generation classification for storage, and to exempt storage operators contracted to provide stability services from Transmission Network Use of System (TNUoS) charges.

11399. These modifications were submitted on 9 March 2022 and the Code Administrator was content that these met the requirements of CUSC 8.16.4. On 11 March 2022, the Code Administrator notified industry that they have been raised and assigned Modification Numbers CMP386 and CMP387 respectively.

11400. PM stated that the Code Administrator had been working with the Proposer prior to submission and between submission and Panel Papers Day (17 March 2022) to help refine the Proposal Forms. However, the Proposer formally notified the Code Administrator on 17 March 2022 that they wish to withdraw.

11401. PM advised that CUSC 8.16.10 defines the process for withdrawal of modifications and industry were notified on 17 March 2022 and had until 5pm on 24 March 2022 to express their wish to become the new Proposer. As no-one expressed a wish to become the new Proposer by 5pm on 24 March 2022, Panel were asked to agree (under CUSC 8.16.10(b)) to the withdrawal of CMP386 and/or CMP387.

11402. The CUSC Panel agreed to the withdrawal of CMP386 and/or CMP387.

8. Discussions on Prioritisation

11403. The Panel reviewed the Prioritisation Stack. This can be found via the following link:

<https://www.nationalgrideso.com/calendar/cusc-panel-meeting-250322>

11404. In summary, no changes were made to the prioritisation stack and Panel agreed to review this further at the Panel meeting in April.

9. Workgroup Reports

11405. No Workgroup Reports were presented to CUSC Panel.

10. Draft Final Modification Reports

CMP298 'Updating the Statement of Works process to facilitate aggregated assessment of relevant and collectively relevant embedded generation'

11406. PM delivered a presentation on CMP298. PM explained that the current Statement of Works process can be inefficient and time-consuming where there are multiple concurrent applications. Network Operators have for a number of years trialled and refined a more efficient aggregated assessment (widely known as the "Appendix G" process) of Distributed Generators (DG) that have or may have an impact on the National Electricity Transmission System (NETS). CMP298 seeks to introduce this process into the CUSC, which will sit alongside the current Statement of Works process.
11407. The CUSC Panel had unanimously agreed that CMP298 should follow the standard governance route and proceed to Workgroup, where four solutions were developed, including the original solution.
11408. PM advised that the Workgroup held their Workgroup Consultation between 12 August 2021 and 10 September and received 7 responses, all of which were non-confidential. In summary, the majority of respondents were supportive of the change and the implementation approach, although with a clear desire for the Workgroup to develop a more detailed implementation plan to give confidence that the revised contractual arrangements can be all put in place within 24 months of Ofgem decision. The Workgroup considered this in their discussions post Workgroup Consultation.
11409. PM noted that the STC changes needed to be understood and developed and sufficiently set out such that there was minimal risk of having to unpick the CMP298 solution(s). There was also a desire to present the Final Modification Reports for the CUSC and the STC changes at the same time (or as near as possible) to Ofgem for decision. The Workgroup agreed with these views.
11410. In terms of publication of information to assist stakeholders to understand where the gaps are, respondents welcomed the ESO publishing data but noted that interested parties still need to engage with DNOs to understand the options. Also, for the data to be really useful to stakeholders, it needs to show the capacity available. The Workgroup considered this in their discussions post Workgroup Consultation.
11411. There were some points raised on possible interactions with the Access and Forward-Looking Charges SCR proposals, and also the need for a review of connection securities for Distributed Generation. There were also concerns expressed on how "Large" generation in Scotland is treated. These are all out of scope of CMP298.
11412. PM confirmed that the Workgroup held their vote on 14 January 2022 and concluded unanimously that the Original and WACM1 better facilitated the CUSC Objectives than the Baseline and concluded by majority that WACM2 and WACM3 better facilitated the CUSC Objectives than the Baseline. 8 Workgroup Members voted that WACM3 was the best option with 1 vote cast for each of the Original and WACM1
11413. The CUSC Panel agreed that the Workgroup had met its Terms of Reference. The Code Administrator Consultation was issued on 31 January 2022 and closed 5pm on 21 February 2022 and four non confidential responses were received.

11414. There was support expressed for all options predominantly on the grounds of efficiency; however, there was a preference (3 out of 4 respondents) for WACM3. The other respondent didn't support WACM3 (or WACM2) as, in their view, the removal of the re-work fee undermines cost reflectivity.
11415. The majority of respondents (3 out of 4) supported the implementation approach but 2 of these were keen that progress is made as early as possible (e.g. to clarify responsibilities and data requirements and agree the prioritisation). The one respondent, who didn't support implementation noted that the required STC modification (CM080) to enable implementation of CMP298 has only just been initiated and no legal text issues were identified.
11416. Grahame Neale (GN) attended the Panel to provide clarification on the following points raised by Panel members:
- How realistic is it that the ESO can approve/reject the DNO's submission within 5 business days?
 - Does the estimated re-work fee of £60k-£65k per annum across all DNOs take into account future projections?
11417. GN confirmed that ESO's current process is to approve/reject the DNO's submission within 5 working days and clarified that the re-work fee of £60k-£65k per annum across all DNOs is based on historical information and does not look at future projections.
11418. The CUSC Panel held their recommendation vote on CMP298. The Panel recommended unanimously that all options better facilitated the CUSC Objectives than the current CUSC and there was a strong preference (8 out of 9 votes) for WACM3 (deemed acceptance by the ESO and no re-work fee). The Final Modification Report to be issued to Ofgem on 6 April 2022. ***Post meeting note: The Final Modification Report was submitted to Ofgem on 6 April 2022.***

[CMP382 'Amend the terminology used in CUSC Section 14 to align with the definitions of 'Financial Year' and 'Business Day' within CUSC Section 11'](#)

11419. PM delivered a presentation on CMP382. PM advised that CMP382 seeks to ensure that the use of "charging year" and "Working Day" in Section 14 is replaced and aligned with the already defined "Financial Year" and "Business Day".
11420. PM stated that the CUSC Panel on 26 January 2022 unanimously agreed that CMP382 should follow self-governance route and proceed straight to Code Administrator Consultation. The Code Administrator Consultation was issued on the 18 February 2022 and closed 5pm on 11 March 2022 and received 2 non-confidential responses.
11421. Both respondents supported the change to "Business Day"; however, 1 respondent did not support the change to "Financial Year" and believe it would be clearer to continue to use the term Charging Year (from Section 14.3.21 onwards) as this is well understood by industry and the charging year for TNUoS does not equate with financial year for some companies. Panel will be asked to consider this proposed change before carrying out their vote as to whether or not to implement CMP382. The Panel considered the proposed change and agreed that this was not required.
11422. The Panel held their determination vote on CMP382. The CUSC Panel unanimously determined that the Original solution should be implemented. The Appeals Window will be opened on 6 April 2022 and will close at 5pm on 29 April 2022. If no appeals are received, CMP382 will be implemented not the CUSC on 9 May 2022.

11. Standing Groups

Transmission Charging Methodology Forum (TCMF)

11423. JD advised the Panel that the TCMF was held on 3 March 2022. The papers and presentations from this meeting can be found via the following link:

<https://www.nationalgrideso.com/calendar/transmission-charging-methodologies-forum-tcmf-030322>

The next TCMF will be held on 7 April 2022.

Joint European Stakeholder Group (JESG)

11424. GG advised that the JESG meeting was held on 8 March 2022. The papers and presentations from this meeting can be found via the following link:

<https://www.nationalgrideso.com/calendar/jesg-meeting-8-march-2022>

The next JESG meeting will be held on will be held on 26 April 2022.

Governance Standing Group

11425. No further updates for the Panel.

EU Codes

11426. No further updates for the Panel.

12. Update on other Industry Codes

11427. No further updates for the Panel.

13. Relevant Interruptions Claim Report

11428. No further updates for the Panel.

14. Governance

11429. No further updates for the Panel.

15. Horizon Scan

11430. PM presented the Horizon Scan to the Panel.

16. Forward Plan Update

11431. No further updates for the Panel.

17. AOB

April 2022 Panel Meeting

11432. TM advised the Panel that April's meeting will be face to face and held at ESO's offices at Faraday House. TM noted that this is the first meeting the Panel are having in person since Covid-19 and requested that Panel members attend in person if possible.

11433. GG asked if the agenda for April's Panel meeting could be circulated as early as possible, so Panel members are able to make travel arrangements where needed.

Review Urgency and Send - Backs Process

11434. PM advised the Panel that there has been a lot of practice in urgency over the past year and, in his view as Code Administrator, the urgency process has been refined well.
11435. PM noted that two send back decisions have been received, these decisions being for [CMP300](#) '*Cost reflective Response Energy Payment for Generators with low or negative marginal costs*' and [CMP344](#) '*Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology*'.
11436. PM advised that Ofgem explained the reasons for these send backs in their decisions letters but questioned if modifications that get sent back should be dealt with in an appropriate timeline. GG noted that previously any modifications which were sent back were prioritised and as a Panel we need to be consistent and transparent with the treatment of send backs.
11437. NH stated that within the letters, Ofgem use the terms 'as soon as practical/possible' and therefore are letting Panel make the decision on when the modification should be resubmitted. The Panel agreed that if a modification is sent back, then they need to be transparent about conversations held regarding the send back and provide clear messaging for industry on the prioritisation of send back modifications.

Sanctions

11438. JD noted that there were discussions with Code Administrator Code of Parties (CACoP) around what effect the sanctions on Russia may have on Codes, and whether code modifications are required to allow for this without parties being in breach of their Code requirements. JD advised that the Panel will be updated with any further developments – Panel welcomed the cross code discussions to ensure that all Codes are aligned.

The next CUSC Panel meeting will be held on Friday 29 April 2022 at Faraday House, Warwick.