

Trisha McAuley OBE
Independent Chair
CUSC & Grid Code Panel

Nadir Hafeez
Ofgem
By email

16 August 2022

Dear Nadir

Connection and Use of System Code (CUSC) Modification Panel Request for Urgency and Recommended Timetable for **CMP396: Re-introduction Of BSUoS on Interconnector Lead Parties**

On 12 August 2022, **Saltend Cogeneration Company Ltd** raised **CMP396**. The Proposer sent a request to the CUSC Panel Secretary for this modification to be treated as urgent.

CMP396 seeks to re-introduce BSUoS on Interconnector Lead Parties to reflect that BSUoS is an energy management cost and not a transmission access charge.

All documentation for this modification can be located via the following link:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp396-re>

The CUSC Modifications Panel ("the Panel") on 16 August 2022, considered **CMP396** and the associated request for urgency. This letter sets out the views of the Panel on the request for urgent treatment and the procedure and timetable that the Panel recommends.

The Proposer set out their rationale for Urgency against Ofgem's Urgency criteria (a) which is as follows:

a) A significant commercial impact on parties, consumers, or other stakeholder(s)

The 'significant commercial impact' on customers is most keenly seen on industrial customers who often see BSUoS as a pass through and many of whom compete in international markets, including with customers who are not contributing to BSUoS despite being supplied by the GB market. In some of those markets' energy prices are being capped. For them anything that creates a more level playing field should improve their competitive position. Further lowering costs to sectors such as food manufacturing, even by a small amount, will also help to marginally ease the inflationary pressure the whole economy is witnessing.

There is also a significant issue of fairness. If the GB customers are picking up costs associated with supply to their party countries those customers should

pay their fair share. This is not always easy, but Ofgem has said that BSUoS is a residual charge that all Final Demand should pay.

Panel Consideration of the Request for Urgency

The Panel considered the request for urgency with reference to [Ofgem Guidance on Code Modification Urgency Criteria](#). The majority view of the Panel is that **CMP396 does not meet** Ofgem's Urgency criteria¹. Therefore, the recommendation of the Panel is that **CMP396 should not** be treated as an Urgent CUSC Modification Proposal.

Panel members set out their rationale behind this decision:

- The majority of Panel Members did not agree that this is an imminent or current issue that if not urgently addressed may cause a *significant commercial impact on parties and consumers or other stakeholders* and therefore did not meet Ofgem's Urgency criteria (a). Those who did not support Urgent treatment believed this proposed change did not represent a significant commercial impact on parties. One Panel Member questioned if this proposal would have been raised if BSUoS costs were not at current levels and noted that the underlying issue is not a new one.
- Some Panel Members added that the issues that CMP396 raises need to be discussed and developed more widely than through an Urgent process and expressed the need for time, expertise and analysis. However, three Panel Members did support Urgent treatment but noted that this was a finely balanced decision.

Procedure and Timetable

The Panel discussed an appropriate timetable for **CMP396** in the instance that urgency is granted.

The Panel agreed that **CMP396** subject to Ofgem's decision on Urgency should follow the attached Code Administrator's proposed timetable (Appendix 1 **Urgent recommendation**). In Appendix 2 of this letter, the Code Administrator has also provided the timeline if this follows standard timescales with the assumption that Panel prioritise this high in the prioritisation stack.

Panel noted that if urgency is required, there would be;

- A Workgroup Consultation period of less than 15 working days;
- Code Administrator Consultation period of less than 15 working days;

¹ Ofgem's current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

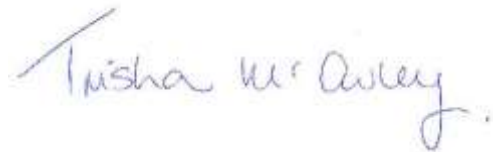
- a) A significant commercial impact on parties, consumers or other stakeholder(s); or
- b) A significant impact on the safety and security of the electricity and/or gas systems; or
- c) A party to be in breach of any relevant legal requirements.

- There would be less than 5 clear working days between publication of the Draft Final Modification Report and Panel's recommendation; and
- There would be less than 5 clear working days for Panel to check that their Recommendation Vote had been recorded correctly.

Under CUSC Section 8.24.4, we are now consulting the Authority as to whether this Modification is an Urgent CUSC Modification Proposal.

Please do not hesitate to contact me if you have any questions on this letter or the proposed process and timetable. I look forward to receiving your response

Yours sincerely

A handwritten signature in blue ink that reads "Trisha McAuley". The signature is written in a cursive style with a large initial 'T' and a long, sweeping underline.

Trisha McAuley OBE
Independent Chair of the CUSC and Grid Code Panel

Appendix 1– Urgent Timeline

Modification Stage	Date
Request for Urgency Received	11 August 2022
Panel consideration of Urgency	16 August 2022
Workgroup Nominations	16 August 2022 (12pm) to 19 August 2022 (5pm)
Ofgem decision on Urgency	19 August 2022 (by 5pm)
Workgroup 1	22 August 2022
Workgroup 2	24 August 2022
Workgroup Consultation	26 August 2022 to 1 September (5pm)
Workgroup 3	5 September 2022
Workgroup 4	8 September 2022
Workgroup Report issued to Panel	12 September 2022
Workgroup Report presented to Panel	13 September 2022
Code Administrator Consultation	13 September 2022 (12pm) to 16 September 2022 (5pm)
Draft Final Modification Report issued to Panel and Industry	20 September 2022
Draft Final Modification Report presented to Panel / Panel Recommendation Vote	21 September 2022
Final Modification Report issued to Panel to check votes recorded correctly	21 September 2022 (2pm to 4pm)
Submit Final Modification Report to Authority	21 September 2022 (4pm)
Authority Decision	28 September 2022 (by 5pm)
Date of Implementation	30 September 2022

Appendix 2 – Standard Timeline

Modification Stage	Date
Workgroup Nominations	16 August 2022 to 7 September 2022 (5pm)
Workgroup 1	29 September 2022
Workgroup 2	18 October 2022
Workgroup Consultation	28 October 2022 to 18 November 2022 (5pm)
Workgroup 3	29 November 2022
Workgroup 4	15 December 2022
Workgroup Report issued to Panel	19 January 2023
Workgroup Report presented to Panel	27 January 2023
Code Administrator Consultation	1 February 2023 to 22 February 2023 (5pm)
Draft Final Modification Report issued to Panel and Industry	23 March 2023
Draft Final Modification Report presented to Panel / Panel Recommendation Vote	31 March 2023

Final Modification Report issued to Panel to check votes recorded correctly	4 April 2023
Submit Final Modification Report to Authority	12 April 2023
Authority Decision	TBC
Date of Implementation	TBC

Appendix 3 – Panel Urgency Vote

See separate attachment