

Rob Marshall  
Acting Chair  
CUSC Panel

Nadir Hafeez  
Ofgem  
**By email**

9 February 2022

Dear Nadir

Connection and Use of System Code (CUSC) Modification Panel Request for Urgency and Recommended Timetable for **CMP384: 'Apply adjustments for inflation to manifest error thresholds using Indexation'**

On 8 February 2022, Scottish Power Renewables raised **CMP384**. The Proposer sent a request to the CUSC Panel Secretary for this modification to be treated as urgent.

**CMP384** seeks to ensure that fixed manifest error thresholds stated within the CUSC account for inflation and are better aligned with current TNUoS tariffs to which they relate.

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/cmp384-apply>

The CUSC Modifications Panel ("the Panel") on 9 February 2022, considered **CMP384** 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).**

*Towards the end of the current charging year, the ESO identified a manifest error impacting three individual Users. However, the application thresholds associated with manifest errors in the CUSC have been in place at fixed values since 2006. Therefore, they are no longer appropriate since after 16 years they are outdated as a materiality threshold.*

*Updating the threshold by using indexation will be a more appropriate basis by which to judge materiality. This would give a more appropriate threshold of  $\pm£370,384$ . This will mean that Users will not be directly, unduly and inappropriately affected by a reconciliation process below the more appropriate threshold of  $\pm£370,384$ .*

*In this charging year, the reconciliation process will take place in April, after the charging year has ended, therefore, these Users will have been unable to reflect these additional costs in their prices. Implementing this modification proposal, by indexing the manifest error thresholds by 31<sup>st</sup> March 2022 would avoid this for those whose charges are below the more appropriate threshold of ±£370,384.*

## **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 **CMP384 does meet** Ofgem's Urgency criteria<sup>1</sup>. Therefore, the recommendation of the Panel is that **CMP384 should** be treated as an Urgent CUSC Modification Proposal.

Panel members set out their rationale behind this decision:

- The majority of Panel Members agreed 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 met Ofgem's Urgency criteria (a). Those who supported Urgent treatment noted the materiality on stakeholders as the Manifest Error threshold has been exceeded. However, three Panel Members, whilst on balance supporting Urgent treatment, noted this is a finely balanced decision for a request for urgency.
- One of the Panel Members, who didn't support Urgent treatment questioned the need for urgency as the Manifest Error thresholds haven't changed since 2006. However, this Panel Member agreed that the thresholds needed to be looked at as part of a more considered process.
- Panel also debated whether the issue/defect allowed alternative solutions to simply indexing the current Manifest Error thresholds and the general principle of retrospectivity; however these are conversations to be explored further in the Workgroup phase.

## **Procedure and Timetable**

The Panel discussed an appropriate timetable for **CMP384** in the instance that urgency is granted.

The Panel agreed that **CMP384** 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

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<sup>1</sup> 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.

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;
- 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



Rob Marshall  
Acting Chair of the CUSC Panel

## Appendix 1 – Urgent Timeline

Modification Stage	Date
Request for Urgency Received	8 February 2022
Panel consideration of Urgency	9 February 2022
Ofgem decision on Urgency	11 February 2022 (by 5pm)
Workgroup Nominations	9 February 2022 to 11 February 2022 (5pm)
Workgroup 1	15 February 2022
Workgroup 2	18 February 2022
Workgroup 3	23 February 2022
Workgroup Consultation (5 working days)	24 February 2022 to 3 March 2022 (5pm)
Workgroup 4	7 March 2022
Workgroup 5	10 March 2022
Workgroup Report issued to Panel	14 March 2022
Workgroup Report presented to Panel	15 March 2022
Code Administrator Consultation (5 working days)	16 March 2022 to 23 March 2022 (5pm)
Draft Final Modification Report issued to Panel and Industry	24 March 2022 (12pm)
Draft Final Modification Report presented to Panel / Panel Recommendation Vote	25 March 2022
Final Modification Report issued to Panel to check votes recorded correctly (1 working day)	25 March 2022 (1pm)
Submit Final Modification Report to Authority	25 March 2022 (3pm)
Authority Decision	By 5pm on 30 March 2022
Date of Implementation	31 March 2022

## Appendix 2 – Standard Timeline

Modification Stage	Date
Workgroup Nominations	9 February 2022 to 2 March 2022 (5pm)
Workgroup 1	14 March 2022
Workgroup 2	8 April 2022
Workgroup 3	5 May 2022
Workgroup Consultation (15 working days)	16 May 2022 to 7 June 2022 (5pm)
Workgroup 4	16 June 2022
Workgroup 5	4 July 2022
Workgroup Report issued to Panel	21 July 2022
Workgroup Report presented to Panel	29 July 2022
Code Administrator Consultation (20 working days as summer)	2 August 2022 to 31 August 2022 (5pm)
Draft Final Modification Report issued to Panel and Industry	22 September 2022

Draft Final Modification Report presented to Panel / Panel Recommendation Vote	30 September 2022
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	4 October 2022
Submit Final Modification Report to Authority	12 October 2022
Authority Decision	TBC
Date of Implementation	TBC

### Appendix 3 – Panel Urgency Vote

See separate attachment