

CUSC Panel

Friday 30 September 2022

Online via Teams

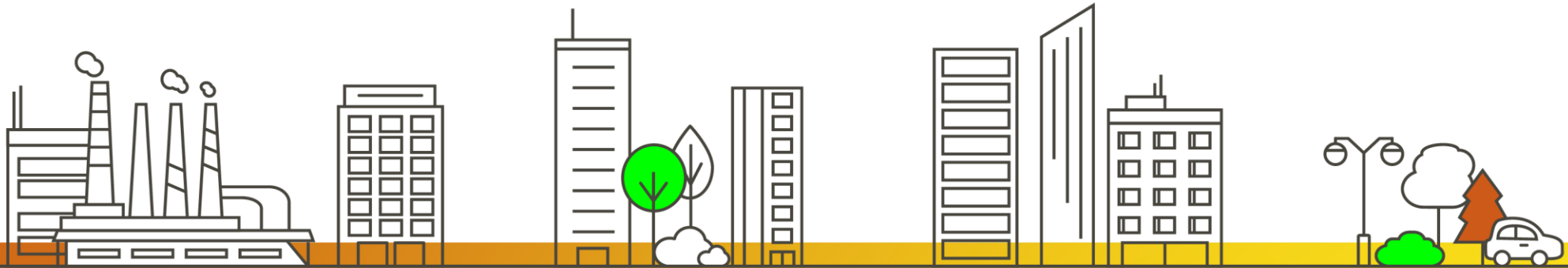
WELCOME

A wide-angle landscape photograph featuring a valley with a winding river and several bright, glowing orange-yellow lines that curve across the terrain, suggesting a path of energy or a futuristic road. In the background, large, rugged mountains are partially covered in snow under a dramatic, cloudy sky with sunlight breaking through.

nationalgridESO

Approval of Panel Minutes

Approval of Panel Minutes from the
Meeting held 16 and 26 August 2022



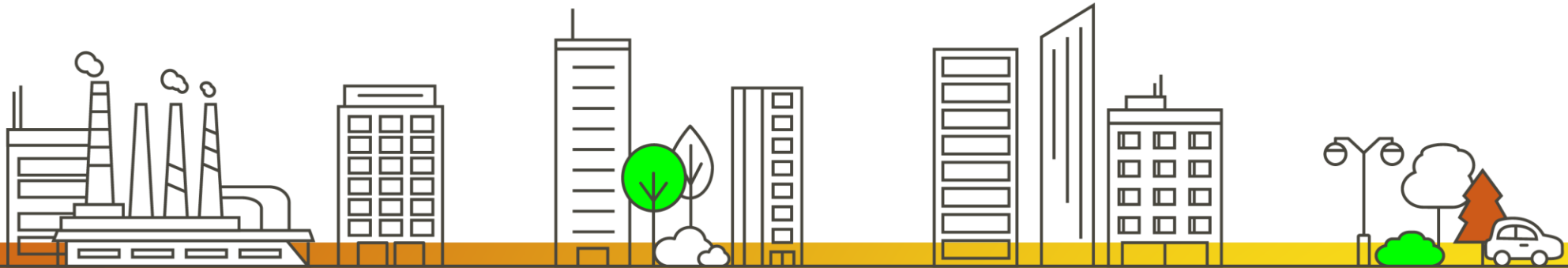
Actions Log

Review of the actions log



Chair's Update

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



Authority Decisions (as at 29 September 2022)



Decisions Received since last Panel meeting

- ☐ None

Decisions Pending

- ☐ **CMP288** (Expected decision date of 30 November 2022)
- ☐ **CMP292** (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)
- ☐ **CMP298** (Expected decision date of 30 November 2022)
- ☐ **CMP328** (Expected decision date of 30 November 2022 - The Final Modification Report for the associated STC change (CM078) was issued to Ofgem on 7 June 2022)
- ☐ **CMP361/362** (Expected decision date TBC – minded-to decision consultation issued 21 September 2022, which closes 19 October 2022 after which Ofgem will assess any responses received, before publishing a final decision)
- ☐ **CMP388** (Expected decision date of 30 September 2022)
- ☐ **CMP389** (Expected decision date of 30 September 2022)
- ☐ **CMP390** (Expected decision date of 3 February 2023)

Received Final Modification Reports since last Panel Meeting

- ☐ **CMP395** (Decision was expected 29 September 2022 but understand CMP395 decision will no longer be on 29 September 2022 and an update will be provided at CUSC Panel on 30 September 2022)

New modifications submitted



CMP397 - Consequential changes required to CUSC Exhibits B and D to reflect CMP316 (Co-Located Generation Sites)

Nicola White – National Grid ESO

Critical Friend Feedback – CMP397

Code Administrator comments	Amendments made by the Proposer
<p>Proposed clarification wording as why this is standard governance</p> <p>Ensure it is clear this will only be implemented if CMP316 is implemented</p> <p>On legal text, proposed showing the CMP397 changes on top of the changes proposed by CMP390 (<i>CMP390 is currently with Ofgem for decision</i>)</p>	<p>Proposer accepted all amendments made by the Code Administrator</p>

Background

- CMP316 'TNUoS Arrangements for Co-located Generation Sites' was raised by NGESO in **2019** with the aim to further improve cost reflectivity in TNUoS charges for co-located generation sites.
- The CMP316 solution updates Section 14 of the CUSC and introduces Maximum Capacity (as defined in the Grid Code) for each technology type / Balancing Mechanism Unit (BMU).
- This Maximum Capacity value is then used (within the methodology) to calculate wider locational charges - proportionally by each technology type (at a co-located site) in relation to the Power Station's Transmission Entry Capacity (TEC).
- **CMP397** has now been raised by NGESO to facilitate **CMP316**, by introducing consequential changes to the information required in **CUSC Exhibits B & D**.

CMP397 Proposed Changes

- **CMP397** has been raised to address the changes in the information required to be collected (Maximum Capacity by technology/BMU) through the Connection process.
- To achieve this, CMP397 seeks to update **CUSC Exhibits B & D** (which are both outside of Section 14 of the CUSC) by including a requirement for detail of a sites Maximum Capacity by technology.

Recommended Governance Route

- Proposed to follow standard governance route as this is a consequential change to CMP316 that is itself following a standard governance process.
- CMP397 should proceed straight to Code Administrator Consultation as the solution is fully developed and therefore we do not foresee any alternative being raised.

Timeline for CMP397 – Proposed Timeline – Code Administrator Consultation

Milestone	Date
Modification presented to Panel	30 September 2022
Code Administrator Consultation (15 working days)	4 October 2022 to 25 October 2022 <i>Being run at the same time as related Modification CMP316</i>
Draft Final Modification Report (DFMR) issued to Panel (5 working days)	17 November 2022
Panel undertake DFMR recommendation vote	25 November 2022
Final Modification Report issued to Panel to check votes recorded correctly	29 November 2022
Final Modification Report issued to Ofgem	7 December 2022
Ofgem decision	1 October 2023 to align with the requested decision date for CMP316
Implementation Date	1 April 2024

CMP397 – the asks of Panel

- **AGREE** that this Modification should follow Standard Governance (Ofgem decision) rather than the Self-Governance Criteria (Panel decision)
- **AGREE** that this Modification should proceed to Code Administrator Consultation
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **NOTE** the proposed timeline and that **CMP397** Code Administrator Consultation will be run at the same time as **CMP316** Code Administrator Consultation

New modifications submitted



**CMP398 - GC0156 Cost Recovery mechanism for
CUSC Parties**

Garth Graham – SSE Generation Ltd.

Critical Friend Feedback – CMP398

Code Administrator comments	Amendments made by the Proposer
<p>Change in wording flow to provide better context around the reliance on the GC0156 timeline.</p> <p>Provide clarity by reducing words</p>	<p>Proposer accepted all amendments made by the Code Administrator</p>

Timeline for CMP398 – Proposed Timeline - *Workgroup*

Milestone	Date	Milestone	Date
Modification presented to Panel	30 September 2022	Panel sign off that Workgroup Report has met its Terms of Reference	31 March 2023
Workgroup Nominations (15 Working Days)	04 October 2022 to 25 October 2022	Code Administrator Consultation	04 April 2023 – 04 May 2023
Workgroup 1 – <i>Understand / discuss proposal and solution(s), review and agree on Terms of Reference and Timeline, review cross code impacts, review analysis and agree next steps.</i>	03 November 2022	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	18 May 2023
Workgroup 2 – <i>Refine solution(s), draft legal text and consider potential Workgroup Consultation questions</i>	06 December 2022	Panel undertake DFMR recommendation vote	26 May 2023
Workgroup 3 – <i>Review Workgroup Consultation questions and finalise Workgroup Consultation</i>	10 January 2023	Final Modification Report issued to Panel to check votes recorded correctly	30 May 2023
Workgroup Consultation (15 working days)	19 January 2023- 09 February 2023	Final Modification Report issued to Ofgem	07 June 2023
Workgroup 4 – <i>Review Workgroup Consultation responses, consider new points raised, refine solution, review legal text and discuss any potential alternatives</i>	20 February 2023	Ofgem decision	TBC
Workgroup 5 – <i>Agree that Terms of Reference have been met, Review Workgroup Report and hold Workgroup Vote.</i>	10 March 2023	Implementation Date	10 working days after Ofgem decision
Workgroup report issued to Panel (5 working days)	23 March 2023		

CMP398 – the asks of Panel

- **AGREE** that this Modification should follow Standard Governance (Ofgem decision) rather than the Self-Governance Criteria (Panel decision)
- **AGREE** that this Modification should proceed to Workgroup
- **AGREE** Workgroup Terms of Reference
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **NOTE** the proposed timeline is based on the current GC0156 timeline/outputs

CMP398 – Possible Terms of Reference – 1st draft

Workgroup Terms of Reference

- a) Consider EBR implications
- b) Consider the relevant provisions of the Electricity Restoration Network Standard
- c) Consider the Claim principles, items to be included, process and payment/recovery for any cost recovery mechanism
- d) Consider the proposal for a CUSC Claims Committee and consider how this is set up, what their scope and remit could be and any interaction with an equivalent BSC Claims Committee.
- e) Consider interactions with GC0156.
- f) Anything else?

BREAK





In Flight Modification Updates

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

Request to change modification timeline

CMP315/CMP375	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	22 September 2022	17 November 2022	6 December 2022
New timeline	8 December 2022	19 January 2023	8 February 2023

Rationale: Workgroup Report was anticipated to be presented to September 2022 Panel; however, additional Workgroups are needed to finalise solutions (including confirming mathematical approaches for each solution) and Legal Text and therefore it will be presented to December 2022 Panel

Workgroups Remaining: 3

Ask of Panel: Agree revised timeline?

Request to agree revised Terms of Reference – CMP376

Workgroup Term of Reference

- a) Consider EBR implications.
- b) Consider how the ESO communicates its acceptance (or not) of the evidence of milestone completion provided by the User.
- c) Consider how the ESO will monitor User compliance, verify evidence provided by Users, and when action is taken to enact any termination rights.
- d) Consider interaction with other provisions in the CUSC, Construction Agreements and Connection Agreements that deal with project delays and termination of agreements (e.g. Quarterly Updates).
- e) Consider how this is enacted when a User seeks to delay beyond their originally contracted milestone dates i.e. does this lead to automatic termination of any Construction Agreement or is there any scope to delay connection dates. Consider previous work on CAP150 in this regard.
- f) Consider requirement to ensure Construction Agreement Milestones (Appendix J) responsibilities are clearly defined specifically with respect to consents and land rights.
- g) Consider any strategic or regulatory driver behind reallocation of capacity following a termination e.g. Electricity System Restoration Standard.
- h) Consider the route to align Transmission and Distribution agreements for same User connections, including consideration of whose milestones take priority for User compliance.
- i) Consider how other CUSC arrangements may need to change as a result of promoting Users up the queue following a termination of another User (e.g. User Commitment for those Users, who are allowed to advance their connection date).
- j) Clarify any enduring interaction between the CUSC legal text and the ENA Queue Management guidance document.

CMP376 Terms of Reference – changes shown in red

Workgroup Term of Reference

- a) Consider EB~~GLR~~ implications
- b) Consider how the ESO communicates it's acceptance (or not) of the evidence of milestone completion provided by the User
- c) Consider ~~what would happen if how~~ the ESO ~~and Transmission Owner will~~ monitor User compliance, ~~do not agree in terms of the verify~~ evidence provided ~~by Users~~, and when ~~action is taken to enact any termination rights~~.
- d) Consider interaction with other provisions in the CUSC, Construction Agreements and Connection Agreements that deal with project delays and termination of agreements (e.g. Quarterly Updates)
- e) Consider ~~how this is enacted when a User seeks to whether a~~ delay beyond their ~~originally contracted milestone dates tolerance means that the~~ i.e. does this lead to automatic termination of any Construction Agreement ~~is terminated~~ or is there ~~still provision~~ any scope to delay connection dates. Consider previous work on CAP150 in this regard.

CMP376 Terms of Reference – changes shown in red

Workgroup Term of Reference

- f) Consider requirement to ensure Construction Agreement Milestones (Appendix J) responsibilities are clearly defined specifically with respect to consents and land rights
- g) Consider ~~what, if any, steps can be taken to prioritise allocation of freed capacity to projects needed to comply with the any~~ strategic or regulatory driver behind reallocation of capacity following a termination e.g. Electricity System Restoration Standard
- h) Consider the route to align ~~requirement for contractual link between~~ Transmission and Distribution agreements for same User connections, ~~where a decision to terminate triggered from one agreement affects the other including~~ consideration of associated termination/cancellation costs whose milestones take priority for User compliance.
- i) Consider ~~how other CUSC arrangements may need to change as a result of promoting Users up the queue following a termination of another User (e.g. the process for how~~ User Commitment ~~will change~~ for those Users, who are allowed to advance their connection date)
- j) ~~Consider what should be codified in the~~ Clarify any enduring interaction between the CUSC legal text and the ~~and what should be incorporated into the~~ ENA Queue Management guidance document

Withdrawal of CMP311

- On 22 September 2022, Proposer notified Code Admin that they no longer wish to be Proposer of CMP311, which seeks to change the amount of credit that is allowed to Suppliers under the User Allowed Credit requirements.
- CUSC 8.16.10 defines the process for withdrawal and industry were notified on 22 September 2022 and had until 5pm on 29 September 2022 to express their wish to become the new Proposer.
- **As no-one expressed a wish to become the new Proposer by 5pm on 29 September 2022, Panel, on 30 September 2022, will be asked under CUSC 8.16.10(b) to agree to the withdrawal of CMP311.**

Discussions on Prioritisation

- **AGREE** where New Modifications that need Workgroups 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

CMP286/CMP287 – Improving TNUoS Predictability through Increased Notice of the Target Revenue & Inputs used in the TNUoS Tariff Setting Process

Jennie Groome (on behalf of Paul Mullen)

Key points to note to the Panel

- Essentially fixing Target Revenue and inputs 15 months ahead of TNUoS tariffs going live moves the risk from Suppliers to Transmission Owners and the key challenge has been to show the impact of doing this. There is analysis to support this; however, there are recognised limitations to this not least the commercial sensitivity of Suppliers' actual risk premia.

Solution(s) and Workgroup Vote

Solution/summary of solutions:

Options	Summary of Solution
CMP286/CMP287 Original	<p>Target Revenue to be fixed 15 months ahead of TNUoS tariffs going live (CMP286)</p> <p>Certain parameters that feed into the TNUoS tariff setting process (including the TNUoS fixed charges brought in under CMP343) to be fixed 15 months ahead of tariffs going live (CMP287)</p> <p>Minimal changes to existing tariff setting processes (CMP286 and CMP287)</p>
CMP286/CMP287 WACM1	<p>As per Original but relevant costs borne by The Company as defined in the Transmission Licence” are not locked down 15 months ahead of tariffs</p>

Summary of Workgroup Vote:

- The Workgroup concluded by majority that the Original and WACM1 better facilitated the applicable CUSC Objectives than the Baseline.

Terms of Reference

- The Workgroup conclude that they have met their Terms of Reference and the references can be located below:

Workgroup Term of Reference	Location in Workgroup Report
a) Consider the decision rationale for rejecting CMP244 and how CMP286/287 will address these	“Workgroup Considerations – Interaction with CMP244” section
b) Understand the level of fixing in the marketplace and identify those consumers that would benefit and those that would end up paying more	“Workgroup Considerations” section predominantly
c) Consider any consequential impacts on other Codes	“Interactions” section
d) Consider the impacts on the outcome of the SCR and what the impacts may be in the way that demand is charged and this needs to be factored in and how fits into the TCR and the wider Charging Futures Forum	“Interactions” section predominantly but note that Proposer amended Original factoring in the TCR
e) Consider any if there are any wider issues to consider e.g. any potential Licence changes	“What is the impact of this change?” and “Implementation Approach” sections
f) Consideration of whether or what the transitional arrangements should be put in place.	“Implementation Approach” section

CMP286/CMP287 Next Steps

Milestone	Date
Code Administrator Consultation (15 working days)	4 October 2022 to 5pm on 25 October 2022
Draft Final Modification Report issued to Panel	17 November 2022
Draft Final Modification Report presented to Panel	25 November 2022
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	29 November 2022
Submission of Final Modification Report to Ofgem	7 December 2022
Ofgem decision date	TBC – <i>ideally by 31 October 2023</i>
Implementation Date	Effective Date: 1 April 2025 so needs to be implemented on 31 December 2023

CMP286/CMP287 – the asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **NOTE** the ongoing timeline

Draft Final Modification Reports

CMP363/CMP364 - 'TNUoS Demand Residual charges for transmission connected sites with a mix of Final and non-Final Demand & Definition changes for CMP363'

Jennie Groome

Solutions

Solution/summary of solutions:

Options	Summary of Solution
CMP363 Original	<p>Puts in place charging arrangements for Mixed Demand Sites (Sites that have a combination of Final and non-Final Demand)</p> <p>Settlement Metering will be required to separate their Final and Non-Final Demand if Site considers this to be cost-effective. Otherwise a Mixed Demand Site will be treated as Final Demand and therefore liable to pay TNUoS Demand Residual charges.</p> <p>“Declarations” definition moved from CUSC Section 11 to Section 14 and additional wording on how such Declarations are validated</p>
CMP363 WACM1	As per CMP363 Original but using Settlement Metering as the default with Operational Metering as a fallback where Settlement Metering isn’t practical or economical.
CMP364 Original	Consequential definition changes predominantly including a definition of a “Mixed Demand Site” and moving definition of “Declarations” to CUSC Section 14

Code Administrator Consultation Responses

Summary of Code Administrator Consultation Responses:

- Code Administrator Consultation was run from 15 August 2022 to 13 September 2022 and received 3 non-confidential responses. Key points were:
 - All 3 responses were supportive of all options (CMP363 Original, CMP363 WACM1 and CMP364 Original) and the implementation approach.
 - 1 respondent expressed a preference for the CMP363 Original as they believe Settlement Metering is more accurate and robust. However 1 respondent preferred CMP363 WACM1 as, in their view, this would allow more sites to benefit from this change.
 - No legal text issues identified.

Note that ELEXON on 5 September 2022 confirmed to Code Administrator that they no longer believe there are any BSC impacts.

CMP363/CMP364 Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	30 September 2022
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	4 October 2022
Submission of Final Modification Report to Ofgem	12 October 2022
Ofgem decision date	TBC - Ideally in October 2022 to allow sufficient time for the ESO processes to be adapted to reflect this decision, as any volumes excluded will affect the £/site/day tariff values (for April 2023) and publication of the draft TNUoS tariffs in October 2022. However, if this timing is not possible, then decision is needed before publication of final TNUoS tariffs in January 2023 to meet a 1 April 2023 Implementation.
Implementation Date	1 April 2023

CMP363/CMP364 - the asks of Panel

- **NOTE** that CMP363 and CMP364 do 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 CMP363 Original proposal and WACM1 better facilitate the objectives than the current CUSC arrangements?*
 - *Does the CMP364 Original proposal 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

CMP384 – Apply adjustments for inflation to manifest error thresholds using Indexation

Jennie Groome

Solution

Solution/summary of solution:

Options	Summary of Solution
CMP384 Original	<p>Applies RPI to the manifest error thresholds covered in CUSC Sections 14.17.34 until 31 March 2021, to reflect a revised threshold value in 2020/21 real terms.</p> <p>This is then indexed to the Transmission Owner Price Index (TOPI) thereafter.</p>

Code Administrator Consultation Responses

Summary of Code Administrator Consultation Responses:

- Code Administrator Consultation was run from 30 August 2022 to 21 September 2022 and received 2 non-confidential responses. Key points were:
 - Both responses were supportive of the CMP384 Original and the implementation approach.
 - No legal text issues identified.

CMP384 Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	30 September 2022
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	4 October 2022
Submission of Final Modification Report to Ofgem	12 October 2022
Ofgem decision date	By 31 January 2023
Implementation Date	1 April 2023

CMP384 - 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 CMP384 Original proposal 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 – Karen Thompson-Lilley



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)

None this month

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

Governance

None this month



Horizon Scan

(February, May, August, November)

None this month



Forward Plan Update/Customer Journey)

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

None this month

AOB

1. *None this month*

Next Panel Meeting

**10am on 28 October 2022 in person at
ESO Offices, Faraday House, Warwick**

Papers Day – 20 October 2022

**Modification Proposals to be submitted
by – 13 October 2022**

TCMF – 6 October 2022

Close



Trisha McAuley

Independent Chair, CUSC Panel

nationalgridESO