

Final Modification Report

CMP412: CMP398 Consequential Charging Modification

Overview:

This proposal is required to facilitate the implementation of CMP398. In discussions with the ESO it has become clear that a small change to Section 14 (BSUoS) will be required to ensure that any validated costs arising via the CMP398 solution are recovered, as happens today with black start costs, via BSUoS.

Modification process & timetable

1	Proposal Form 25 November 2022
2	Code Administrator Consultation 02 May 2023 - 09 June 2023
3	Draft Modification Report 22 June 2023
4	Final Modification Report 11 July 2023
5	Implementation In line with GC0156

Have 20 minutes? Read the full [Final Modification Report](#)

Have 60 minutes? Read the full Final Modification Report and Annexes.

Status summary: This report has been submitted to the Authority for them to decide whether this change should happen

Panel recommendation: The Panel has recommended by majority that the Proposer's solution is implemented.

This modification is expected to have a:

Low impact Generators, Suppliers, and Customers

Governance route Modification to proceed to Code Administrator Consultation.

Who can I talk to about the change?

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Contents

Contents	2
What is the issue?	3
Why change?	3
What is the solution?	3
Proposer’s solution.....	3
Legal text.....	4
What is the impact of this change?	4
Proposer’s assessment against the Applicable Objectives	4
Proposer’s assessment against CUSC Charging Objectives.....	4
Code Administrator Consultation Summary	5
Panel Recommendation Vote	6
Panel conclusion.....	9
When will this change take place?	9
Implementation date	9
Date decision required by	9
Implementation approach	9
Interactions	9
Acronyms, key terms and reference material	9
Annexes	9

What is the issue?

[CMP398](#) if approved by The Authority, would allow generators that face new obligations under GC00156 to seek to claim the reasonable, efficient and proportionate costs needed to comply with the obligations. It is the intention of CMP398 that any validated claims are recovered via BSUoS costs.

CMP398 introduces a cost recovery mechanism for costs arising in terms of compliance with [GC0156](#) which, in turn, arises from a new Transmission Licence condition on the ESO in regards to implementing and complying with the Electricity System Restoration Standard (ESRS) which is updating and replacing the historical 'black start' arrangements in GB by December 2026.

The existing CUSC Section 14 defines the relevant component of BSUOSEXT (BSUOS external costs), BSCd ("black start costs¹"), in a BSUoS definitions table. In this table, BSCd is defined as being as per the contents of Transmission Licence Condition SLC G4.5. This² did used to have a suitably broad definition of BSCd to have encompassed the CMP398 validated claims costs that would have fallen within BSUoS via BSCd as a part of BSUOSEXT.

However, in discussions with the ESO it has become clear that the parts of the Transmission Licence Condition that related to the ESO have been removed from the Transmission Licence and simplified, with the new content now falling in a new Electricity System Operator licence – omitting any reference to black start costs, by omitting the former SLC G4.5.

So, the new Electricity System Operator licence has simplified content and no longer features the former content of SLC G4.5 and, as a result, there is no longer a definition of black start costs within it that could be utilised in terms of recovering CMP398 / GC0156 associated amounts via BSUoS. It has thus become necessary to raise this Section 14 CUSC modification proposal to accompany CMP398

Why change?

See section above

What is the solution?

Proposer's solution

Modify the definition of BSCd in CUSC Section 14.31.8, Balancing Services Use of System Acronym Definitions. Currently, the table entry for BSCd says "As defined in the Transmission Licence", with a reference to footnote 1, which until recently said see SLC G4.5, but currently says "Current electricity transmission network price control starting 2021 (RIIO-T2) licence drafting being updated".

¹ That is the historical term used in GB which is being replaced by the Electricity System Restoration Standard and associated terminology which means that with the approval of GC0156 the term 'black start' will be removed from the Grid Code.

² <https://epr.ofgem.gov.uk/Content/Documents/National%20Grid%20Electricity%20Transmission%20Plc%20-%20Special%20Conditions%20-%20Current%20Version.pdf>

The definition of BSCd in CUSC Section 14.31.8, Balancing Services Use of System Acronym Definitions, needs to be amended to say:

“The total costs associated with the provision of System Restoration, (as defined in the **Grid Code**), including procuring, testing, warming, utilisation, capital contributions and payments for the cost of feasibility studies. This item also includes the costs of any validated claims made for costs of supporting the Electricity System Restoration Standard at Users’ sites in accordance with CMP398”.

Legal text

The legal text for this change can be found in Annex 2.

What is the impact of this change?

Proposer’s assessment against the Applicable Objectives

Proposer’s assessment against CUSC Charging Objectives	
Relevant Objective	Identified impact
(a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;	Positive By ensuring that validated costs incurred by CUSC Parties who are obligated by the Grid Code (but do not have a relevant contract with the ESO) to undertake activities required for ESRS are able to recover their bona fide costs and that these costs can, in turn, be recovered via BSUoS (as occurs now with other black start related costs) this will facilitate effective competition in the generation and supply of electricity.
(b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);	Positive This will ensure that validated costs associated with ESRS are recoverable via BSUoS (as occurs now with other black start related costs).
(c) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees’ transmission	Positive This change updates the methodology to reflect the developments in the

businesses;	Transmission Licensees' transmission business as regards implementing and complying with ESRS.
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	Positive The provisions of the Electricity Regulation as they relate to black start ³ cost recovery by generators will be facilitated by this change.
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	Positive It will bring the charging methodology up to date to reflect the recent Transmission Licence changes pertaining to ESRS.
**The Electricity Regulation referred to in objective (d) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.	

Code Administrator Consultation Summary

The Code Administrator Consultation was issued on the 02 May 2023 and closed on 09 June 2023 and received 3 non-confidential responses including 2 late responses. A summary of the responses can be found in Annex 5, and the full responses can be found in Annex 6.

Code Administrator Consultation summary

Question	
Do you believe that the CMP412 Original Proposal better facilitates the Applicable CUSC Objectives?	2 out of the 3 respondents felt that the Original <u>did not</u> better facilitate the applicable CUSC Objectives. 1 respondent disagreed and felt that the Original better facilitated the applicable CUSC Objectives (a) (b) (c) and (d).
Do you support the proposed implementation approach?	2 out of the 3 respondents supported the implementation approach.
Do you have any other comments?	The following key points were raised: <ul style="list-style-type: none"> - One respondent stated that their response needed to be read in conjunction with their response for CMP398.

³ The Electricity Regulation and associated legislative documentation refers to 'black start' rather than, for example, 'System Restoration', as proposed (with GC0156) would be the case in GB going forward.

	<ul style="list-style-type: none"> - One respondent stated that no impact assessment had been provided on how much this change would in definition add to BSUoS costs and should not be approved without this. - One respondent stated that whilst CMP412 is an enabling proposal for CMP398, there will be steps that parties obligated (by GC0156) will need to undertake at pace and therefore it is important that the CMP412 (and CMP398) solution are in place.
Legal text issues raised in the consultation	
No Legal Text issues were raised.	
EBR issues raised in the consultation	
No EBR issues were raised.	

Panel Recommendation Vote

The Panel met on the 30 June 2023 to carry out their recommendation vote.

They assessed whether a change should be made to the CUSC by assessing the proposed change against the Applicable Objectives.

Vote 1: Does the Original facilitate the objectives better than the Baseline?

Panel Member: **Andrew Enzor**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement						
See voting statement for CMP398 on the merits of introducing the change in principle. CMP412 is an enabling modification for CMP398.						

Panel Member: **Andy Pace**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	No	Neutral	Neutral	Neutral	Neutral	No
Voting Statement						
CMP412 is a consequential change necessary for CMP398. We do not support CMP398, primarily because we consider it to be discriminatory, but we also have concerns regarding the scrutiny of costs, the precedent set for compensating stakeholders for regulatory change and whether there may be some double charging relating to opex related costs.						
Overall, we do not support CMP412 and believe it does not better meet charging objective (a) that compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is						

consistent therewith) facilitates competition in the sale, distribution and purchase of electricity.

Panel Member: **Binoy Dharsi**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	Yes	Yes	Yes	Yes	Neutral	Yes
Voting Statement						
It is important that CMP412 is progressed in parallel to CMP398. CUSC Section 14 needs to be updated to re-introduce the intent of SLC G4.5 which was omitted for simplification purposes only.						

Panel Member: **Cem Suleyman**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	Yes	Yes	Yes	Yes	Neutral	Yes
Voting Statement						
On the basis that this is an enabling modification for CMP398, I believe that CMP412 better facilitates the Applicable CUSC Objectives for the same reasons as provided by the Proposer.						

Panel Member: **Claire Huxley (On behalf of Karen Thompson – Lilley)**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	No	Neutral	Neutral	Neutral	No	No
Voting Statement						
a. This voting statement needs to be read in conjunction with the ESO voting statement in relation to CMP398 and its two WACMs where the baseline is the preferred option.						
As the ESO have voted for the baseline for CMP398, this vote is in line with that.						
However if CMP398 is implemented, then it is clear that CMP412 Original (412's only form) must be implemented as well.						
The content of CMP412 is acceptable as it simply allows recovery of the costs of CMP398 or either WACM via BSUoS.						

Panel Member: **Garth Graham**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	Yes	Yes	Yes	Yes	Neutral	Yes
Voting Statement						

This CMP412 change relates to the CMP398 change which, in turn, links to GC0156. The CMP412 change concerns changes to the charging methodologies contain in Section 14 of the CUSC. Reviewing the proposed change in the context of why it is needed and taking into account the consultation responses I believe it does better facilitate Applicable Objectives (a), (b) (c) and (d) whilst being neutral in terms of (e).

Panel Member: **Grace March**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Yes	Yes	Yes
Voting Statement						
This modification is necessary to ensure some generators are not commercial advantaged or penalised by compliance with GC0156, and therefore facilitates ACO a).						
There is not direct cost to the ESO included CMP398 and therefore I do not consider ACO b) relevant. Whilst the changes described in GC0156 are necessary for compliance with licence conditions, the exact nature of the cost recovery is not and is therefore neutral against ACO c).						
CMP412 and CMP398 together will facilitate compliance to the Electricity Regulation by removing commercial barriers that will be faced by most generators and so it positive against ACO d).						
A clear description of what charges are included in BSUoS and why is necessary for efficient functioning of Section 14 and so this mod is positive against ACO e)						

Panel Member: **Joseph Dunn**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	Yes	Yes	Neutral	Neutral	Yes	Yes
Voting Statement						
CMP412 is an enabling proposal for the CMP398 proposal.						

Vote 2 – Which option is the best?

Panel Member	BEST Option?	Which objectives does this option better facilitate?
Andrew Enzor	Original	e
Andy Pace	Baseline	NA
Binoy Dharsi	Original	a, b, c, d
Cem Suleyman	Original	a, b, c, d
Claire Huxley	Baseline	NA
Garth Graham	Original	a, b, c, d

Grace March	Original	a, d, e
Joseph Dunn	Original	a, b, e

Panel conclusion

The Panel has recommended by majority that the Proposer's solution is implemented.

When will this change take place?

Implementation date

The implementation date should be aligned with CMP398 which, in turn, would be linked to the approval (but not necessarily the implementation date) of GC0156.

Date decision required by

This proposal is aligned with CMP398 which, in turn, is aligned with GC0156.

Implementation approach

No system changes are required

Interactions

- | | | | |
|---|--|---|--------------------------------|
| <input checked="" type="checkbox"/> Grid Code | <input type="checkbox"/> BSC | <input type="checkbox"/> STC | <input type="checkbox"/> SQSS |
| <input checked="" type="checkbox"/> European
Network Codes | <input type="checkbox"/> EBR Article 18
T&Cs ⁴ | <input type="checkbox"/> Other
modifications | <input type="checkbox"/> Other |

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
BSCd	Black Start Cost day
BSUOSEXT	BSUOS External Cost
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
ESRS	Electricity System Restoration Standard
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions

Annexes

Annex	Information
Annex 1	Proposal form
Annex 2	Legal Text
Annex 3	Code Administrator Consultation Responses Summary
Annex 4	Code Administrator Consultation Responses

⁴ If your modification amends any of the clauses mapped out in Exhibit Y to the CUSC, it will change the Terms & Conditions relating to Balancing Service Providers. The modification will need to follow the process set out in Article 18 of the Electricity Balancing Guideline (EBR – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.