



# CUSC Panel

Friday 28 July 2023

Online Meeting via Teams

# WELCOME



# Approval of Panel Minutes

Approval of Panel Minutes from the Meeting held

30 June 2023



# Action Log





## Chair's Update

# Authority Decisions and Update (as at 17 July 2023)



## Decisions Received since last Panel meeting

- None received

## Decisions Pending

Modification	Final Modification Report Received	Expected Decision Date
<a href="#">CMP288</a> 'Explicit charging arrangements for customer delays and backfeeds'	10/08/2022	07/07/2023
<a href="#">CMP298</a> 'Updating the Statement of Works process to facilitate aggregated assessment of relevant and collectively relevant embedded generation'	06/04/2022	21/08/2023
<a href="#">CMP292</a> 'Introducing a Section 8 cut-off date for changes to the Charging Methodologies'	16/08/2019	25/08/2023
<a href="#">CMP344</a> 'Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology'	08/02/2023	01/09/2023
<a href="#">CMP376</a> 'Inclusion of Queue Management process within the CUSC'	07/06/2023	15/09/2023

## Received Final Modification Reports since last Panel Meeting

Modification	Final Modification Report Received	Expected Decision Date
<a href="#">CMP398</a> 'GC0156 Cost Recovery mechanism for CUSC Parties'	11/07/2023	TBC
<a href="#">CMP412</a> 'CMP398 Consequential Charging Modification'	11/07/2023	TBC
<a href="#">CMP331</a> 'Option to replace generic Annual Load Factors (ALFs) with site specific ALFs'	12/07/2023	TBC

The Authority's publication on decisions can be found on their website below:

<https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>

**CMP415: Amending the Fixed Price  
Period from 6 to 12 months**

**&**

**CMP416: Amending the Fixed Price  
Period from 6 to 12 months with  
two seasonal tariffs**

**Alice Taylor**



# Background

- CMP408 was raised to amend the notice period of Fixed BSUoS from 9 to 3 months. Within the terms of reference there was consideration of the Fixed Price Period.
- Within CMP408 workgroups, two alternatives were discussed, both involving a change to the Fixed Price Period which falls in Section 11. As CMP408 is a charging modification relating to Section 14, under Governance Rules section 8.16.2 you cannot modify any other section of the CUSC.
- After legal advice, it was seen as appropriate and in line with the governance rules to raise the WACMs as consequential modifications and subsequently withdraw those WACMs from CMP408.
- As all the discussion has occurred in CMP408 workgroups surrounding these solutions, we recommend that both consequential modifications proceed straight to Code Administrator Consultation.
- As both modifications are intrinsically linked these are to be considered in conjunction with CMP408 and can only be approved along with the original CMP408 change to the notice period.

# Critical Friend Feedback – CMP415

Code Administrator comments	Amendments made by the Proposer
<p>Minor typographical changes</p> <p>Correction of existing legal text</p> <p>Removal of Proposer’s assessment of the modification on the stakeholder/consumer benefit categories</p> <p>Change of decision required date to bring in line with CMP408</p>	<p>Proposer accepted all amendments made by the Code Administrator</p>

# CMP415 : Amendment to the Fixed Period from 6 months to 12 months

- This modification seeks to amend the definition of the Fixed Price Period from 6 months to 12 months within Section 11.
- This is in line with the results of the Second BSUoS Taskforce of an overall combined period of 15 months.
- A longer fixed period can reduce the risk premia being built into BSUoS prices for end consumers.

# Critical Friend Feedback – CMP416

Code Administrator comments	Amendments made by the Proposer
<p>Minor typographical changes</p> <p>Removal of Proposer’s assessment of the modification on the stakeholder/consumer benefit categories</p> <p>Change of decision required date to bring in line with CMP408</p> <p>Addition of seasonality analysis</p>	<p>Proposer accepted all amendments made by the Code Administrator</p>

## **CMP416 : Amendment to the Fixed Period from 6 months to 12 months with two seasonal tariffs**

- Allowing for two seasonal tariffs within a 12 month Fixed Price Period can account for the possible issue of seasonality, which makes this modification substantially different to that of CMP415 (discussed on next slide).
  - The proposed tariffs: spring summer tariff (1 April to 30 September) and an autumn winter tariff (1 October to 30 March)
- The longer Fixed Price Period of 12 months falls in line with the results of the Second BSUoS Taskforce regarding a 15 month total combined period for Fixed BSUoS.
- A longer fixed period allows for suppliers to price longer contracts with price certainty for 12 months, reducing risk premia that is passed onto end consumers.
- Two seasonal tariffs allows for a reduction in risk of the ESO WCF being fully utilised.

# CMP416 Continued

This modification is substantially different to that of CMP415 in terms of impacts to the ESO, Suppliers and end consumers.

- A fixed BSUoS charge applied on a £/MWh basis means the value of BSUoS recovered across a financial year by the ESO is directly related to BSUoS volume. However, the BSUoS costs incurred are not related to this and can be relatively flat across the year. With a single fixed £/MWh charge (one tariff), this may result in the ESO significantly under-recovering during the summer months with this shortfall recovered over winter.
- This along with the higher BSUoS costs increases the risk that the ESO's working capital fund is depleted resulting in a mid year tariff change. This erodes the benefits of Fixed BSUoS for Suppliers and end consumers.
- Therefore the two tariffs within the 12 months not only increases accuracy of the tariffs set for those periods but reduces the likelihood of tariff resets, reducing risk premia to end consumers while also providing a better risk management method for the working capital fund.

# Summary

- These consequential modifications have been raised to allow the alternatives that were discussed within CMP408 to be considered which fall outside of Section 14.
- They are intrinsically linked to CMP408 and so can only be approved along with the original CMP408.
- The two modifications have been discussed within CMP408 workgroups and therefore we suggest that both should proceed straight to Code Administrator Consultation for all three modifications to go to Ofgem at the same time for consideration.

**Timeline for CMP415 – Proposed Timeline – Code Administrator Consultation**

Milestone	Date
Modification presented to Panel	28 July 2023
Code Administrator Consultation (20 working days)	04 August 2023 to 04 September 2023
Draft Final Modification Report (DFMR) issued to Panel (5 working days)	21 September 2023
Panel undertake DFMR recommendation vote	29 September 2023
Final Modification Report issued to Panel to check votes recorded correctly	04 October 2023 to 11 October 2023
Final Modification Report issued to Ofgem	13 October 2023
Ofgem decision	End of November 2023
Implementation Date	01 April 2024

# CMP415 – 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
- **NOTE** this modification is intrinsically linked to and can only be approved and implemented alongside CMP408.

**Timeline for CMP416 – Proposed Timeline – Code Administrator Consultation**

Milestone	Date
Modification presented to Panel	28 July 2023
Code Administrator Consultation (20 working days)	04 August 2023 to 04 September 2023
Draft Final Modification Report (DFMR) issued to Panel (5 working days)	21 September 2023
Panel undertake DFMR recommendation vote	29 September 2023
Final Modification Report issued to Panel to check votes recorded correctly	04 October 2023 to 11 October 2023
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# CMP416 – 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
- **NOTE** this modification is intrinsically linked to and can only be approved and implemented alongside CMP408.

# CMP417 Extending principles of CUSC Section 15 “User Commitment Methodology” to all Users



# Critical Friend Feedback: CMP417

Code Administrator comments	Amendments made by the Proposer
<p>Minor typographical changes and layout amendments</p> <p>Added hyperlinks</p> <p>Rewording required throughout the document to provide clarification</p> <p>Provided guidance on Governance process and realistic timescale for implementation</p> <p>Provided timeline</p>	<p>Proposer accepted majority of amendments made by the Code Administrator but reworded some statements to provide further clarity, and amended the implementation date and approach based on advice.</p>

## Background

- Customers are required under existing User Commitment Arrangements to financially secure a TO's spend in relation to their connection
- There are two security methodologies currently in use:
  1. CUSC Section 15 User Commitment Methodology – applicable to all generation projects including interconnectors and embedded generators

Security is codified in the CUSC section 15.

2. Final Sums – applicable to DNOs and directly connected Distributed and Transmission demand

- Security is placed by customers and is a proportion of the liability incurred in relation to the works required to facilitate a particular project. Security is returned upon connection of a project

- Types of Security across both methodologies is the same

### Types of Security

Cash in Escrow

Parent Company Guarantee  
(PCG)

Letter Of Credit  
(LOC)

Credit Rating

Bond

## Context

Covers a proportion of liability; reducing rate as project passes set milestones and nears completion

CMP192, and subsequent mods worked to lower perceived barriers to new entrants and incentivise timely communication of termination.

Demand Users were not included in these mods – general consensus at the time was that Demand users only triggered the specific assets built to connect them

### CUSC Section 15 User Commitment Methodology

CMP192 Generators  
- 2012

CMP222  
Interconnectors and  
Pumped Storage -  
2015

CMP223 Embedded Gen  
with BEGA, Distribution  
System – Connection  
Agreement with  
Distributed Gen - 2015

### Final Sums methodology

Distributed  
connected Demand

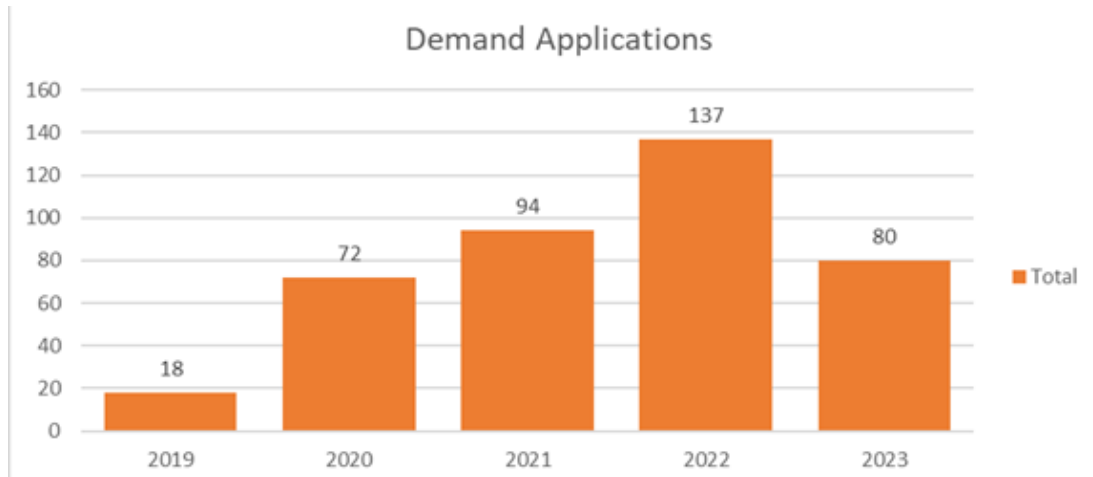
Transmission  
connected Demand

DNO not triggered  
by EG (e.g. asset  
replacement works)

User will secure all spend associated with their project as it progresses. No reducing factors applied, secures 100% of a TO's spend

## Why change and what is the defect?

- An increase in Demand connections over recent months and years has driven transmission works beyond the connection site – previous extension of Section 15 to other Users has been a stepped process with Demand Users out of scope of those mods due to the type of works they initiated



We are now seeing increasing Demand Connections which are driving Transmission Works beyond the Connection Site

- The principles of Final Sums methodology acts as a barrier to entry for some developers, rendering some projects untenable
- Formal complaints have been received from customers outlining the commercial impact to their businesses because of the substantial security amounts they've received in their Construction Agreements
- Improving the cost reflectivity that Users have on a TO's spend profile will help reduce uncertainty for developers whereby the security they need to secure is reflective of the transmission liabilities they actually impose.

# Why change and what is the defect?

- The significance of securities in Customer Connection Offers are creating clear barriers to entry.
- Below are some examples of the figures set out in customer agreements which they are contractually obligated to secure against. The table also shows what those figures would be if CUSC Section 15 User Commitment Methodology were to apply to those customers:

Customer	Final Sums Security – all schemes in Construction Agreement (£m)	Approx Security after CUSC Section 15 methodology applied (£m)
#1	375	55
#2	470	38
#3	563	179
#4	824	151
#5	2,549	149
#6	294	657

## Solution

Extend principles of Section 15 User Commitment Methodology to Users on Final Sums methodology – introducing equitable treatment between Users to accurately reflect the transmission liabilities they impose.

Changes will be made to:

- Introducing Attributable Works. Attributable works are specific schemes relating to or driven by a specific project – Attributable Schemes are reduced by two factors;
  1. Strategic Investment Factor (SIF) – customer's share of scheme based on Capability of Scheme and Customer TEC [capacity]
  2. Local Asset Reuse Factor (LARF) – what proportion of an asset can be re-used or utilised if a customer terminates
- Wider Works - customers are also required to secure a proportion of wider works being progressed on the transmission system.
- Total Cancellation Charge – under Final Sums methodology, the liability and security amount will be the same but this isn't necessarily the case under User Commitment Methodology.

## Solution consideration

- Within CUSC Section 15, cancellation charges are payable by Users on termination of their agreement or reductions in their capacity (currently Transmission Export Capacity or Developer Capacity or Interconnector User Commitment Capacity).
- Consideration will need to be given by the Workgroup as to how we refer to cancellation charges for the new Users within CUSC Section 15 only

## Approval and Implementation

- Approval required by the Authority by June 2024
- Implementation date:
  - Any clock started Users 10 working days from the Authority decision will be under the User Commitment Methodology
  - 01 July 2025 for existing Users on Final Sums Methodology
- Any solution for existing Final Sums Users will require a transitional period to facilitate change in contractual positions, in particular the Construction Agreement; changes to internal Connections processes and the Connections internal Securities Database to include remaining Users in “User Commitment Methodology”
- There may be STC/STCP changes required as a result of the removal of Final Sums methodology - expectation is that this is more of a consequential nature and follow after the conclusion of the CUSC modification, as Users will remain on Final Sums methodology in their agreements during the transition period
- CUSC governance route proposed: Standard Governance modification with assessment by a Workgroup – input from industry may be required to help develop and refine our solution

# CMP417 – Proposed Timeline – *Workgroup*

Milestone	Date	Milestone	Date
Modification presented to Panel	28 July 2023	Panel sign off that Workgroup Report has met its Terms of Reference	26 January 2024
Workgroup Nominations (15 Working Days)	01 August 2023 to 21 August 2023	Code Administrator Consultation (15 working days)	29 January 2024 to 19 February 2024
Workgroup 1 <i>Agree timeline, Terms of Reference and discuss solution and legal text</i>	06 September 2023	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	14 March 2024
Workgroup 2 <i>Refine solution, discuss legal text</i>	27 September 2023	Panel undertake DFMR recommendation vote	22 March 2024
Workgroup 3 <i>Finalise legal text and review Draft Workgroup Consultation</i>	25 October 2023	Final Modification Report issued to Panel to check votes recorded correctly	26 March 2024 to 02 April 2024
Workgroup Consultation (15 working days)	30 October 2023 to 20 November 2023	Final Modification Report issued to Ofgem	03 April 2024
Workgroup 4 <i>Review Workgroup Consultation responses and any alternatives</i>	7 December 2023	Ofgem decision	June 2024
Workgroup 5 <i>Workgroup Vote, review Draft Workgroup Report</i>	9 January 2024	Implementation Date	10WD following Authority decision for new Users. 01 July 2025 for existing Users.
Workgroup report issued to Panel (5 working days)	18 January 2024		

# CMP417 – 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



# Inflight Modification Updates

Milly Lewis, Code Administrator



# Authority Send Back

**CMP286&CMP287: Improving TNUoS Predictability through Increased Notice of the Target Revenue (CMP286) and Inputs (CMP287) used in the TNUoS Tariff Setting Process**

Milly Lewis

## **CMP286&CMP287: Improving TNUoS Predictability through Increased Notice of the Target Revenue (CMP286) and Inputs (CMP287) used in the TNUoS Tariff Setting Process Authority Send-Back**

On 30 June 2023, [Ofgem sent back](#) the CMP286&CMP287 Final Modification Report (FMR) for further work and directed Panel to revise and resubmit the FMR(s), due to the two modifications being treated as a single CUSC modification proposal and assessed accordingly.

- The Send back letter states due to Ofgem being '[...]unable to determine the individual impact of each of the change proposals. [...] (a) Procedural issues: single set of Panel voting and a single proposed legal text; and (b) Lack of analysis of the impact of CMP287 alone.'
- Regarding deficiency (a) the Send back letter states 'Where Proposals are not formally amalgamated, [...], we take account of the issues raised in the FMR, including taking account of the responses to industry consultations and the votes and statements of the Workgroup and CUSC Panel. In this case, given in particular the absence of separate voting on each of the Proposals, we consider that we are unable to properly form an opinion on the merits of each.'
- Regarding deficiency (b) the Send back letter states 'Whilst the analysis resulting from the Request for Information demonstrates a clear impact in reduced risk premia payable by fixed-contract consumers, the Transmission Owner's analysis does not clearly demonstrate the overall costs from fixing only demand inputs 15 months before tariffs go live (CMP287), specifying only the increased costs from allowed revenue under 15 months fixing (CMP286).'
- The Send back letter confirms that it is the Authority's opinion '[...] that the FMR for CMP287, whether as part of a combined FMR with CMP286 after formal amalgamation or alternatively as its own distinct FMR, needs to contain additional analysis on the impact of CMP287 compared to the baseline isolated from that of CMP286.'

# Background and steps taken since CMP286/CMP287 Send Back

The Proposals although intrinsically linked were never formally amalgamated, however they were submitted to the Authority as one Final Modification Report (FMR) and one set of legal text on 07 December 2022, with the Workgroup and Panel completing a single vote for both modifications.

## Steps taken since 30 June 2023

- The Proposer has confirmed that they see the merit of maintaining 2 separate modifications which will require 2 separate voting statements and legal text.
- ESO have engaged with Transmission Owner's around the analysis to demonstrate the additional costs (to be borne by consumers) from fixing only demand inputs 15 months before tariffs go live.
- ESO and Proposer engaged with Ofgem to ensure that the proposed additional analysis is aligned with the direction of the Send back letter.
- Potential Terms of Reference to address the Send Back have been drafted below, were Panel to agree the Workgroup should be reconvened:
  - Consider whether the modifications should be amalgamated ahead of the FMR being resubmitted to the Authority
  - Secure further supporting evidence to demonstrate how often forecasts for previous charging years would have been incorrect and what the subsequent increased cost to consumers would have been.

# CMP286 and CMP287 Authority Send-Back – Governance Rules

8.23.12 If the **Authority** determines that the **CUSC Modification Report** is such that the **Authority** cannot properly form an opinion on the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**, or where the **CUSC Modification Proposal** and/or any **Workgroup Alternative CUSC Modification(s)** constitutes an **EBGL Amendment** where the **Authority** requires an amendment to **CUSC Modification Proposal** and/or any **Workgroup Alternative CUSC Modification(s)** in order to approve it, it may issue a direction to the **CUSC Modifications Panel**:

- (a) specifying the additional steps (including drafting or amending existing drafting associated with the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**), revision (including revision to the timetable), analysis or information that it requires in order to form such an opinion; and
- (b) requiring the **CUSC Modification Report** to be revised and to be re-submitted.

8.23.13 If a **CUSC Modification Report** is to be revised and re-submitted in accordance with a direction issued pursuant to Paragraph 8.23.12, it shall be re-submitted as soon after the **Authority's** direction as is appropriate, (and in the case of an **EBGL Amendment** within 2 months), taking into account the complexity, importance and urgency of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**. The **CUSC Modifications Panel** shall decide on the level of analysis and consultation required in order to comply with the **Authority's** direction and shall agree an appropriate timetable for meeting its obligations. Once the **CUSC Modification Report** is revised, the **CUSC Modifications Panel** shall carry out its **CUSC Modifications Panel Recommendation Vote** again in respect of the revised **CUSC Modification Report** and re-submit it to the **Authority** in compliance with Paragraphs 8.23.4 to 8.23.6.

Panel to agree next steps following send-back on 30 June 2023:

**NOTE** that Ofgem are asking the Final Modification Report and Legal Text to be updated

**AGREE** whether or not this needs to be assessed by a Workgroup

**AGREE** Workgroup's Terms of Reference (if Panel determine a Workgroup is needed)

**AGREE** whether or not (following the assessment by the Workgroup) a Code Administrator Consultation is needed to be run before it is re-presented to Panel for Recommendation Vote

# CMP315:TNUoS Review of the expansion constant and the elements of the transmission system charged for & CMP375: Enduring Expansion Constant & Expansion Factor Review Timeline Update

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	TBC	TBC	TBC
New timeline	31 October 2023	07 December 2023	11 January 2024

**Rationale:** Workgroup have requested a timeline extension to allow for solution refinement.

**Workgroups Remaining:** 2

**Ask of Panel:** Agree revised timeline

# CMP393: Using Imports and Exports to Calculate Annual Load Factor for Electricity Storage Timeline Update

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	20 July 2023	21 September 2023	10 October 2023
New timeline	TBC	TBC	TBC

**Rationale:** Workgroup have requested a timeline extension to carry out further research and finalise scope. The timeline will be issued for August 2023 CUSC Panel, along with updated Terms of Reference for approval.

**Workgroups Remaining:** TBC

**Ask of Panel:** Agree revised timeline

# CMP402: Introduction of Anticipatory Investment (AI) principles within the User Commitment Arrangements Timeline Update

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	20 July 2023	21 September 2023	10 October 2023
New timeline	17 August 2023	19 October 2023	09 November 2023

**Rationale:** Following Workgroup Consultation feedback where a number of Workgroup members felt that the pre-FID liability percentages were too large, the Proposer requires time to finalise an alternate proposal ahead of being shared with the Workgroup.

**Workgroups Remaining:** 2

**Ask of Panel:** Agree revised timeline



# Panel Tracker

Milly Lewis, Code Administrator



## Discussions on Prioritisation

- **AGREE** where New Modifications that need Workgroups are placed in the prioritisation stack
- **CARRY OUT** deep-dive assessment of all Modifications that sit within the prioritisation stack



# Workgroup Report

**CMP392: Transparency and legal certainty as to the calculation of TNUoS in conformance with the Limiting Regulation**

Teri Puddefoot (Code Administrator Chair)

# Key points to note to the Panel

- Under [CMP391](#) a definition of “Charges for Physical Assets Required for Connection” which reflects the Limiting Regulation has been added to the CUSC. [CMP392](#) seeks to provide stakeholders with legal certainty and transparency of the methodology including the calculation and the output of the calculation. CMP392 will not trigger a tariff change.
- ESO raised two alternatives to this
- ESO gave consideration the resource required to provide the methodology required within the Original. Following some review it was noted that this was less than initially expected

# **Solution(s) and Workgroup Vote**

## **Solution/summary of solutions:**

- CMP392 Original seeks to publish the construction of the “Connection Exclusion” and its application in setting TNUoS (Transmission Network Use of System), along with the methodology and the output of the calculation.
- WACM1 proposes to codify the obligation for the ESO to publish a guidance note on an annual basis that will explain the methodology used to calculate TNUoS Adjustment Tariff for the purposes of the Limiting Regulation. Implementation would mirror the Original.
- WACM2 is a combination of the Original Proposal and WACM1. This would see the calculation published on a project by project basis, with an accompanying guidance note, with implementation mirroring the Original.

## **Summary of Workgroup Vote:**

- The Workgroup concluded unanimously that the Original and WACM2 better facilitated the Applicable Objectives than the Baseline.
- The Workgroup Chair saved WACM1 to ensure that a full suite of options is available for consideration

# 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 EBR implications	There are no EBR implications
b) Identify criteria for which particular charges fall (and which do not fall) within the Connection Exclusion	See the Proposers solution
c) Consider what principles should be codified and why	See the Proposers solution and Why Change, and WACM solutions
d) Consider what the ESO should publish to demonstrate that TNUoS has been calculated in accordance with the Limiting Regulation	See Workgroup considerations

# CMP392– 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 – CAC has been extended to 20 days taking into consideration the holiday period

# CMP392 Next Steps

Milestone	Date
Code Administrator Consultation (15 working days)	04 August 2023 to 5pm on 04 September 2023
Draft Final Modification Report issued to Panel	21 September 2023
Draft Final Modification Report presented to Panel	29 September 2023
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	06 October 2023
Submission of Final Modification Report to Ofgem	13 October 2023
Ofgem decision date	TBC
Implementation Date	10 Business Days after the Authority approval.



# Workgroup Report

**CMP408: Allowing consideration of a different notice period for BSUoS tariff settings**

Deborah Spencer (Code Administrator Chair)

# Key points to note to the Panel

- Whilst considering what fixed period was appropriate for section (c) terms of reference, the Workgroup determined solutions involving changes to the fixed period. These were raised as possible WACMs.
- It was highlighted to the Workgroup that proposing to change the fixed period involves a change to section 11 (non charging) and, as a charging modification, CMP408 cannot look to modify any other section of the CUSC (Governance rule 8.16.2).
- As discussion on both WACMs had taken place within the Workgroup and are dependent on the CMP408 decision, they are being raised as two consequential modifications to be considered alongside CMP408.
  - CMP415 – Amending the fixed price period from 6 to 12 months
  - CMP416 – Amending the fixed price period from 6 to 12 months with two seasonal tariffs

# Solution and Workgroup Vote

## **Solution:**

- This Original proposal seeks to amend the ex-ante fixed BSUoS tariff notice period from 9 to 3 months whilst maintaining the current 6 month fixed period. Implementation 1 April 2024.

## **Summary of Workgroup Vote:**

- The Workgroup concluded by majority (8 out of 9) that the current Baseline arrangements better facilitate the applicable CUSC objectives than the Original proposal.

# 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 EBR implications	No EBR implications.
b) Consider what notice period is appropriate	Under consideration of Proposer's solution
c) Consider what fixed period is appropriate taking into account 2 <sup>nd</sup> BSUoS Taskforce conclusions	Under consideration of Proposer's solution
d) Consider whether the implementation of the tariff introduced by CMP408 (if approved for implementation on 1 April 2024) would supercede any prior tariff set in the current 9-month notice period	Under consideration of Proposer's solution
e) Consider Ofgem's decision letter re: CMP361/CMP362	Under consideration of Proposer's solution

# CMP408 – 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** the two Consequential Modifications to be considered alongside CMP408
- **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
- **NOTE** two consequential modifications (CMP415 and CMP416) have been raised alongside CMP408 as they are intrinsically linked.

# CMP408 Next Steps

Milestone	Date
Code Administrator Consultation (20 working days)	04 August 2023 to 04 September 2023
Draft Final Modification Report issued to Panel	21 September 2023
Draft Final Modification Report presented to Panel	29 September 2023
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	04 October 2023 to 11 October 2023
Submission of Final Modification Report to Ofgem	13 October 2023
Ofgem decision date	End November 2023
Implementation Date	1 April 2024



# Draft Final Modification Report

**CMP330: Allowing new Transmission Connected parties to  
build Connection Assets greater than 2km in length &  
CMP374: Extending contestability for Transmission  
Connections**

Milly Lewis

# Solution(s)

## Solution/summary of solutions:

- **Proposer's solution:** To amend the CUSC Section 14 to allow contestability in the construction of connection assets and remove the link between contestability eligibility and TNUoS charging which creates a limit on contestable connections of 2km.
- **WACM1:** To extend the implementation date from the Original proposal (of six months) by an additional six months following Ofgem's decision. This would extend the implementation timeline to twelve months following Ofgem's decision.
- CMP330/ CMP374 and CMP414 should be considered in conjunction with each other in terms of approval and implementation.

# Code Administrator Consultation Responses

## Summary of Code Administrator Consultation Responses :

- Code Administrator Consultation was run from 01/06/2023 to 29/06/2023 and received 6 non-confidential responses and 0 confidential responses. Key points were:
  - The majority of respondents (5 out of 6) felt that the Original and WACM1 better facilitated the applicable CUSC Objectives and were supportive of implementation.
  - The respondent who was not supportive of implementation felt that the solution did not consider the developments in Transmission Licensees' transmission businesses. Nor did they feel that the solution was complete.
  - No legal text issues identified.

# CMP330&CMP374 - 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
- **NOTE** next steps, the consequential STC modification CM079 Final Modification Report is expected to be issued to the Authority in December 2023

# CMP330&374 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	28 July 2023
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	02 August 2023 – 09 August 2023
Submission of Final Modification Report to Ofgem	10 August 2023
Ofgem decision date	CMP330/CMP374 and CMP414 should be considered in conjunction with each other in terms of approval.
Implementation Date	6 months following the Authority's decision for the Original solution, 12 months following the Authority's decision for WACM1.



# Draft Final Modification Report

**CMP414: CMP330/CMP374 Consequential Modification**

Milly Lewis

# Solution(s)

## **Solution/summary of solutions:**

CMP414 enacts the CMP330/CMP374 Workgroup solution, by updating Exhibit B, Section 2, and Section 11 of the CUSC. Providing a more detailed treatment of Contestable Assets and Adoption Agreement.

CMP330/ CMP374 and CMP414 should be considered in conjunction with each other in terms of approval and implementation.

# Code Administrator Consultation Responses

## Summary of Code Administrator Consultation Responses :

- Code Administrator Consultation was run from 01/06/2023 to 29/06/2023 and received 4 non-confidential responses and 0 confidential responses. Key points were:
  - Whilst all respondents supported the implementation approach, 2 out of the 4 responses felt that the Original better facilitated the applicable CUSC Objectives (b) and (d). The other 2 responses disagreed and felt that it negatively impacted objectives (a) and (d), 1 response also felt that it negatively impacted objective (b).
  - 2 responses confirmed that they covered their response to CMP330, CMP374 and CMP414, and felt that at the very least the six months implementation period was required, in order to:
    - Allow TOs/ESO time to establish revised ways of working.
    - Give TOs/Ofgem time to consider consequential impacts on the Price Control and ensure enduring licence compliance.
  - 1 respondent felt that the phrase 'shared works' in clause 2.23.4b was too vague and could be interpreted in multiple ways. To remove any confusion, they suggested replacing the word 'works' with 'assets'.
    - 2.23.4b: Where the proposed **Contestable Assets** will be, or can reasonably be foreseen to be, shared assets ~~works~~ with other **Users**, or;

# Code Administrator Consultation – Legal Text Changes. What do the CUSC Governance Rules say?

8.23.4 A draft of the **CUSC Modification Report** shall be tabled at the **Panel Meeting** prior to submission of that **CUSC Modification Report** to the **Authority** as set in accordance with the timetable established pursuant to Paragraph 8.19.1 at which the Panel may consider any minor changes to the legal drafting, which may include any issues identified through the **Code Administrator's** consultation and:

(i) if the change required is a typographical error the **CUSC Modifications Panel** may instruct the **Code Administrator** to make the appropriate change and the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**; or

(iv) In the case of a modification that had been directed pursuant to CUSC 8.19.2(e) to proceed directly to wider consultation without the formation of a **Workgroup**, and if the change required is not considered to be a typographical error, then the **CUSC Modifications Panel** may direct the **Code Administrator** in conjunction with the **Proposer** to review the change. If the **CUSC Modifications Panel**, the **Code Administrator** and the **Proposer** agree that the change is minor the **CUSC Modifications Panel** may instruct the **Code Administrator** to make the appropriate change and the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**, otherwise for changes that are not considered to be minor the **Code Administrator** shall issue the **CUSC Modification Proposal** for further **Code Administrator** consultation after which the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**. In the case of a change that is not considered to be minor, the **CUSC Modifications Panel** may also consider whether to establish a **Workgroup** of the **CUSC Modifications Panel**, to further consider the **CUSC Modification Proposal**, in which case the procedures set out within CUSC 8.20 will be followed as required.

(v) if a change is not required after consideration by the **CUSC Modifications Panel**, the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**.

**Code Admin must present the proposed legal text changes**

**Panel have 3 choices:**

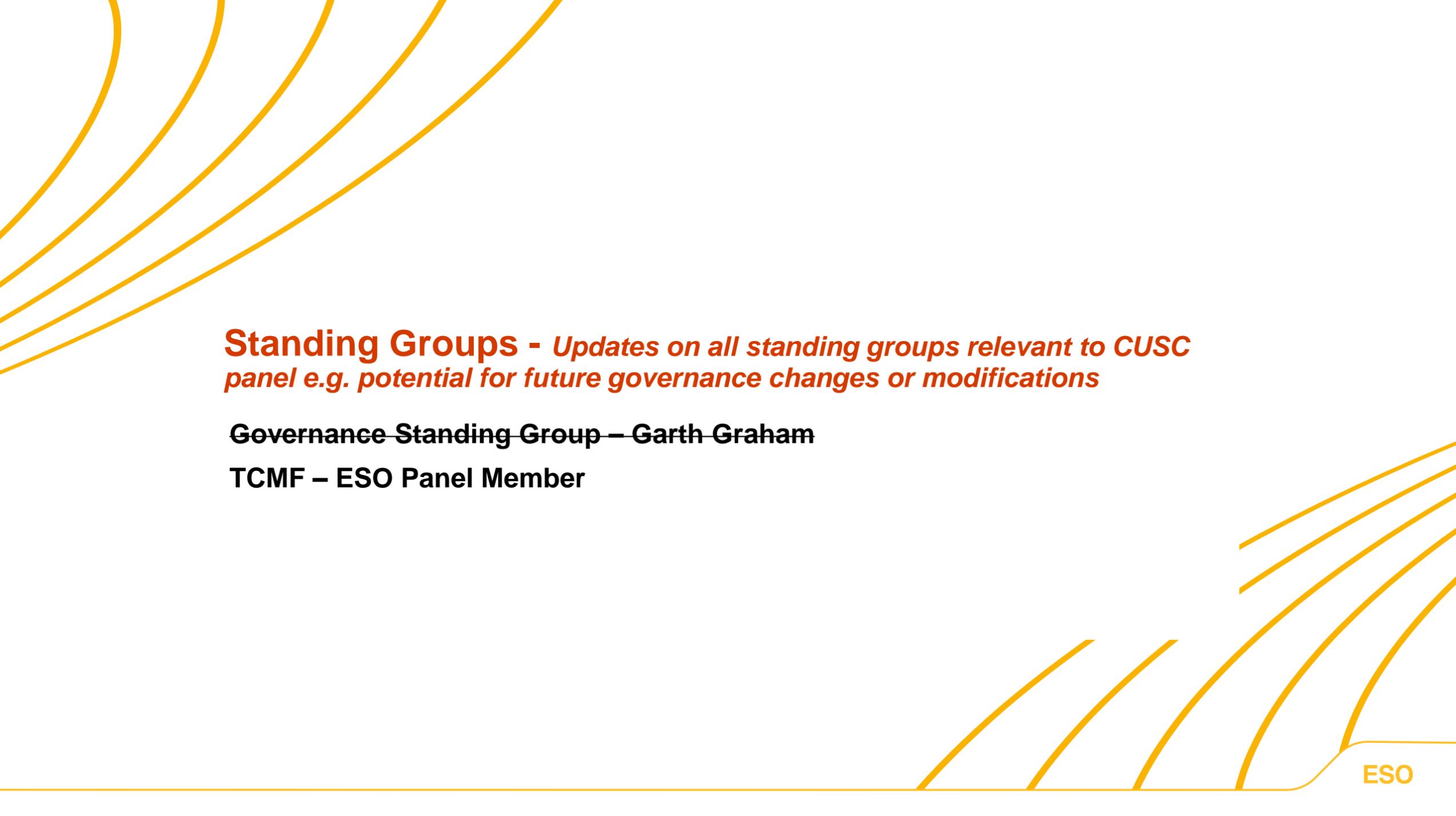
- **Agree** the change is **typographical** and instruct **Code Admin** to make the **change under 8.23.4(i)**. Then we carry out **Recommendation Vote**; or
- **Agree the change is not needed** under 8.23.4(v). Then we carry out **Recommendation Vote**; or
- **Under 8.23.4(iv), Direct Code Admin and Proposer to review the change or Agree to run a 2<sup>nd</sup> Code Administrator Consultation** (and agree how long this is to be run for) **or Ask for a Workgroup to be formed. Then re—issue the Draft Final Modification Report to Panel for Recommendation Vote.**

# CMP414 – the asks of Panel

- **AGREE** whether or not the proposed changes to the legal text are typographical
- **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
- **NOTE** next steps, the consequential STC modification CM079 Final Modification Report is expected to be issued to the Authority in December 2023.

# CMP414 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	28 July 2023
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	02 August 2023 – 09 August 2023
Submission of Final Modification Report to Ofgem	10 August 2023
Ofgem decision date	CMP414 and CMP330/CMP374 should be considered in conjunction with each other in terms of approval.
Implementation Date	CMP414 and CMP330/CMP374 should be considered in conjunction with each other in terms of implementation date.



**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 – ESO Panel Member**



**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**

- Previous meeting -13 June 2023 [Meeting materials and Headline Report](#)
- Next meeting – 08 August 2023



## Updates on other industry codes

# Relevant Interruptions Claim Report

(January, April, July, October)

[ESO Webpage>Industry Information> Connections>Reports and registers>Relevant Interruptions Claims Reports> Relevant Interruptions Claims Reports June 2023](#)



## **Code Administrator Update**



**Any Other Business**

## Activities ahead of the next Panel Meeting

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<b>Transmission Charging Methodologies Forum</b>	03 August 2023
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<b>Modification Proposals to be submitted</b>	10 August 2023
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<b>Papers Day</b>	17 August 2023
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<b>Panel Meeting</b>	25 August 2023 Teams
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# Close



**Jon Wisdom**

Acting Independent Chair, CUSC Panel