

CUSC Panel Minutes

29 September 2023

CUSC Panel Minutes

Date: 29/09/2023 **Location:** Microsoft Teams
Start: 10:00 **End:** 13:30

Participants

| Attendee | Initials | Representing |
|----------------------|----------|--|
| Jon Wisdom | JW | Acting Independent CUSC Panel Chair |
| Milly Lewis | ML | Panel Secretary, Code Administrator Representative |
| Ren Walker | RW | Panel Technical Secretary, Code Administrator |
| Andrew Enzor | AE | Users' Panel Member |
| Andy Pace | AP | Consumers' Panel Member |
| Binoy Dharsi | BD | Users' Panel Member |
| Cem Suleyman | CS | Users' Panel Member |
| Claire Huxley | CH | Alternate Panel Member, National Grid ESO |
| Garth Graham | GG | Users' Panel Member |
| Grace March | GM | Users' Panel Member |
| Joe Dunn | JD | Users' Panel Member |
| Paul Jones | PJ | Users' Panel Member |
| Mark Duffield | MD | Users' Panel Member Alternate |
| Nadir Hafeez | NH | Authority Representative |
| Rashmi Radhakrishnan | RR | BSC Representative (Observer) |

Apologies

| Attendee | Initials | Representing |
|----------------|----------|--|
| Shazia Akhtar | SA | Panel Technical Secretary (Code Administrator) |
| Trisha McAuley | TM | Independent Panel Chair |

Presenters / Observers

| Attendee | Initials | |
|----------------|----------|---------------------------------------|
| Camile Gilsean | CG | ESO, Commercial Codes Team - Observer |
| Sarah Carter | SC | Code Governance Manager |
| Joe Colebrook | JC | Observer |
| Lauren Jauss | LJ | Observer |
| Kyran Hanks | KH | Observer |
| Kavita Patel | KP | ESO – CMP288 SME |
| Paul Mullen | PM | ESO, Connections Team (AOB) |
| Damian Clough | DC | Proposer of CMP420 |

1. Introductions and Apologies

12093. Apologies were received from Trisha McAuley and Shazia Akhtar. GG noted a declaration of interest for CMP420 due to the Proposer of the modification being SSE Generation Ltd.
12094. CH advised the Panel that it has been confirmed that herself and CG will be the National Grid ESO CUSC Panel representatives.

2. Minutes from previous meetings

12095. The minutes from the CUSC Panel held on 25 August 2023 were approved.

3. Review of actions log

12096. ML provided the following updates:
12097. Action **182** – ML confirmed that a Housekeeping Modification will be raised in October 2023. GG questioned if the housekeeping modification could follow the Self – Governance route as Section 8 changes require an Authority decision. NH confirmed that the proposed housekeeping modification can proceed as a Self – Governance modification.
12098. Action **187** – ML advised that a meeting is still to be confirmed between ESO and the Proposer of CMP304.
- Both actions will remain open until the next Panel meeting.

4. Chair's update

12099. The Chair explained that TM is hoping to be back for the October Panel, however Jon Wisdom has been lined up as a back up to cover both Grid Code and CUSC Panels in October if required.

5. Authority Decisions

Decisions since the last Panel

12100. NH confirmed that a decision on [CMP288](#): Explicit charging arrangements for customer delays and back feeds was made on 14 September 2023. NH advised that the Authority sent – back this modification as further work was needed on the Final Modification Report. The CMP288 decision letter can be found via the following [link](#).

Awaiting Decisions

| Modification | What this seeks to achieve | Expected Decision Date |
|--------------------------|--|--|
| CMP298 | Process for aggregated assessment of Distributed Generators that impact (or may impact) on the National Electricity Transmission System. | 20 October 2023 |
| CMP330&CMP374 | To amend the definition of Connection Assets in section 14 of the CUSC to allow cable and overhead line lengths over 2km to be contestable where agreed between the Transmission Owner and the User. | 08 March 2024 |
| CMP331 | To provide new generators with the option to replace the generic Annual Load Factors (ALFs) used to determine their TNUoS charges with a user-provided ALF. | 30 October 2023 (previously 29 September 2023) |
| CMP344 | Clarifies that the allowed revenue for Transmission Owners recovered from Transmission Users under the Charging Methodologies is fixed for each onshore price control period for onshore transmission licensees and at the point of asset transfer for OFTOs. | 08 December 2023 (previously 29 September 2023) |
| CMP376 | Seeks to implement the queue management process into CUSC including introducing a right for the Electricity System Operator (ESO) to terminate contracted projects which are not progressing against agreed milestones. | 10 November 2023 (previously 15 September 2023) |
| CMP379 | Seeks to clarify how TNUoS demand zones and therefore TNUoS demand tariffs and charges should be determined for transmission-connected demand users who connect at the boundaries of multiple DNO areas | 16 October 2023 |
| CMP398 | GC0156 will place new obligations, within the Grid Code, upon CUSC Parties who are not contracted with the ESO as Restoration Service Providers. CMP398 proposes to introduce a codified cost recovery mechanism to prevent the affected parties being commercially disadvantaged by the implementation of the new obligations | 31 October 2023 (previously 06 October 2023) |
| CMP412 | CMP398 Consequential Charging Modification | 31 October 2023 (previously 06 October 2023) |
| CMP414 | Seeks to enact the Workgroup solution from CMP330/CMP374, by updating Exhibit B, Section 2, and Section 11 of the CUSC | 08 March 2024 |

12101. Ofgem publish a table that provides expected decision dates, or dates that they intend to publish an impact assessment or consultation, for code modifications/proposals that are with them for decision. This was last updated on 21 September 2023 and is published [here](#).

12102. NH provided an update on the Future System Operator (FSO) Code Change Programme. NH explained that following the call for volunteers for industry representatives to join the cross code working group to develop the FSO code changes, a consultation will open on the two new licensees. NH confirmed that the first Workgroup will be held in October and further updates will be continued.

6. New Modifications

CMP420: Treatment of BSUoS Revenue Recovery and creation of a BSUoS Fund

12103. DC presented CMP420 to the Panel and explained that currently, the CUSC is silent over the treatment of BSUoS revenues which are recovered in excess of the actual BSUoS costs for a given period 'Over recovery'. This modification will codify the treatment of Over recovery and allow the potential use of Over recovery to reduce the risk of reopening prices during a future Fixed Period.
12104. Some Panel members had feedback for the Proposer on the proposal itself, the primary areas of feedback were:
- The defect; this could have been written clearer as Panel members questioned if as well as over recovery, could this also include under recovery, noting that these are two separate issues but would be sensible to address both under this proposal. Albeit Panel members noted that having a narrow defect can minimise wider issues on BSUoS being raised.
 - Impacted Parties; a Panel member noted that this needs to be considered further as the proposal could have a higher impact on certain parties, which hasn't been identified in the proposal.
12105. The Proposer acknowledged the feedback provided by Panel members and agreed that CH and DC would go away to further refine the Proposal, taking into consideration the Panel discussions. **ACTION 188**
12106. The Panel unanimously agreed that **CMP420** should follow the standard governance process and proceed to a Workgroup. The Panel discussed and drafted the Terms of Reference but did not approve the Terms of Reference for the Workgroup.

7. In flight modification updates

12107. ML talked the Panel through the progression of the in-flight modifications. The modification tracker can be found on the National Grid ESO website via the following link:
<https://www.nationalgrideso.com/calendar/cusc-panel-meeting-29092023>

CMP271: Improving the cost reflectivity of demand transmission charges

12108. ML explained that the Proposer withdrew their support for CMP271 on 29 August 2023. A withdrawal window was opened for 5 business days from this date. No parties came forward to become the Proposer for this Modification.
12109. The Panel unanimously agreed that CMP271 could be officially withdrawn.

CMP276: Socialising TO costs associated with green policies

12110. ML advised that the Proposer withdrew their support for CMP276 following the Authority decision on CMP264/CMP265. A withdrawal window was opened from 29 August 2023 for 5 business days.
12111. The Panel unanimously agreed that CMP276 could be officially withdrawn.

CMP286: Improving TNUoS Predictability through increased notice of the Target Revenue

12112. ML advised the Panel that following the Authority send back of CMP286 and CMP287 the Workgroup propose to resubmit the Final Modification Reports separately. ML advised that one further Workgroup is scheduled for CMP286.
12113. The Panel unanimously agreed to the timeline extension.

CMP287: Inputs used in the TNUoS Tariff Setting Process Timeline Update

12114. ML advised the Panel that following the Authority send back of CMP286 and CMP287 the Workgroup propose to resubmit the Final Modification Reports separately. CMP287 will require more Workgroup meetings to finalise the required analysis.
12115. The Panel unanimously agreed to the timeline extension.

CMP288: Explicit charging arrangements for customer delays and backfeeds Authority Send-Back

12116. ML advised the Panel that on 14 September 2023, Ofgem sent back the CMP288 Final Modification Report for further work and directed Panel to revise and resubmit the CMP288 Final Modification Report, due to the FMR being unclear, specifically in terms of processes to be followed and the methodology to be used in order to set the charges resulting from a User-initiated delay or backfeed.
12117. The Send back letter outlined the following deficiencies in the analysis contained in the submitted FMR, as well as the proposed legal text of CMP288:
- Proposed categories of charges: definitions and scope
 - Reinforcement works assessment
 - Consistent application across TOs
 - Clarity with regards to scope of application
 - Magnitude of costs: examples
12118. The Panel discussed the next steps for CMP288 following the send back letter. The Panel agreed that the Terms of Reference for CMP288 should include the additional five deficiencies that Ofgem raised in their decision letter. ML confirmed that the Terms of Reference will be shared with the CMP288 Workgroup but noted that there could be additional Terms raised by the Workgroup.

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

12119. ML advised the Panel that a last-minute Alternative Request was made following discussions on the Early Cost Assessment process, therefore an extension on the timeline is required.
12120. The Panel unanimously agreed to the timeline extension.

CMP411: Introductory of Anticipatory Investment (AI) principles within the Section 14 charging methodologies

12121. ML advised the Panel that a consequential modification is being raised to put the necessary definitions into Section 11 of the CUSC and the legal text is being updated following feedback from a Workgroup member. The Workgroup Report will now be presented at the October 2023 Panel.
12122. The Panel unanimously agreed the new timeline.

CMP417: Extending principles of CUSC Section 15 to all Users Request to change Terms of Reference

12123. ML advised the Panel that the CMP417 Workgroup have made amendments to the Terms of Reference. The Panel reviewed and agreed to the additional points made to the Terms of Reference.

8. Prioritisation Stack / Dashboard

12124. ML advised the Panel that as [CMP271](#) and [CMP276](#) have now been withdrawn, they would be removed from the stack along with [CMP392](#), [CMP408](#) and [CMP415](#) which will all shortly be sent off to the Authority for a decision.

12125. The Panel conducted a review of the prioritisation stack and agreed that no changes were required to the ordering of the existing stack. The Panel went on to decide where [CMP288](#) and the new modification [CMP420](#) should sit amongst the stack.

[CMP288: Explicit charging arrangements for customer delays and backfeeds Authority Send-Back](#)

12126. The Panel agreed to return CMP288 to the same priority it was given prior to the initial submission of the FMR, due to the consideration required by the Ofgem send back letter of 14 September 2023.

[CMP420: Treatment of BSUoS Revenue Recovery and creation of a BSUoS Fund](#)

12127. The majority of the Panel agreed that due to the complexity of the defect, the potential value of an unofficial fund, interactions with the Future System Operator and the timing of its set up, this was placed as “Medium to High” in the prioritisation stack.

The updated prioritisation stack can be found via the following link:

[CUSC Prioritisation Stack - Post Panel September 2023 2.xlsx](#)

9. Workgroup Reports

12128. There were no Workgroup Reports presented to the Panel.

10. Draft Final Modification Reports

[CMP392: Transparency and legal certainty as to the calculation of TNUoS in conformance with the Limiting Regulation](#)

12129. ML explained that 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.

12130. ML advised that 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 and 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

12131. The Code Administrator Consultation was held between 04 August 2023 to 04 September 2023 and received 6 non-confidential responses and no legal text issues were identified. Key points from the consultation were:

- All respondents stated they support the proposed implementation approach.
- All respondents felt the Original and WACM2 better facilitates the CUSC objectives.
- Two out of the six respondents stated WACM1 better facilitated the objectives.
- The respondents who were supportive of both the Original Proposal and WACM2 were so, amongst other reasons, because of the provision of transparency and legal certainty around the methodology and calculations.
- The respondent who expressed support for WACM1 felt this option provided sufficient transparency and represented the most efficient option for industry whilst ensuring

compliance (limiting regulation). The same respondent stated the extra resources required for the Original and WACM1 from the ESO would be disproportionate to the benefits transparency on a site-by-site basis may bring.

- The respondents not supportive of WACM1 felt it could potentially be negative against competition as could lead to instances of information asymmetry between parties and consequential disputes.

12132. The Panel held their recommendation vote for CMP392. The Panel has recommended unanimously that the Proposer's Original solution and WACM2, and by majority that WACM1 better facilitate the CUSC Applicable Objectives. The Final Modification Report will be sent to Ofgem on 13 October 2023.

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

12133. ML advised that this modification 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.

12134. The Code Administrator Consultation was held between 16 August 2023 to 13 September 2023 and received 7 non-confidential responses and no confidential responses. Key points from the consultation responses were:

- Five respondents stated the Baseline better facilitates the CUSC objectives than the Original Proposal.
- Three respondents stated they support the proposed implementation approach.
- One of these respondents indicated they only support the implementation of CMP408 on the basis that CMP415 Original or CMP415 WACM1 is also implemented. The respondent stated they did not support the implementation of CMP408 on its own.
- Those respondents not supportive of the Original Proposal, amongst other concerns, stated it increased risk exposure for suppliers on fixed contracts increasing the likelihood of including risk premium and overall costs to consumers.
- No legal text issues identified.

12135. The Panel held their recommendation vote for CMP408. The Panel has recommended by majority that the Proposer's solution does not better facilitate the CUSC Applicable Objectives. The Final Modification Report will be sent to Ofgem on 13 October 2023.

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

12136. ML advised the Panel that CMP415 seeks to amend the definition of the Fixed Price Period from 6 to 12 months. WACM1 amends the definition of the Fixed Price Period from 6 months to 12 months but with two seasonal tariffs: a spring summer tariff (1 April to 30 September) and an autumn winter tariff (1 October to 31 March).

12137. The Code Administrator Consultation was held between 16 August 2023 and 13 September 2023 and received 6 non-confidential responses and no confidential responses. The key points raised from the consultation were:

- Two respondents stated the Original Proposal and WACM 1 better facilitates objective b.
- Two respondents stated they support the proposed implementation approach. One respondent further clarified they would only support implementation of CMP415 WACM1 if CMP408 is approved.
- Two respondents stated they did not agree any change should result in tariffs being replaced.

- Three respondents supportive of WACM1 were so, amongst other reasons, because of having a longer notice period increases price certainty for suppliers so no risk of premium charge to customers is required.
- Three respondents not supportive of the Original or WACM1, amongst other concerns, stated there was insufficient evidence that a defect exists in the current charging methodology as it has only been in place for a few months, neither solution had demonstrated any benefit of how improved forecasting will outweigh the additional risk premium included in contracts due to less notice provided.
- No legal text issues identified.

12138. The Panel held their recommendation vote for CMP415. The Panel has recommended unanimously that the Proposer's Original solution and by majority that WACM1 do not better facilitate the CUSC Applicable Objectives. The Final Modification Report will be sent to Ofgem on 13 October 2023.

11. Standing Groups

Transmission Charging Methodology Forum (TCMF)

12139. CH advised that the the last meeting was held 7 September 2023. The papers and presentations for the last meeting can be found via the following link: <https://www.nationalgrideso.com/calendar/transmission-charging-methodologies-forum-tcmf-07092023>

12140. The next TCMF meeting will be held on 5 October 2023.

12. European Updates

Joint European Stakeholder Group (JESG)

12141. The last meeting was held on 12 September 2023, and the next meeting will be held on 10 October 2023. The papers and presentations for the last meeting can be found via the following link: <https://www.nationalgrideso.com/calendar/jesg-meeting-12-september-2023>

European Code Development

12142. There were no updates at this Panel meeting.

13. Updates on other Industry Codes

12143. ML advised the Panel that the CACoP (Code Administrators Code of Practice) Survey is open and closes at the end of October 2023. ML also noted that ESO Code Administrator will be taking over Chairing the CACoP Forum from 2024.

12144. RR advised the Panel that **P451** will be presented to the BSC Panel in November. RR stated that the ELEXON ownership consultation date has also be extended.

14. Relevant Interruptions Claim Report

12145. There were no updates at this Panel meeting.

15. Governance

12146. There were no updates at this Panel meeting.

16. Horizon Scan

12147. There were no updates at this Panel meeting.

17. Code Administrator Update

Energy Code Reform Update

12148. ML advised Panel that about 8 months ago there was a consultation published regarding Code Managers and what role they will have in the future. ML stated that from the consultation questions asked, Code Admin want to understand how as a Code Administrator, we can make our role as fit for purpose as possible to enable the transition to Code Manager in the future.
12149. ML advised the Panel that Code Admin have spoken to Ofgem on areas of improvement to ensure Code Admin thinking is aligned for what the future role of Code Manager could look like, and what can currently be introduced to our processes to make them efficient for industry. GG thanked ML for the updated but also noted that as the Codes are multilateral contracts, it is therefore important for those parties who are obligated under these contracts to understand what roles they have and what changes could mean for them.

18. Any Other Business (AOB)

CUSC Modification Panel Election Results 2023/25

12150. ML advised the Panel that a reminder had gone out to industry that morning to highlight that the voting window for the CUSC Panel Elections closes at 5pm next week Friday 01 September 2023. The results of the Elections will be announced by 15 September 2023.

CUSC 2024 Panel Dates

12151. ML confirmed that the CUSC Panel 2024 will continue to be held on the last Friday of every month, excluding March, August, and December due to bank holidays. ML advised Panel that invites for the 2024 Panel meetings will be sent out accordingly.

Connections Reform Body

12152. PM (ESO Connections) attended the CUSC Panel to provide an update on the Connections Reform Body. PM advised the Panel that given the various connections activities happening, there is a need to ensure coordination and oversight across all these. PM advised that Ofgem / DESNZ have asked ESO Connections to set up new external governance to support implementation.
12153. GG noted that from a stakeholder perspective, it would be useful to understand who will be sitting on the board and how many of the memberships of the Connections Reform Body will be actual parties connecting, as it is important to ensure views are represented fairly. PM confirmed that the memberships will consist of experts across each sector who are impacted by connections. PM noted there will be no change to Panel structure but more co-ordinated changes when things get to the relevant stages. PM also confirmed that ESO Connections will be reaching out to stakeholders mid to late October 2023 to advise of the reform body.

19. Close

12154. The Chair thanked the Panel for their time and contribution and brought the meeting to a close.

The next CUSC Panel meeting will be held on 27 October 2023 at Faraday House, Warwick.

New Modification Proposals are to be submitted by 12 October 2023.

CUSC Panel Papers Day is 19 October 2023.