

CUSC Panel Minutes

27 October 2023

CUSC Panel Minutes

Date: 27/10/2023	Location: Faraday House
Start: 10:00	End: 13:30

Participants

Attendee	Initials	Representing
Rob Marshall	RM	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
Camile Gilseman	CG	Panel Member, National Grid ESO
Claire Huxley	CH	Alternate Panel Member, National Grid ESO
Garth Graham	GG	Users' Panel Member
Grace March	GM	Users' Panel Member (Alternate)
Joe Colebrook	JC	Users' Panel Member
Joe Dunn	JD	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Nadir Hafeez	NH	Authority Representative
Rashmi Radhakrishnan	RR	BSC Representative (Observer)

Apologies

Attendee	Initials	Representing
Trisha McAuley	TM	Independent Panel Chair
Kyran Hanks	KH	Users' Panel Member

Presenters / Observers

Attendee	Initials	
Andy Marsh	AM	Proposer for CMP425
Graz Macdonald	GrM	Presenter for CMP425
Claire Goult	CGo	Code Administrator, Presenter for CMP402 & CMP411 WG Report
John Tindal	JT	Proposer of CMP423
Martin Cahill	MC	Proposer of CMP424
Nitin Prajapati	NP	Proposer of CMP402
Andy Malley	AM	Authority Representative

1. Introductions and Apologies

12155. Apologies were received from Trisha McAuley and Kyran Hanks. Panel members noted a declaration of interest for the following:

- GG noted a declaration of interest for CMP423 due to the Proposer of the modification being SSE Generation Ltd.
- AP noted a declaration of interest for CMP425, due to involvement in developing the modification proposal.
- It was noted that as CH chaired the CMP315/CMP375 Workgroup, therefore ML would be presenting the Workgroup Report to the Panel and CG would be acting as the ESO representative for Panel to avoid any conflicts of interest.

2. Minutes from previous meetings

12156. The minutes from the CUSC Panel held on 29 September 2023 were approved subject to one minor change by CG.

3. Review of actions log

ML advised there were no further updates on the below actions.

12157. Action **182** – ML confirmed that a Housekeeping Modification will be raised in the new year. 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.

12158. 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

12159. No further updates for the Panel.

5. Authority Decisions and Updates

Decisions since the last Panel

12160. NH confirmed the following:

Modification	What this seeks to achieve	Decision
CMP379: Determining TNUoS demand zones for transmission connected demand at sites with multiple Distribution Network Operators (DNOs)	This modification was raised to update Section 14 of the CUSC 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.	The Authority approved the Original solution on 27 October 2023.

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.	16 November 2023 (previously 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
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
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
CMP392	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.	31 January 2024
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	15 November 2023 (previously 31 October 2023)
CMP408	Following the approval of CMP361 WACM3, of an ex-ante fixed BSUoS tariff with a 9-month notice and 6-month fix, this modification seeks to amend the notice period to a 3-month notice period.	To be confirmed
CMP412	Seeks to facilitate the implementation of CMP398 and proposes a small change to Section 14 (BSUoS) to ensure that any validated costs arising via the CMP398 solution are recovered (as happens today with black start costs via BSUoS.	15 November 2023 (previously 31 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

CMP415	This modification is a consequential modification for CMP408, which looks at a change to a definition in Section 11. Amending the Fixed Price Period from 6 months to 12 months.	To be confirmed
---------------	--	-----------------

12161. 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 13 October 2023 and is published [here](#).
12162. JC highlighted to NH that although CMP298 is still pending a decision from the Authority, there are some concerns that industry is assuming approval of this modification before the Authority have made their decision. NH stated that he can feed this back to the Policy team at Ofgem and further discuss with JC offline. However, NH confirmed that a decision on CMP298 had not yet been made by the Authority.

Future System Operator

12163. NH advised that the first Cross-Code Work Group (CCWG) for the Future System Operator (FSO) Code Change Programme was held on 19 October 2023. NH confirmed that the CCWG is due to meet bi – weekly to further develop work. NH stated that the CCWG are still waiting for Code Administrator representation for some Codes, however, will continue to provide updates to the Panel on CCWG work moving forward.

Publishing Moratorium

12164. NH confirmed that Ofgem will hold their publishing moratorium between 14 December 2023 – 04 January 2024.

6. New Modifications

CMP423: Generation Weighted Reference Node

12165. JT from SSE Generation delivered a presentation on CMP423. JT explained that the TNUoS Transport model currently calculates incremental flows by bringing total generation and demand into balance by pro-rata increasing all demand using a “demand weighted reference node”. This is not cost reflective and is detrimental for effective competition. Therefore, proposing to switch from a demand weighted Reference Node to a generation weighted reference node.
12166. The Panel held discussions on **CMP423** and unanimously agreed that **CMP423** should follow the standard governance process and proceed to a Workgroup. The Panel drafted but did not agree the Terms of Reference for the Workgroup.

CMP424: Amendments to Scaling Factors used for Year Round TNUoS Charges

12167. MC (ESO) delivered a presentation on CMP424. MC explained that this modification seeks to introduce a mechanism which sets a lower limit on the variable generation scaling factors used for the purpose of Year-Round Background tariff calculation. This is to address a defect in current methodology which, without any change, we expect to calculate negative scaling factors within the next few years.
12168. The Panel questioned if a review of the SQSS (Security and Quality of Supply Standard) would also need to be carried out if changes to the CUSC are being proposed. MC stated that a review to the SQSS would be a longer process as the SQSS would be a wider review, whereas the CUSC is amending a specific area, he was awaiting confirmation on timescales for SQSS review. The Panel accepted that although a review of the SQSS will need to be progressed, they acknowledge that the CUSC issue needs to be amended accordingly.

12169. The Panel unanimously agreed that CMP424 should follow the Standard governance route and proceed to a Workgroup. The Panel agreed the Terms of Reference for the Workgroup.

CMP425: Billing Demand Transmission Residual by Site

12170. AM (Nissan Motor Manufacturing (UK) Limited (NMUK) and GrM (Waters Wye Associates) presented CMP425 to the Panel and explained the reasons why this has been raised as an urgent modification. They explained that the current charging of the Transmission Residuals is done by the Lead Party of a BMU. This means multiple customers at one transmission connection point who choose different Suppliers get multiple charges, discouraging competition in supply and leading to undue discrimination between different system users.

12171. The Proposer set out their rationale for Urgency against Ofgem's Urgency criteria (a) which is as follows:

a) A significant commercial impact on parties, consumers or other stakeholder(s).

Nissan and AESC UK are asking that the modification be treated as urgent. Our investments decisions are not yet finalised and transmission charges are now on the critical path. Our senior management teams therefore would ideally like to see this issue resolved before finalising their plans. As Ofgem is aware, Nissan and AESC UK had thought that the IDNO route would address our concerns, but Ofgem has been helpful in indicating that they were not comfortable that an IDNO is appropriate for a TO connected site. This has therefore become an urgent issue for these manufactures seeking to invest in the UK.

This is therefore an imminent issue to Nissan and AESC UK with a significant commercial impact on our business plans. An accelerated timetable is unlikely to provide the comfort required to the negotiating parties, either with Workgroups or if progressing straight to Code Administrator Consultation. While we recognise that implementing the modification could come at a later date, the urgency of this modification is in the decision and understanding the direction of travel from relevant stakeholders, i.e. the Authority, CUSC Panel and industry parties (through consultation responses). Ideally, the modification would be progress as Urgent Straight to Code Administrator Consultation, as this would enable the views of industry parties to be publicly available by 15 November.

12172. The CUSC Panel held their recommendation vote on Urgency. The majority view of the Panel is that CMP425 does meet Ofgem's Urgency criteria. Therefore, the recommendation of the Panel is that CMP425 should be treated as an Urgent CUSC Modification Proposal and proceed to Workgroup. Panel members set out their rationale behind this decision:

- Panel recognised and agreed with the Proposer's justification for urgency against Ofgem's criteria (a).
- Panel also recognised that whilst it is not clear whether the defect is a genuine defect in the Code away from the intention of the Transmission Demand Residual, or evidence that the ESO is not billing in accordance with the Code, the material impact to the proposer is significant. If the ESO is billing in breach of the Code, an Authority decision is needed as soon as possible to allow them to make corrections to the billing process.
- One Panel member disagreed that CMP425 didn't meet the Ofgem criteria and explained that this because the scale of the impact is not clear in the proposal and there is no analysis to justify this. Whilst noting that there is an impact to the users mentioned, but the wider impact isn't clear in the proposal.

12173. The Proposer's initial solution was to amend 14.17.1 of the CUSC, however at the CUSC Panel on 27 October 2023, the Panel provided feedback to the Proposer that the proposed

change would be better reflected within 14.17.13. The Proposer took this feedback and subsequently amended their proposed legal text.

- 12174. The Urgency letter will be submitted to the Authority for a decision by 02 November 2023. *(Post Meeting Note: CMP425 was granted urgency on 02 November 2023 and the Authority approved the timeline put forward by the Panel. The first Workgroup for CMP425 was held on 07 November 2023 and the Workgroup Consultation published on 10 November, closing on 15 November 2023.)*

7. In flight modification updates

- 12175. 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-faraday-house-27102023>

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

- 12176. ML advised the Panel that one further Workgroup is needed for CMP286 before the Workgroup Report is submitted to the Panel.

- 12177. The Panel unanimously agreed to the timeline extension.

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

- 12178. ML advised the Panel that a further clarity is required on the solution, including analysis to justify the numbers being codified into the CUSC. There was also a late alternative request made which required further development and clarity, with a further potential alternative being raised once the solution is finalised. last minute Alternative Request was made following discussions on the Early Cost Assessment process, therefore an extension on the timeline is required.

- 12179. The Panel unanimously agreed to the timeline extension.

CMP418: Refine the allocation of Static Var Compensators (SVC) costs at OFTO transfer

- 12180. ML advised the Panel that a timeline extension request is required to ensure alignment between the Proposer’s diary and when the Workgroup meetings are scheduled for to ensure quoracy.

- 12181. The Panel unanimously agreed the new timeline.

CMP419: Generation Zoning Methodology Review

- 12182. ML advised the Panel that the CMP419 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

- 12183. The Panel carried out 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 **CMP423**, **CMP424** and **CMP425** should sit amongst the stack.

Modification	What this seeks to achieve	Panel Comments	Position in Prioritisation Stack
--------------	----------------------------	----------------	----------------------------------

<p>CMP423</p>	<p>This modification proposes to switch from a demand weighted Reference Node to a generation weighted Reference Node instead.</p>	<p>Due to the complexity and technical aspects of the defect, alongside the amount of time the TNUoS Task Force had already contributed to the development of the solution, the Panel considered modification should be prioritised as 'Medium to High'</p>	<p>Medium to High</p>
<p>CMP424</p>	<p>This modification seeks to introduce a mechanism which sets a lower limit on the variable generation scaling factors used for the purpose of Year-Round Background tariff calculation. This is to address a defect in current methodology which, without any change, we expect to calculate negative scaling factors within the next few years.</p>	<p>Given the potential risk to the model and the mitigation which would come from the solution the Panel considered modification should be prioritised as 'High'.</p>	<p>High</p>
<p>CMP425</p>	<p>The current charging of the Transmission Residuals is done by the Lead Party of a BMU. This means multiple customers at one transmission connection point who choose different Suppliers get multiple charges, discouraging competition in supply and leading to undue discrimination between different system users.</p>	<p>Due to Panel recommending that CMP425 met Ofgem's urgency criteria they considered that pending the decision on urgency the modification should be prioritised as 'High'</p>	<p>High</p>

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

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

9. Workgroup Reports

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

12184. ML delivered a presentation on CMP315/CMP375. ML confirmed that CMP315 and CMP375 are separate modifications, with separate terms of reference, solutions, legal text and voting statements, the only difference between the solutions for CMP315 and CMP375 Original is that **CMP315** includes non-circuit elements (e.g. substations) within the works to be factored in when calculating the Expansion Constant, and **CMP375** doesn't.

12185. ML advised that it is the view of the Workgroup that CMP315 and CMP375 are mutually exclusive, however given the overlap between the modifications the solutions have been developed in parallel. No request has been made to amalgamate the modifications.

12186. ML stated that the Workgroup concluded by majority that the CMP315 Original better facilitated the applicable CUSC Objectives than the Baseline and for CMP375, the Workgroup concluded by majority that the CMP375 Original and WACM2 solutions better facilitated the applicable CUSC Objectives than the Baseline.

12187. The Panel agreed that the Terms of References have been met and agreed for CMP315 and CMP375 to proceed to Code Administrator Consultation for 20 Working days due to the scope of the modification. The Code Administrator Consultation will be published in November 2023.

(Post Meeting Note: The Code Administrator Consultation for CMP315/CMP375 was published on 09 November 2023 and closes on 15 December 2023.)

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

12188. CG from ESO Code Administrator delivered a presentation on CMP411. CG explained that this modification seeks to introduce Anticipatory Investment (AI) and a mechanism for the recovery of AI costs within Section 14 charging methodologies subject to Ofgem's final policy decision. CMP411 has a proposed implementation date of 1 April 2025.

12189. After the offshore transmission assets have been transferred to an OFTO and prior to the subsequent Generator(s) connecting, the AI Cost Gap will be recovered from Demand customers via the Transmission Demand Residual. The AI Cost Gap will be repaid to Demand customers by the subsequent Generator(s) either through the AI Cost Gap Tariff or via one payment in the charging year in which the subsequent Generator(s) connects.

12190. CG advised the Panel that the Workgroup held their vote and concluded unanimously (5 out of 5) that the original proposal better facilitated the applicable CUSC objectives than the current Baseline arrangements.

12191. The Panel agreed that the CMP411 Workgroup had met its Terms of Reference and could proceed to Code Administrator Consultation.

(Post Meeting Note: CMP411 Code Administrator Consultation opened on 06 November 2023 and closes at 5pm on 27 November 2023).

10. Draft Final Modification Reports

12192. There were no Draft Final Modification Reports presented to the Panel.

11. Standing Groups

Transmission Charging Methodology Forum (TCMF)

12193. CH advised that the the last meeting was held on 5 October 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-05102023>

The next TCMF meeting will be held on 23 November October 2023.

CISG Connections Subgroup

12194. The Panel approved the Terms of Reference for the CISG Connections sub group, noting any potential scope creep from the Connections Reform Sub group.

12. European Updates

Joint European Stakeholder Group (JESG)

12195. The last meeting was held on 10 October 2023, and the next meeting will be held on 02 November 2023. The papers and presentations for the last meeting can be found via the following link:

<https://www.nationalgrideso.com/calendar/jesg-meeting-10-october-2023>

European Code Development

12196. There were no updates at this Panel meeting.

13. Updates on other Industry Codes

12197. RR advised the Panel that the BSC are currently monitoring on going CUSC Modifications for any potential impacts.

14. Relevant Interruptions Claim Report

12198. The Panel had no further comments.

15. Governance

12199. There were no updates at this Panel meeting.

16. Horizon Scan

12200. There were no updates at this Panel meeting.

17. Code Administrator Update

12201. There were no updates at this Panel meeting.

18. Any Other Business (AOB)

Rejected CUSC Modification Proposals

12202. ML advised the Panel that as Panel Secretary, the two CUSC Modification Proposals CMP421 and CMP422 were rejected. ML explained that this was due to further investigation needed on the Section 14 the proposed housekeeping legal text changes, ahead of the correct governance route being agreed. Whilst the proposed housekeeping legal text changes within the non charging sections had not yet been approved in subsequent modifications.

19. Close

12203. 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 24 November 2023 via Microsoft Teams.

New Modification Proposals are to be submitted by 09 November 2023.

CUSC Panel Papers Day is 16 November 2023.