nationalgrid

Workgroup Terms of Reference and Membership
TERMS OF REFERENCE FOR CMP275

CMP275 seeks that a principle of financial mutual exclusivity is introduced to prevent BM units from accessing multiple sources of duplicate and overlapping revenue from ancillary services on the same asset.

Responsibilities

1. The Workgroup is responsible for assisting the CUSC Modifications Panel in the evaluation of CUSC Modification Proposal CMP275 tabled by **UK Power Reserve Ltd** at the Modifications Panel meeting on 27 January 2017.

2. The CMP275 Proposal was originally raised against the Applicable Charging Objectives; however in developing the proposal further the Workgroup recognised that changes would be made to Section 4 (Balancing Services) and Section 11 (Definitions). At its July 2017 meeting the CUSC Panel approved that the Terms of Reference be amended to reflect that CMP275 should be assessed against the Standard CUSC Objectives.

3. The proposal must be evaluated to consider whether it better facilitates achievement of the Applicable CUSC Objectives. These can be summarised as follows:

   Standard Objectives

   (a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;

   (b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;

   (c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency; and

   (d) Promoting efficiency in the implementation and administration of the CUSC arrangements.

4. It should be noted that additional provisions apply where it is proposed to modify the CUSC Modification provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

Scope of work

5. The Workgroup must consider the issues raised by the Modification Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.

6. In addition to the overriding requirement of paragraph 4, the Workgroup shall consider and report on the following specific issues:

a) Clarify which revenue streams are excluded from a mutuality exclusive arrangement ensuring consideration includes the interaction between both the Balancing Mechanism (BM) and Balancing Services.
b) Demonstrate how this proposal will interact with the existing procurement of services ensuring that this did not lead to over procurement in the market.
c) Demonstrate how this modification does not discourage providers from tendering for services.
d) Define the assets affected by the proposal.
e) Demonstrate that they have considered the impact of wider strategic issues being pursued by the industry in their proposal.
f) Consider how this modification interacts with Ofgem's Flexibility Call for Evidence which is seeking ways to allow participants to access multiple revenue sources and EU Balancing Code
g) Clarify how the proposed changes to the CUSC would impact Distribution Networks.
h) Ensure individual power stations are not identified within the report.
i) Define the practical implementation of the solution, so that it is defined for all industry participants i.e. National Grid who will run tenders for the Balancing Services and parties who would like to tender for a Service.
j) Consideration of the future development of Balancing Services.

7. The Workgroup is responsible for the formulation and evaluation of any Workgroup Alternative CUSC Modifications (WACMs) arising from Group discussions which would, as compared with the Modification Proposal or the current version of the CUSC, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified.

8. The Workgroup should become conversant with the definition of Workgroup Alternative CUSC Modification which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the Group and/or an individual member of the Workgroup to put forward a WACM if the member(s) genuinely believes the WACM would better facilitate the achievement of the Applicable CUSC Objectives, as compared with the Modification Proposal or the current version of the CUSC. The extent of the support for the Modification Proposal or any WACM arising from the Workgroup's discussions should be clearly described in the final Workgroup Report to the CUSC Modifications Panel.

9. Workgroup members should be mindful of efficiency and propose the fewest number of WACMs possible.

10. All proposed WACMs should include the Proposer(s)'s details within the final Workgroup report, for the avoidance of doubt this includes WACMs which are proposed by the entire Workgroup or subset of members.

11. There is an obligation on the Workgroup to undertake a period of Consultation in accordance with CUSC 8.20. The Workgroup Consultation period shall be for a period of **15 working days** as determined by the Modifications Panel.

12. Following the Consultation period the Workgroup is required to consider all responses including any WG Consultation Alternative Requests. In

undertaking an assessment of any WG Consultation Alternative Request, the Workgroup should consider whether it better facilitates the Applicable CUSC Objectives than the current version of the CUSC.

As appropriate, the Workgroup will be required to undertake any further analysis and update the original Modification Proposal and/or WACMs. All responses including any WG Consultation Alternative Requests shall be included within the final report including a summary of the Workgroup's deliberations and conclusions. The report should make it clear where and why the Workgroup chairman has exercised his right under the CUSC to progress a WG Consultation Alternative Request or a WACM against the majority views of Workgroup members. It should also be explicitly stated where, under these circumstances, the Workgroup chairman is employed by the same organisation who submitted the WG Consultation Alternative Request.

13. The Workgroup is to submit its final report to the Modifications Panel Secretary on **22 June 2017** for circulation to Panel Members. The final report conclusions will be presented to the CUSC Modifications Panel meeting on **30 June 2017.**

Membership

14. It is recommended that the Workgroup has the following members:

Role	Name	Representing
Chairman	Ryan Place	Code Administrator
Technical Secretary	Caroline Wright	Code Administrator
National Grid Representative	Urmi Mistry	National Grid
National Grid Representative*	Adam Sims	National Grid
Industry Representatives	Ian Tanner	UKPR (Proposer)
Industry Representatives	Gareth Graham	SSE
Industry Representatives	Paul Jones	Uniper
Industry Representatives	Joe Underwood	Drax
Industry Representatives	Simon Lord	Engie
Industry Representatives	Robert Longden	Cornwall Energy
Industry Representatives	Lisa Waters	Waters Wye
Industry Representatives	Simon Reid	Scottish Power
Industry Representatives	Laurence Barrett	E.ON
Industry Representatives	Bill Reed	RWE
Industry Representatives	Iestyn Jones	EDF
Authority Representatives	Maryam Khan	Ofgem

NB: A Workgroup must comprise at least 5 members (who may be Panel Members). The roles identified with an asterisk in the table above contribute toward the required quorum, determined in accordance with paragraph 14 below.

15. The chairman of the Workgroup and the Modifications Panel Chairman must agree a number that will be quorum for each Workgroup meeting. The agreed figure for CMP275 is that at least 5 Workgroup members must participate in a meeting for quorum to be met.

16. A vote is to take place by all eligible Workgroup members on the Modification Proposal and each WACM. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference). The Workgroup chairman shall not have a vote, casting or otherwise]. There may be up to three rounds of voting, as follows:

- Vote 1: whether each proposal better facilitates the Applicable CUSC Objectives;
- Vote 2: where one or more WACMs exist, whether each WACM better facilitates the Applicable CUSC Objectives than the original Modification Proposal*;*
- Vote 3: which option is considered to BEST facilitate achievement of the Applicable CUSC Objectives. For the avoidance of doubt, this vote should include the existing CUSC baseline as an option.

The results from the vote and the reasons for such voting shall be recorded in the Workgroup report in as much detail as practicable.

17. It is expected that Workgroup members would only abstain from voting under limited circumstances, for example where a member feels that a proposal has been insufficiently developed. Where a member has such concerns, they should raise these with the Workgroup chairman at the earliest possible opportunity and certainly before the Workgroup vote takes place. Where abstention occurs, the reason should be recorded in the Workgroup report.

18. Workgroup members or their appointed alternate are required to attend a minimum of 50% of the Workgroup meetings to be eligible to participate in the Workgroup vote.

19. The Technical Secretary shall keep an Attendance Record for the Workgroup meetings and circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the final Workgroup report.

20. The Workgroup membership can be amended from time to time by the CUSC Modifications Panel.

Appendix 1 – Recommended Standard Workgroup Timetable

The following standard timetable is indicative for CMP275 as per the determination of the Authority.

18 January 2017	CUSC Modification Proposal and request for Urgency submitted
27 January 2017	CUSC Panel meeting to consider proposal and urgency request
27 January 2017	Panel's view on urgency submitted to Ofgem for consultation
27 January 2017	Request for Workgroup members (10 Working days) (responses by 10 February 2017)
3 February 2017	Ofgem's view on urgency provided (5 Working days)
w/c13 February 2017	Workgroup meeting 1
w/c 6 March 2017	Workgroup meeting 2
w/c 27 March 2017	Workgroup meeting 3
7 June 17	Workgroup Consultation issued (15 days)
28 June 17	Deadline for responses
17 July 17	Workgroup meeting 4 – discuss responses
9 August 17	Workgroup meeting 5 – discuss Ofgem's Call for Evidence results
w/c 4 September 2017	Workgroup meeting 6
9 August 2017	Workgroup meeting 7
13 September 2017	Workgroup meeting 8
6 October 2017	Workgroup meeting 9
October 17 to January 2018	Workgroup meetings - Proposal Development
w/c 8 January 2018	Workgroup vote and Report sign-off
18 January 2018	Workgroup report issued to CUSC Panel
26 January 2018	CUSC Panel meeting to approve WG Report

Post Workgroup modification process

30 January 2018	Code Administrator Consultation issued (15 Working days)
20 February 2018	Deadline for responses
28 February 2018	Draft FMR published for industry comment (5 Working Days)
7 March 2018	Deadline for comments
15 March 2018	Draft FMR circulated to Panel
23 March 2018	Panel meeting for Panel recommendation vote
26 March 2018	FMR circulated for Panel comment (2 Working day)
28 March 2018	Deadline for Panel comment
29 March 2018	Final report sent to Authority for decision
8 May 2018	Indicative Authority Decision due (25 working days)
1 April 2019	Implementation date