

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	211
<b>Date of meeting</b>	28 July 2017
<b>Location</b>	National Grid House, Warwick

## Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
Caroline Wright	CW	Code Administrator
Heena Chauhan	HC	Panel Secretary
Jon Wisdom	JW	National Grid Panel Member (alternate)
Cem Suleyman	CS	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Garth Graham (dial-in)	GG	Users' Panel Member
Kyle Martin (dial-in)	KM	Users' Panel Member
Robert Longden	RL	Consumer Panel Member (alternate)
Nadir Hafeez	NH	Authority Representative
Nicholas Ruben	NR	ELEXON
Nick Sillito	NS	CMP284 Proposer (Peak Gen)
Michael Jenner	MJ	CMP285 Proposer (UK Power Reserve)
Dr. Győző Pintér (dial-in)	GP	Ofgem (CGR3 Update)

## 1 Introductions and Apologies for Absence

Apologies were provided by John Martin (JM), Louise Schmitz (LS), James Anderson (JA) and Simon Lord (SL) and Andy Pace (AP). Caroline Wright confirmed to the Panel that she would be the enduring Code Administrator representative for the CUSC Panel and that she had taken over from JM. JA confirmed that Garth Graham (GG) would act as his alternate and would hold his voting rights; SL confirmed that Paul Jones (PJ) would act as his alternate and would hold his voting rights; AP confirmed that Robert Longden (RL) would act as his alternate and would hold his voting rights; LS confirmed that Jon Wisdom (JW) would act as her alternate and would hold her voting rights.

All presentations given at this CUSC Modifications Panel meeting can be found in the CUSC Panel area on the National Grid website:

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Panel-information/>

## 2 Approval of previous meeting Minutes

6585. The minutes from the CUSC Panel meeting held on the 20 June 2017, 30 June 2017 and 4 July 2017 were approved subject to comments received and are available on the National Grid website. Comments were received for 20 June 2017 minutes from CS and GG, for 30 June 2017 and 4 July 2017 minutes comments were received from PJ and GG.

### 3 Review of Actions

6586. **Minute 6277:** CW to clarify when the start of the 'Pending Modifications' period would be e.g. is it at the point that a Proposal has been raised or when the FMR had been sent to the Authority.

6587. CW noted that she had received a response from the National Grid's legal team and that it had been confirmed that a Proposal should be treated as 'Pending' from the point at which the Panel had approved that the proposal should become a modification up to the point when a decision has been made by the Authority or the Panel (if using self-governance). This action is closed.

6588. **Minute 6428:** HC to request the Code Administrator to review the requirements for CMP271/CMP274 and CMP276 again with the Proposers to address the Panel's concerns in terms of the scope and efficiency of CMP276 and to try and coordinate all three proposals to ensure stakeholders are able provide a view in a timely manner.

6589. HC noted that a timetable would be presented to the Panel later in the meeting which had been developed by the CMP271, CMP274 and CMP276 Workgroups that aligned all three Proposals together. This action is closed.

6590. **Minute 6429:** HC to ensure that a revised CMP276 timetable is developed after the next Workgroup meeting and shared at the June Panel meeting.

6591. Based on the update provided for Minute 6428, this action is closed.

6592. **Minute 6515:** NH to review the TCR and in particular the requirements for Storage and report back at a future Panel meeting.

6593. NH confirmed that he was able to provide a general update on TCR to the Panel. The consultation issued in March 2017 by the Authority recommended that the Industry should address the issues with Storage and that if this did not take place then this would be addressed within the SCR which is anticipated to be launched at the end of summer 2017.

6594. NH highlighted the CUSC covers how existing modifications should be treated in the event of an SCR noting the Proposer of existing modifications would need to decide how they wished to proceed with their Proposals.

6595. MJ asked if a TCR and SCR were essentially the same. NH confirmed that they were and that the Launch date for an SCR would be considered to be the official start date of an SCR.

6596. JW asked for clarity on the process and asked would the Workgroup be required to send a report to the Panel, for the Panel to then in turn provide a recommendation to

the Authority which would then support the Authority in its decision making to then be able to make a decision on. NH confirmed this to be the case. This action is closed.

6597. **Minute 6539:** HC to confirm that the CMP283 Proposer has corrected the legal text prior to the consultation being issued out to the Industry.
6598. This action was discussed with the Panel during the Workgroup Update section of the Agenda. This action is closed.
6599. **Minute 6569:** LS to review the BSSG within National Grid and report back to the Panel.
6600. PJ noted that he had raised this issue at the last Panel meeting as there were a significant number of ongoing issues at the moment relating to Balancing Services. JW confirmed that there were a number of existing forums that addressed Balancing Services activities and questioned the need for re-convening the BSSG as a standing group under the CUSC. The Panel acknowledged that the BSSG had remained dormant for a number of years. PJ was happy that the BSSG did not need to reconvene at the moment but highlighted that it may be needed in the future. This action is closed.

#### 4 New Proposals

6601. **CMP284 'Improving TNUoS cost reflectivity (Reference Node)'**
6602. NS from Peakgen joined the Panel to present his Proposal to the CUSC Panel. NS explained that the Proposal seeks to make the TNUoS charge more cost reflective resulting in a reduction of the magnitude of both the generation and demand residual charges.
6603. MT noted that he would like the Proposer to clarify the defect to the Panel and asked the Panel to assess the legitimacy of the Proposal, agree the process to be followed for the Proposal and consider the scope for the Terms of Reference, and for the Code Administrator to present the indicative timetable for this proposal.
6604. NS provided an informative overview of the defect and proposed solution.
6605. MT asked the Panel if they had any questions. GG queried the monetary value stated within NS's presentation. NS confirmed that this was shorthand assessment of the value and that this may be different if fixed at €2.50. PJ suggested that another approach could be to set the locational value to €2.50. NH noted that this could also be considered to be a credible alternative solution to the defect.
6606. MT asked NS if he considered there to be an overlap with CMP276 from a process perspective. NS stated that he did not and noted that his proposal could stand alone from CMP276 as his modification was specifically about locational charges. NS also noted that both CMP276 and CMP284 would complement each other.
6607. MT asked NH if the Authority could be able to make a decision on each Proposal independently. NH noted that he would need to check and would confirm to the Panel at a later date.

**ACTION: NH to confirm if CMP276 and CMP284 could be assessed independently by the Authority.**

6608. MT queried the process to be followed for CMP284 and asked if an element of CMP284 could be included in CMP276. PJ noted that some potential solutions to CMP276 could incorporate an element which looked like the proposed solution for CMP284, but that CMP276 had a broader scope than that defined under CMP284. JW also suggested that this could be treated as a WACM for CMP276.
6609. RL considered that CMP284 should be treated in an efficient manner and should not be swallowed up in the process of CMP276. PJ supported this view and also noted that for the solution highlighted by the Proposer to be included as a WACM for CMP276, a majority of the Workgroup would have to support this and follow it through.
6610. CW noted that for this Proposal to be treated as a separate proposal it should not cover the same ground as CMP276, especially taking into account the update provided on the interpretation of 'Pending' modifications.
6611. The Panel agreed that this Proposal should be developed by a Workgroup and agreed to define the scope of the Terms of Reference for the Workgroup.
6612. CS noted that the Workgroup should consider what that balance of incremental vs fixed cost would be for the industry.
6613. NR asked if there would be an implication to data provision requirements. JW confirmed that he did not consider that there would be.
6614. GG asked that the Workgroup consider what would be the impact on customers.
6615. HC presented the indicative timetable the CMP284. GG queried the language used in the slides highlighting the 'Approach to be followed for the initial Workgroup meetings' and noted that it was misleading to suggest that the Workgroup Report would be written by the Proposer and the Code Administrator and suggested it would be better to re-word the slide to state that the 'Proposal would start being develop with the Proposer' instead. CW clarified the changes in the approach that the Code Administrator was implementing to improve the use of industry time. MT and RL confirmed that they supported this approach.

**ACTION: HC to reword and republish slides to reflect the pre-work carried out by the Code Administrator and Proposer would be developing the Proposal.**

6616. GG suggested that instead of carrying out the first Workgroup meeting as a WebEx meeting as suggested by the Code Administrator in their timetable; it would be more beneficial to host these meetings as a face to face meeting.
6617. GG suggested that indicative timetable could be shortened. JW noted that the Panel must not underestimate the amount of analysis is required for this proposal.
6618. NR noted a general observation in that currently there were a lot of charging related modifications and some industry members may struggle to navigate around the information provided. NR asked if the Panel or Code Administrator could consider trying to summarise this information and help the industry understand the interaction of

these proposals. RL note that at the TCMF a summary was already provided which provided detail to the industry. MT referred NR to this report that was already provided by the Code Administrator.

6619. **CMP285 'CUSC Governance Reform – Levelling the Playing Field'**

6620. MJ from UK Power Reserve joined the meeting to present his Proposal to the CUSC Panel. MJ explained that the Proposal seeks to reform CUSC governance to enhance the independence and diversity of Panel members and ensure wider engagement from CUSC signatories.

6621. MT noted that was a very interesting modification.

6622. MJ thanked the Panel and noted that he appreciate the skill and knowledge of the Panel and provided an overview of the defect and proposed solution. PJ clarified that the EON / Uniper composition was incorrect in the slides as they were now fully independent companies. MJ confirmed that he would update the slides to reflect this.

**ACTION: HC to ensure that the CMP285 slides are updated and re-published.**

6623. MJ noted the he was not saying that the Panel is not independent more that there may be an unconscious biased taking place.

6624. RL considered that MJ was highlighting that this may the industries perception and a question of diversity. RL agreed that this may be how the Panel could be perceived but did not agree that they did not have the diversity of experience and that this point is not proven.

6625. PJ confirmed that in previous years it has been difficult to get Panel members and that for several years before 2015, no elections had taken place due to a lack of candidates coming forward.

6626. MT highlighted that in his opinion the defect is that people are not voting or standing forward as a Panel member.

6627. The Panel agreed that this Proposal should be developed by a Workgroup and agreed to define the scope of the Terms of Reference for the Workgroup.

6628. MT asked if the Workgroup could consider if there is any evidence that CUSC parties have taken steps to register more votes and suggested that Schedule 1 should be updated to register parent company information. RL asked how this would be demonstrated when there are joint ventures. The Panel agreed the Workgroup should consider how Schedule 1 will demonstrate the relationship with a Parent company.

6629. The Panel agreed that the Workgroup should agree the correct number to limit the number of votes an organisation can have, NR confirmed that under the BSC, Trading voting company votes can only have 2 votes.

**Action: NR to circulate guidance from BSC to clarify how trading parties are determined.**

6630. The Panel agreed that the Workgroup should consider how other Panels assess their voting rights.
6631. The Workgroup should develop a process for how an active party becomes dormant.
6632. The Workgroup should consider how the percentage of signatory votes be increased.
6633. RL questioned MJ proposal regarding Panel members not being able to serve in consecutive years noting that members of parliaments hold their seats for many years. The Panel agreed that the Workgroup should consider the consequence of the pool of expertise not serving consequence years.
6634. KM highlighted that the Workgroup should understand why smaller parties are not participating in elections.
6635. The Panel discussed the composition of the Panel and suggested that three members are independent, whilst the others represented their sectors of the industry. The Panel also considered that if such a model was considered by the Workgroup, then the payment of independent Panel members should also be considered. The Panel confirmed that they are not funded at the moment and this would need to be developed by the Workgroup.
6636. The Panel agreed that the Workgroup should consider if there should be a 'constituent' representation by various sectors of CUSC parties on the Panel.
6637. PJ noted that the Proposal used terms which would need to be clarified such as 'independent' and 'representative' and that this could cause confusion to the reader.
6638. The Panel agreed that the Workgroup would need to consider the overall constitution of the Panel and the treatment of alternate Panel members. MJ noted that it would be beneficial to have a pool of candidates.
6639. KM suggested that the governance would need to be explored by the Workgroup, i.e. if a Panel member raised a Proposal, would they then be able to recommend or determine the outcome of that modification as a Panel member if they were a representative of a sector of the industry.
6640. GG confirmed to NR, that the Authority has the power to appoint an independent Panel member if they believed an element of parties was under represented on the Panel.
6641. KM asked if materially impacted parties can be involved in the election and could they get a designation from the Authority. CW highlighted that there is a process for this for parties wishing to raise a proposal but in the case of the CUSC Panel election, then this would be considered to be outside the scope of this proposal.
6642. RL referred to work carried out in previous Code Governance Reviews and highlighted that it would be useful to consider what Ofgem had considered to be within scope.
6643. PJ asked that Workgroup should look at industry representation and voting and assess voting requirements against market shares.

6644. GG highlighted that looking back to 2001 to see what the intent was when the bill was implemented; it would be useful to see what would be legally permissible. MT confirmed this would be constrained by what was within the Act and Bill presented at Parliament would not be legally binding.
6645. MT asked MJ to confirm if he felt his Proposal has been fairly and appropriately considered by the Panel. MJ confirmed back to MT and the Panel that he did and thanked the Panel.
6646. MT moved the Panel discussions on to the process for the Proposal and asked if existing Panel members should look to be Workgroup members that they would continue on the Workgroup even if following the elections they are no longer Panel Members. MT asked CW who would chair this Workgroup. CW confirmed that a member of the Code Administrator team would carry out this role noting that it is the role of the code administrator to ensure that the process is followed for all modifications. MT asked MJ if he was comfortable with this approach. MJ confirmed that he was.
6647. JW noted that the indicative timetable presented by HC was ambitious. HC confirmed that this would be reviewed and updated after the Workgroup had met and would be better understood once the full scope of the proposal was agreed and understood.
6648. PJ supported the Proposal and noted that this was an important modification and that it was important to get this right for the future.
6649. GG asked MJ if the FOI response provided by the Authority to the Proposer could be shared with the Panel. MJ confirmed that this was already included with the presentation that he had delivered.

## 5 Workgroups/Standing Groups & Review of Plan on a Page

6650. The Panel reviewed the CUSC Plan on a Page.
6651. **CMP250 'Stabilising BSUoS with at least a twelve month notice period'**. CMP250 aims to eliminate BSUoS volatility and unpredictability by proposing to fix the value of BSUoS over the course of a season, with a notice period for fixing this value being at least 12 months ahead of the charging season.
6652. HC noted that the National Grid Representative for this Workgroup had confirmed that National Grid had not yet received the necessary information required regarding the future financing of the System Operator. National Grid expected this to be clearer on this issue by the end of July 2017; however this would not give enough time to turn around any analysis prior to the previously scheduled Workgroup meeting which had to be cancelled. This Workgroup meeting will be re-scheduled to take place in August. The National Grid Representative has also provided clarification back to the Workgroup regarding the requirements for future system changes that would be needed to support any solution approved by the Authority.
6653. The Panel agreed to a one month extension which would mean that the Workgroup Report is now due to be presented back to the Panel in their October meeting.

6654. **CMP271 'Improving the cost reflectivity of demand transmission charges'**. This CUSC modification proposal aims to improve the cost reflectivity of demand transmission charges.

**And**

6655. **CMP274 'Winter TNUoS Time of Use Tariff (TToUT) for Demand TNUoS'**. This CUSC modification proposal aims to improve the cost reflectivity of demand transmission charges.

6656. HC noted that the last Workgroup meeting was held on 24 July 2017. The Workgroup provided some feedback to the Proposer of CMP274 around the proposed Open letter that he drafted. There were concerns raised around the language used and the detail within the letter. The Code Administrator agreed to draft a single Open letter and circulate it to the Workgroup for their approval.

6657. HC presented an updated timetable to the Panel which requested a 6 month extension. The Panel approved this timetable and agreed that the Workgroup Report be presented back at their Panel meeting in April 2018.

6658. **CMP275 'Transmission generator benefits in the provision of ancillary and balancing services – levelling the playing field.'** 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.

6659. CW noted that the Workgroup Consultation had received eleven responses and only the Proposer's response was supportive of the change. No WACMs were suggested by any respondent. CW also highlighted that the Workgroup had noted that as Ofgem was due to publish findings from its recent call for evidence on flexibility, the Workgroup would like to review this in advance of any further work as this may inform further the direction to be taken on Balancing Services.

6660. CW requested an extension of two months for this modification to allow for time for Ofgem to publish and the Workgroup to review and meet again. The Panel approved the extension which would mean that the Workgroup would be presenting their report at the October 2017 Panel meeting.

6661. CW also highlighted to the Panel that CMP275 had originally been raised against the Charging Objectives but when drafting the legal text the sections requiring change would be Section 4 (Balancing Services) and Section 11 (definitions). CW suggested to the Panel that she would amend the Terms of Reference to reflect these changes to ensure that the Proposal assessed against the standard objectives and will also make a note of these changes in the Workgroup Report. The Panel approved this approach.

6662. **CMP276 Socialising TO costs associated with "green policies"**. CMP276 proposes a reduction in the demand residual element of the TNUoS £/kW ("Triad") charge by creating two new charge lines for all demand offtakes:

(i) with the level of charge based on a fixed charge per MPAN (or alternatively the import meter size of each consumer) and;



(ii) a simple per kWh charge on all consumers.

6663. HC noted that following a discussion within the Workgroup regarding the mechanics of the modification, the Proposer and National Grid representative had taken an action to develop an analysis model based on the Proposer's final proposed solution which they would circulate to the Workgroup. The Workgroup would then be able to run a number of scenarios and analyse the results using this model.

6664. HC highlighted that the Proposer of CMP276 is considering feedback provided by the Workgroup in relation to his suggested solution and has stated that he will consider if there may be a solution that could be implemented sooner than that originally proposed. The Chair of this Workgroup has highlighted to the Proposer that the Terms of Reference set by the Panel would need to be met should the Proposer choose to amend their solution or else a new modification would need to be raised.

6665. The Workgroup have discussed the efficiencies of addressing CMP271/274 and 276 in the same meeting and agreed that this would be the best approach. The Panel approved an amended, aligned timetable which would mean that the Workgroup Report would be presented back to the Panel at their meeting in April 2018.

6666. **CMP277 'Special License Condition 4J'** CMP277 seeks to update Section 14.30.6 and 14.32 of the CUSC to reflect the changes made to the terms of the external BSUoS charges recoverable by the SO due to new License Condition 4J and changes to Special License Condition 4C.1.

**and**

**CMP278 'BSIS 2017 Housekeeping'** CMP278 seeks to update CUSC sections 14.30.11 and 14.32 to reflect the changed cap and collar and sharing factors of the Balancing Services Incentive Scheme as detailed in the current Ofgem Statutory License Consultation and; update 14.32 example BSUoS calculation to reflect changed terms within external BSUoS costs detailed in License change.

6667. HC noted that these Proposals had been implemented in the CUSC on 6 July 2017.

6668. **CMP280 'Creation of a New Generator TNUoS Demand Tariff which Removes Liability for TNUoS Demand Residual Charges from Generation and Storage Users'**

**and**

6669. **CMP281 'Removal of BSUoS Charges From Energy Taken From the National Grid System by Storage Facilities'**

6670. CW noted that the nominations window for Workgroup members closed on 17 July 2017 and eight nominations had been received by the Code Administrator. CW has been working with Proposer (Scottish Power) to start populating the report with further information. A first Workgroup meeting will be held via WebEx on 4 August 2017 and the updated report will be circulated early next week.

6671. **CMP282 ‘The effect Negative Demand has on Zonal Locational Demand Tariffs’**

6672. CW noted that the Workgroup have met twice via WebEx and that all Workgroup members are in agreement that the Original Proposal is the most pragmatic solution to the defect. CW confirmed that the Workgroup are on track and expects to issue the Workgroup Consultation out by 1 August 2017 for 10 working days. The Panel noted that the Authority had rejected the request for Urgency for this Proposal.

6673. **CMP283 ‘Consequential Changes to enable the Interconnector Cap and Floor regime’**

6674. JW noted that following the Panel meeting in June 2017 GG had raised concerns regarding the content of the Proposal. JW confirmed that the Proposer had updated the Proposal to provide greater clarity and that he was seeking approval from the Panel prior to the Proposal being issued out to Code Administrator Consultation.

6675. GG noted that he would like to also clearly see which interconnectors are impacted by this Proposal within the report. JW confirmed that it would more appropriate to clarify that the changes would apply to all interconnectors with a cap and floor regime and that the actual list of parties impacted are be maintained by Ofgem and available on their website. JW confirmed that he would clarify this within the report.

6676. The Panel confirmed that they approved these changes and agreed to the revised timetable presented by HC.

6677. **Governance Standing Group (GSG).**

6678. The GSG is due to meet 1 August 2017.

6679. **Transmission Charging Methodologies Forum (TCMF) and CUSC Issues Steering Group (CISG).**

6680. JW confirmed that the TCMF had taken place 12 July 2017. The main agenda items at this meeting the regular modifications update, an update on the implementation of CMP264/CMP265 and a presentation from energy Networks on ENA Open Network Projects.

## 5 European Code Development

6681. NH did not have an update to provide to the Panel this month.

6682. **Joint European Stakeholder Group (JESG)**

6683. National Grid presented an update on CACM Day ahead and intraday capacity calculation methodology consultation asking for feedback from stakeholders on the consultations and provided clarification elements of TSOG following the update provided at the June JESG.

6684. Ofgem presented an update on Assignment of TSO responsibilities under TSOG with some slight changes.

## 7 Authority Decisions as at 20 July 2017

6685. NH confirmed that the Authority was unable to confirm a decision date as yet for CMP261. PM asked NH if he considered that an impact assessment would be required for this Proposal. NH confirmed that he was unable to comment on the matter. NH also confirmed that a decision for CMP268 was on track to be provided in August 2017.

## 8 Update on Industry Codes/General Industry Updates relevant to the CUSC

6686. CW provided an update on the CUSC Panel Chair and CUSC Panel Election process. CW highlighted that the deadline for the election nominations was today and that so far nine nominations had been made which meant the voting process would now need to take place.

6687. RL commented that he felt the Code Administrator could not have done any more to engage with smaller parties and was pleased that these additional parties have been engaged with.

6688. CW also confirmed that the last Panel Chair interview would take place on Monday 31 July and that five candidates had been interviewed for joint Panel Chair position for the CUSC Panel and Grid Code Panel.

6689. GG asked when the recommendation would be shared with the Panel. CW was hopeful that the Code Administrator would be able to share the outcome at the August Panel. MT highlighted that the Code Administrator would be required to provide a thorough induction and stated that he too would be happy to support the new chair.

6690. **Ofgem Presentation: Responses to initial consultation on Code Governance Remedies.** GP joined the Panel via teleconference at to present the Panel with an update on the responses to their initial consultation on Code Governance Remedies. MT noted that he would like to have more about the timeline for this. GP confirmed that further workshops would be held in autumn for this to be in place by spring 2018/19.

6691. HC noted that the Relevant Interruption Claims Report had been provided the Panel.

6692. NR noted at the last Grid Code Panel meeting, the Code Administrator's had agreed not to collaborate on forward work plans. The forward work plan will focus on European change only.

## 9 AOB

6693. CW noted that the Code Administrator would like to use best practice shared from the Grid Code in terms of the use of the 'CUSC Workgroup Consultation Alternative Request Form' for Workgroup members to complete when raising potential options for WACMs. CW highlighted that this would enable the Proposer of the option to provide justification for their proposal in a more structured manner enabling them to provide a clear description of their Proposal, how it differs from the Original and justification of how it would better achieve the Applicable CUSC Objectives.
6694. GG noted that this had already been discussed by the GSG and this had not been supported at the time. For this reason, GG did not support this proposal.
6695. The Panel agreed to hold their August Panel meeting via teleconference. PJ provided his apologies for this meeting and advised that he would notify the Code Administrator who his alternative vote would be provided to.
6696. NH highlighted to the Panel that the Authority had launched the Electricity Settlement Reform Significant Code Review which had set a revised timetable following their consultation on the plan for mandatory half-hourly settlement (HHS) in November 2016.

## **10 Next meeting**

6697. The next normal Panel meeting will take place on 25 August 2017 via teleconference.