

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	217
Date of meeting	15 December 2017
Location	National Grid House

Attendees

Name	Initials	Position
Trisha McAuley	TM	Panel Chair
Caroline Wright	CW	Code Administrator
Lurrentia Walker	LW	Panel Secretary
Nadir Hafeez (dial-in)	NH	Authority Representative
Louise Schmitz (dial-in)	LS	National Grid Panel Member
James Anderson (dial-in)	JA	Users' Panel Member
Laurence Barrett (dial-in)	LB	Users' Panel Member
Garth Graham (dial-in)	GG	Users' Panel Member
Paul Jones (dial-in)	PJ	Users' Panel Member
Kate Dooley (dial-in)	KD	Users' Panel Member
Paul Mott (dial-in)	PM	Users' Panel Member
Nick Rubin	NR	ELEXON
Andy Pace (dial-in)	AP	Consumers' Panel Member
Trevor Rhodes (dial-in)	TR	Users' Panel Alternate
John Twomey	JT	National Grid

1 Introductions and Apologies for Absence

Panel Member Simon Lord sent his apologies and Alternate member Kate Dooley (KD) attended the CUSC Panel meeting as Simon's alternate. Additionally Alternate Panel members Michael Jenner (MJ) and Cem Suleyman (CS) notified the Panel Secretary that they were unable to join this meeting.

2 Approval of previous meeting Minutes

6972. The minutes from the CUSC Panel meeting held on the 24 November 2017 were approved subject to incorporating the comments received from GG and AP.

3 Review of Actions

6973. **Minute 6949:** HC to circulate the latest Forward Work Plan to the Panel.

CW confirmed that this had been circulated on 13 December 2017. GG advised the GSG have a number of items to review over the next few quarters. GG advised the Panel that at the last GSG meeting on 3 November the GSG prioritised the items on the Forward Work Plan as some items on the plan were believed to have a higher priority than others. This action was closed.

6974. **Minute 6953:** NH took an action to come back to provide an update regarding Ofgem's view on changes to the CUSC following the changes made to Article 71[RfG] at the next Panel meeting.

NH confirmed no amendments to the CUSC have been identified following changes to Article 71. The Panel had no further comments. This action was closed.

6975. **Minute 6958:** NR to circulate details of the ELEXON Sandbox workshops to the Panel.

6976. NR confirmed that this had been circulated and this action can be closed.

6977. **Minute 6965:** NH to arrange for the Ofgem Innovation Lead to attend a future meeting for sandbox presentation.

NH advised the Panel that the Ofgem Innovation Link Head has scheduled meetings with the relevant Code Bodies and Panel Chairs. NH advised that Ofgem will then present back to the CUSC and Grid Code Panels in quarter one 2018.

TM noted the same update was provided at the Grid Code Panel at its December 2018 meeting and advised she will be attending the meetings along with JT. GG asked NH if the workshops will be reviewing wider issues in terms of state aid, competition law and the effect on cross border trade. NH advised he has no further details on this.

Action: GG to contact NH to confirm issues GG would like to be covered by the Ofgem sandbox presentation at future Panel meeting. Ofgem to provide a presentation to the CUSC Panel after the meeting has taken place. This action is to remain open.

6978. **Minute 6968:** LS to relay feedback from the Panel regarding the requirement of regular communications regarding 'Charging Futures Forum' updates and meetings of the 'Future Role of the SO' team.

6979. JT joined the meeting and advised the Panel there is a charging futures website which industry participants can sign up to which provides regular updates on the Charging Futures Forum.

JT noted two taskforces were launched at the joint meeting on 1 December which aim to deliver three key outputs; identify initial options in December 2017/ January 2018, provide initial assessment of options in February/ March 2018 and reach recommendations, if any, to be taken forward in April 2018. JT advised the Panel a proposed consultation from Ofgem will be circulated in summer 2018.

The Panel had no further comments, JT advised he can attend a future Panel meeting to provide further updates if required.

4 Workgroups/Standing Groups & Review of Plan on a Page

6980. The Panel reviewed the CUSC Plan on a Page.

6981. **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.

6982. CW confirmed that CMP250 was currently out for the Code Admin Consultation and that the close date for comments was 5pm 15 December. CW confirmed that four responses had been received so far and that the Draft Final Modification Report is due to be published on 3 January 2018 with the CUSC Panel recommendation vote due at the January 2018 meeting.

6983. **CMP271 ‘Improving the cost reflectivity of demand transmission charges’.** This CUSC modification Proposal aims to improve the cost reflectivity of demand transmission charges.

And

6984. **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.

And

6985. **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.

6986. CW noted that at the November 2017 meeting the Panel agreed to provide an extension subject to further information from Ofgem regarding its “minded to” position statement or should any developments be announced by the Authority then the Workgroup would reconvene. The Code Administrator will continue to update the Panel on any progress in this area.

6987. **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.

6988. CW noted that no further progressed has been made since the November 2017 Panel meeting on confirming the legal text and that until this work had completed that the

Workgroup would confirm if any alternative options should be considered by the Workgroup. The date of the next meeting has not been arranged as it is dependent on further clarity from National Grid's legal team. The current timetable has that the Panel at its January 2018 meeting will be asked to approve that the report is issued for Code Admin Consultation. No extension requested this month but the date is at risk and the Code Administrator may come back to the January Panel meeting with a request for an extension.

6989. **CMP280 'Creation of a New Generator TNUoS Demand Tariff which Removes Liability for TNUoS Demand Residual Charges from Generation and Storage Users'**. CMP280 aims to remove liability from Generator and Storage Parties for the Demand Residual element of the TNUoS tariff.

And

CMP281 'Removal of BSUoS Charges From Energy Taken From the National Grid System by Storage Facilities'. CMP281 aims to remove liability from storage facilities for Balancing Services Use of System (BSUoS) charges on imports.

6990. CW noted that these Workgroups are continuing to develop the Proposal and are due to meet on 19 December 2017. CW confirmed that as the Workgroup consultation is due to be issued at the start of January 2018 the timetable is at risk. CW confirmed that no extension is being requested this month but that an extension request will be made at the January 2018 Panel meeting. NR asked if both CMP280 and CMP281 are still focusing on CVA, JA advised the original proposal is aimed at CVA and at the Workgroup meeting on 19 December 2017 will confirm if any Workgroup members are minded to work up a proposal that extends the solution to include SVA.

6991. **CMP284 'Improving TNUoS cost reflectivity (Reference Node)'**. CMP284 seeks to make the TNUoS charge more cost reflective resulting in a reduction of the magnitude of both the generation and demand residual charges.

6992. CW noted that this Proposal had been withdrawn by the Proposer and confirmed that post the five Working Days period (that Relevant Parties had to express an interest in taking over as the official Proposer of CMP284) no Relevant Party had expressed an interest in taking over as the official Proposer of CMP284.

6993. CW confirmed under Section 8.16.10 (b) should no notice of support be received the " ...the matter shall be discussed at the next CUSC Modifications Panel meeting. If the CUSC Modifications Panel so agrees, it may notify Relevant Parties that the CUSC Modification Proposal is to be withdrawn, and a further period of five (5) Business Days shall be given for support to be indicated by way of notice".

6994. CW asked the Panel if they support the view that this Modification should be withdrawn and for the Panel to notify Relevant Parties they had an additional five Working Days to indicate support for becoming official Proposer of CMP284. GG questioned whether this additional five Working Days was required as for previous withdrawn modifications this had not been used.

6995. LS advised one non CUSC Party had contacted National Grid to take on the Modification but National Grid were unable to do so. LS posed the question to Panel

about extending the number of working days Industry have to respond given that it is not required and noting that any Party that did respond would need to be a CUSC signatory and materially affected party. RL advised the Panel if the Proposal is withdrawn and Industry are aware of this then Parties still have the opportunity to raise as a new Modification. NR noted if a materially affected party wanted to adopt the Modification proposal does five working days allow enough time for this to happen as the Materially Affected Party would need to contact Ofgem and await confirmation that the party is materially affected. NH confirmed no parties had contacted Ofgem regarding this proposal.

6996. The Panel agreed that no further notification should be issued and that the Code Administrator should update the CUSC Modification Register and National Grid's website.

Action: Code Administrator to update website and CUSC Modification register clearly labelling CMP284 as withdrawn.

6997. CW confirmed that Section 8.16.10 (c) details that if no notice of support is received under (a) or (b), the CUSC Modification Proposal shall be marked as withdrawn on the CUSC Modification Register. CW took an action to update the CUSC Modification Register and National Grid's website.

ACTION: CW to update the CUSC Modification Register and National Grid's website.

6998. **CMP285 'CUSC Governance Reform – Levelling the Playing Field'**. CMP285 seeks to reform CUSC governance to enhance the independence and diversity of Panel members and ensure wider engagement from CUSC signatories.

6999. CW noted that this Workgroup is continuing to develop the Proposal and the next meeting due to be held in January 2018, most likely on 22 January 2018. CW confirmed that the Workgroup Consultation is due to be issued at the start of January 2018, however this date is at risk and that following the next Workgroup meeting an extension may be requested at the January 2018 Panel meeting.

7000. **CMP286 'Improving TNUoS Predictability through Increased Notice of the Target Revenue used in the TNUoS Tariff Setting Process'**. The purpose of this modification proposal is to improve the predictability of TNUoS demand charges by bringing forward the date at which the target revenue used in TNUoS tariff setting is fixed to allow customer prices to more accurately reflect final TNUoS rates.

And

7001. **CMP287 'Improving TNUoS Predictability through Increased Notice of Inputs Used in the TNUoS Tariff Setting Process'**. The purpose of this modification proposal is to improve the predictability of TNUoS demand charges by bringing forward the date at which certain parameters used in TNUoS tariff setting (such as demand forecasts) are fixed to allow customer prices to more accurately reflect final TNUoS rates.

7002. CW noted that the first Workgroup has been arranged for the 18 January 2018. It was highlighted that the Workgroup Consultation Report is scheduled to be issued at start of May 2018; however this is at risk but until the Workgroup has convened no extension is to be requested.

7003. **Governance Standing Group (GSG).**

7004. GG noted that the last GSG meeting took place on 3 November 2017. At this meeting the GSG reviewed the Forward Work Plan priorities.

7005. **Transmission Charging Methodologies Forum (TCMF) and CUSC Issues Steering Group (CISG).**

7006. LS noted that the last TCMF and CISG took place on 13 December 2017. LS advised the Panel there were a number of presentations delivered on charging and connection issues. GG noted a potential new CUSC Modification has been identified, LS advised that National Grid are still looking at this to ensure sufficient use of Industry time given the ongoing Task Forces on Access and Forward-Looking charges. The next TCMF and CISG will take place 10 January 2018 in Warwick.

5 European Code Development

7007. NH did not have an update to provide to the Panel this month.

7008. **Joint European Stakeholder Group (JESG)**

GG confirmed that the last JESG meeting had been held in London on 12 December and an update had been provided by ELEXON on Market European Stakeholder Committee: (FCA, CACM & EBGL). National Grid had provided updates on the XBID Project, a CACM update on countertrading methodology consultation and a SOGL update on LFC block structure consultation. Additionally Ofgem provided an update on the ACER decision on harmonised max/min prices.

7 Authority Decisions as at 7 December 2017

7009. NH noted that the Authority had announced its decision to approve CMP282 on 28 November and NH advised that the implementation date was amended from 1 December 2017 to 1 April 2018 due to realising CMP282 would only become effective from the start of the charging year.

NH advised a decision on CMP251 was due this month; however this is now on hold due to the appeal to the CMA against the CMP261 decision. NH noted he will keep the Panel updated on the progression of this decision. GG noted CMA appeal is time limited so a decision should be expected in February 2018.

AP raised the point that given that CMP264 and CMP265 are under judicial review and the appeal of CMP261 AP asked if National Grid could perhaps fix tariffs earlier and take on some of the tariff risk instead of Suppliers. LS advised AP she understood the rationale for posing the question but this would be out of National Grid's licence conditions of revenue recovery. LS advised that the SO does not have

the financial mechanism to do this. NH advised the CMA appeal is time limited so a decision will be made by February 2018.

PJ noted he thought options for CMP261 entailed providing an immediate rebate to generators concerned with suppliers paying at a subsequent time and that any delay would mean this would be pushed into a future charging year. LS advised that the legal text has been written in a way which allows the charging year to be established dependent on the decision date. PJ noted the low risk of suppliers reflecting this in their billing now would mean limited impact in terms of customers. If the CMA upholds the appeal, it was questioned whether the preferred remedy would be to follow the consensus of CUSC Panel on which WACM was recommended. PJ noted there were a number of options open to the CMA.

LS confirmed that she would speak to AP offline to go through the process of revenue recovery.

7010. NH also confirmed the Ofgem Christmas moratorium period, during which Ofgem do not publish documents would run from 20 December 2017 to 2 January 2018.

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

7011. The Panel had no updates on industry codes relevant to the CUSC.

9 AOB

7012. TM noted to the Panel that John Martin (JM) would attend the Panel at its January 2018 meeting when further information can be shared with the Panel.

7013. GG noted he had not received the CUSC Panel meeting invites for 2018. The Code Administrator advised the invites had been circulated to Panel, however will re-circulate.

Action- LW to circulate Panel meeting invites to GG.

10 Next meeting

7014. It was confirmed to the Panel that the next normal Panel meeting will be held on 26 January 2018 at National Grid House.