

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	222
Date of meeting	25 May 2018
Location	National Grid House

Attendees

Name	Initials	Position
Trisha McAuley	TM	Panel Chair
Chrissie Brown	CB	Code Administrator (Interim)
Joseph Henry	JH	Code Administrator
Shazia Akhtar	SA	Panel Secretary
Nadir Hafeez	NH	Authority Representative
Louise Schmitz	LS	National Grid Panel Member
Garth Graham	GG	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Simon Lord (dial-in)	SL	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Laurence Barrett	LB	Users' Panel Member
James Anderson	JA	Users' Panel Member
Michael Jenner	MJ	User's Panel Alternate
Cem Suleyman (dial-in)	CS	User's Panel Alternate
Andy Pace (dial-in)	AP	Consumers' Panel Member
Nick Rubin	NR	ELEXON
Damien Clough	DC	ELEXON (Observer)
Paul Youngman	PY	Drax Power Ltd (Proposer)

1 Introductions and Apologies for Absence

TM opened the meeting. Apologies were received from Robert Longden and Kate Dooley.

Damien Clough was introduced as Nick Rubin's replacement as the Elexon representative on The Panel. Damien will be representing Elexon at the CUSC Panel from June.

2 Approval of previous meeting Minutes

7452. The minutes from the CUSC Panel meeting held on 27 April 2018 were approved, subject to the removal of a sentence in minute 7391 and the incorporation of further non-material amendments requested by NR. JH advised that comments sent in by NH, PJ, PM, JA and GG had already been incorporated.

Action – NR to provide suggested amendments for incorporation to Code Administrator.

3 Review of Actions

7453. Minute 7264 - NH to provide written confirmation of Ofgem position on GC0100-102 submission to the European Commission.

NH confirmed an email had been circulated to the Panel confirming Ofgem's position on GC0100-102 and that this action can now be closed accordingly.

7454. Minute 7294: CB to find out timescales for CMP285 legal text to be provided.

JH advised he had held conversations with the legal team at National Grid and that they were planning to complete the review of the draft legal text within 2 to 3 weeks. **Action to remain open in the interim period.**

7455. Minute 7353: Panel Members to provide comments on CMP275 if necessary by 4 May 2018; Code Administrator to publish Code Administrator Consultation with Standard Timescales for response (15 Working Days).

JH confirmed that the Code Administration Consultation had been published and that this action can now be closed JH reiterated to the Panel that the closing date for responses on the modification was 31 May 2018.

7456. Minute 7354: Code Administrator to ensure all references to NGET identify if it is a SO or TO moving forwards.

JH advised the Panel that this would continue on an ongoing basis, and as such, the actions should be closed accordingly.

7457. Minute 7380: Action placed on JM to reword phrase "Substantially Similar" in regards to CMP293/294.

7458. Minute 7383: JM to take provide further clarification to GG on inclusion of Transmission Owners in Section 5.

7459. Minute 7392: JM to resubmit Legal Text following Webinar should there be any amendments following the Webinar.

CB highlighted that the Code Governance Team were trying to work collaboratively across the codes to have this webinar on one day. It was decided by Grid Code Review Panel that the Legal Separation modifications in Grid Code would go to Workgroup stage, which has led to a delay in the organisation of the Webinar in regards to associated CUSC changes.

JH and CB went on to advise that the webinar will now take place in the first half of June after which actions 7380, 7383 and 7392 will be addressed. Panel were also advised that any proposed changes to the legal text following the webinar will be brought back to the Panel for their approval at June's Panel meeting. **Actions to remain open in the interim period.**

7460. Minute 7402: CMP295 Proposal form to be updated with correct wording.

JH confirmed this action is complete and can now be closed.

7461. Minute 7410: New ToR to be distributed for CMP291 and CMP295.

JH confirmed this action is complete, having updated the associated Terms of Reference and distributed accordingly. As such, the action was closed.

7462. Minute 7417: LS to look into TNUoS issue as raised by GG.

LS confirmed that no changes will be required to the CUSC. LS gave direction that Sections 14.17.1 and 14.18.1 of the CUSC clearly state who the charging parties are in reference to the suppliers. LS stated that there may however be an additional requirement to amend some of the internal process within National Grid, but this action can now be closed as a result.

7463. Minute 7436: UM to provide GG with further detail in regards to his questions around National Grid Forecasting.

GG explained to the Panel that no further details had been provided by National Grid around his previous questions on forecasting, and as such requested that the action remain open until this has been addressed.

7464. Minute 7437: NH to ascertain when Ofgem intend to establish a Performance Panel.

NH confirmed an email update had been circulated to the Panel on the 14th May 2018 providing further information in regards to Performance Panel. As a result, this action can now be closed accordingly.

7465. Minute 7449: CB to investigate Relevant Interruption Claims Report.

CB explained that obtaining the requisite information in regards to the Relevant Interruptions claims report was taking longer than initially anticipated, and a further update will be provided at the next Panel meeting in June. Consequentially, this Action is to remain open until the issue is satisfactorily resolved.

7466. Minute 7450: STC Modification to be circulated to CUSC Panel members.

GG confirmed he has held discussions with Naomi Davies, Senior Code Administrator and Chair for the STC Panel on this modification to modify the definition of Force Majeure. These discussions included what the modification would do in practice and why it is needed. GG highlighted that he did not feel this definition could be changed within the STC or CUSC as it appeared to stem from the Transmission Licence and confirmed that the action was complete and subsequently closed. GG requested that further updates on this modification should nevertheless still be provided at future Panel meetings under Updates on Industry Codes.

7467. **CMP300: Cost Reflective Response Energy Payment (REP) for Generators with low or negative marginal costs.** This proposal seeks to ensure that the Response Energy Payment paid to or by generators with respect to a BM Unit with low or negative marginal costs is reflective of the cost or avoided cost of energy production.
7468. PY presented slides to the Panel outlining the scope of the defect and the reasons for the modification. PY noted that it in “CMP237 Response Energy Payment for Low Fuel Cost Generation” it was decided that the Response Energy Price (REP) should in principle be cost reflective. PY went onto explain that currently this is not the case for all generators with low or negative marginal costs and that this is causing a distortion in the Mandatory Frequency Response Market (MFR). PY also noted that this could be classed as discriminatory treatment of generators who are currently not included in the non-fuel description.
7469. PY went on to explain that the proposed solution to the defect is quite simple and precise in his view. PY explained that to ensure that sites with low or negative marginal costs have a more cost reflective value, the calculation for the REP would be altered. CfD BM units would be included within the calculation of the REP to have a zero value, rather one based on the Market Index Price (MIP). PY stated that it was his view as proposer that this amendment to the CUSC would consequentially level the playing field and have a positive impact on competition.
7470. PY requested that the modification go down the route of Self-Governance and proceed to Code Administrator Consultation stage. PY stated that it was his view that the modification did not have a material impact and removed discrimination in the current process. PY highlighted that specific technology types are currently singled out as having zero, low or negative marginal costs. This solution would base the REP and the value ascribed to the REP on the actual costs, rather than a particular technology type and improve competition.
7471. GG advised the Panel that under future applications of the System Operations Guideline, Frequency Containment Reserve will no longer be mandatory and the requirement for Mandatory Frequency Response will also be removed. GG highlighted that this may lead to a scenario whereby the time that this proposed change lasts for maybe short and this proposal could hence become superfluous. GG requested that this scenario be explored and clarified with National Grid as part of Workgroup discussions.
7472. PJ highlighted that the relevant CfD BMU Units have a fuel cost, therefore they are not exactly the same as the non-fuel technologies already captured by the baseline. During previous modification discussions around this, there was debate focussed around what the appropriate level of REP should be. Given that there is a fuel cost, this may not be as simple a modification as the proposer may have envisaged. PJ stated that he would be of the opinion that this modification would need to be explored further to see if any other value REP would be more appropriate than zero.
7473. LS pointed out that this modification is not straight forward from a National Grid perspective. Currently National Grid settles requirements for REP on Fuel Classification Data that they obtain through the BMU registration process. There is no tagging at CfD plants, so the process of how National Grid would separate out and appropriately settle these sites would need to be addressed. Therefore, this could require a BSC change at the point of implementation.

GG stated that given the amounts of money involved, discussions around Mandatory Frequency Response, and Market Index Price (MIP) not being as perceived, this modification should be classified as being material. This would be in line with previous Panel discussions around materiality. GG opined that there would have to be consideration given to the cumulative effect this could have on National Grid and not just individual CUSC parties. LS agreed that the modification was material, on the basis that it introduced a difference in treatment according to class of parties.

7474. PY disagreed with both of the points made by GG and LS, and stated it moves something that is classed just on technology to being classed on a cost basis. Therefore, it is actually clearer and more non-discriminatory than the current baseline.

7475. GG noted that this could have a material effect on stakeholder business plans, which may be based on whether they will receive or make these payments. GG stated that therefore it would only be right that in this context Ofgem make this decision, after stakeholders have had a chance to express their views in the Workgroup and Consultation.

7476. SL and AP agreed that this needed to go to a Workgroup and did not feel like self-governance.

7477. TM asked for clarification on the size of the impact on the end consumer, given the movement in costs.

7478. PY confirmed they currently estimate the total impact on the end consumer will be around £50,000.

7479. The Panel agreed that the proposal did have a material impact, it was not self-governance and should therefore go down the standard route of a Workgroup and Authority Decision.

NR requested clarification on the BSC modification and if the proposer or National Grid wanted this to be raised by Elexon straight away. PY confirmed that this will be reviewed after the first Workgroup, as there may be more efficient ways of implementing this modification which may not require this to be raised.

LB noted that the Workgroup need to make sure there are no unintended consequences, crossovers or conflicts between definitions for “non-fuel BMU” and “CfD BMU”. GG requested that the Workgroup also explore if there should be a deminimus limits.

7480. The Panel went on to agree the Terms of Reference (ToR) for CMP300. TM noted that the timetable would be looked at as part of the Prioritisation discussions after the In Flight Modifications.

5 In Flight Modifications

7481. **CMP271 ‘Improving the cost reflectivity of demand transmission charges’**. This CUSC modification Proposal aims to improve the cost reflectivity of demand transmission charges.

And

7482. **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

7483. **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.

7484. JH advised the Panel that CMP271, CMP274 and CMP276 were still on hold pending the outcome of the Targeted Charging Review (TCR) and Significant Code Review (SCR). The Code Administrator will continue to update the Panel on any progress in this area.

7485. **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.

7486. JH advised the Panel that the Code Administration Consultation was published on the 8th May with a standard 15 working day timeframe. Industry have until the 30th May to respond, this will then be brought back to the June Panel for a recommendation vote along with CMP296, CMP297 and CMP299.

7487. **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

7488. **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.

7489. JH advised the Panel that a Workgroup for CMP280 and CMP 281 had been held on the 10th May. It was decided that CMP280 would be progressed on its own to Workgroup Consultation once all Workgroup actions had been completed. The provisional target for this was week commencing 4th June, with a standard Industry timeframe to respond. The next Workgroup meeting will be scheduled for late June or early July 2018.

7490. JH stated that the Workgroup then went on to discuss CMP281 and its potential overlap with the TCR, SCR and Access work that is currently being undertaken by the Authority. JH explained that the Workgroup concluded that there was an overlap in scope, and as such the Workgroup made a recommendation that the Panel suspend work on CMP281 until the scope of these projects became clear.

7491. JA stated that he was surprised by the Ofgem representatives' comments at the Workgroup in regards to CMP281, as the modification appeared to be specifically excluded from the Ofgem SCR papers published in August and November 2017. JA explained that there were some as yet undeveloped ideas coming out of the (SCR/CFF) Task Forces that may result in changes to BSUoS, but did not feel any work done on CMP281 would be negated or result in wasted effort. JA requested further clarification from Ofgem for the sudden change in heart in progressing storage modifications.
7492. SL agreed with JA and felt that CMP281 was different to the other three modifications that were currently on hold in terms of overlap in scope with SCR/TCR and access works. SL explained that he did not understand the exact point of overlap or why it had been brought back to the panel.
- GG stated that the powers to suspend or stop a modification only applied to modifications that were raised once the SCR/TCR was in process. It did not extend to CMP281 which was raised before the SCR/TCR started. PM disagreed stating that Ofgem have the authority to freeze any In-flight modification regardless of when it was raised and we should take their steer on this.
7493. GG highlighted that the Panel needed to be mindful of Proposer ownership and if the Proposer wished to take the modification forward, they should be hesitant as a Panel to stop the modification from progressing.
7494. GG stated that the Ofgem letter dated 4th August 2017 stated that the scope of the SCR excluded charging arrangements for storage. Ofgem were already aware at that time of two modifications (CMP280 and CMP281) that were currently in progress in relation to BSUoS, TNUoS charges and storage and that they were specifically excluded from the SCR at that time. Ofgem reserved the option if necessary to bring storage charges back into the SCR and issue a direction to one or more interested parties. GG pointed out, that as Ofgem had not issued a formal direction to bring storage charges back into the SCR and as they had already confirmed that CMP281 was out of scope of the SCR, CMP281 should not be suspended.
7495. NH confirmed he had spoken to his colleague from the Authority who had attended the Workgroup, and stated that the Authority was not thinking of subsuming this modification into their SCR/TCR work. NH stated that it was up to the Panel to decide how to proceed with this modification. However, the Authority would request that the Workgroup is mindful of the Access Works and SCR/TCR work that they are currently doing in relation to network charges and any overlap that may occur as the Workgroup develops a solution.
7496. TM asked the Code Administrator for further clarification on what was decided within the Workgroup. CB confirmed that all but one Workgroup member decided to temporarily suspend the Workgroup until Ofgem published its consultation on the SCR/TCR in Autumn 2018. The Workgroup felt this publication may be beneficial and should be taken into account when steering a solution to the proposal ahead of a Workgroup Consultation.
7497. LB stated that he was still confused over the element of overlap and if this was due to storage or BSUoS. LB noted that from his involvement in the SCR/TCR, the Taskforce have not explicitly discussed anything around storage, so that could not be

the driver for suspending the modification. Likewise, there had only been vague discussions on BSUoS and a summary note that did not really define any direction of travel. LB stated that in his opinion CMP 281 continues to have tangible value and should continue to be progressed.

7498. JA added that he would be happy to amend the Terms of Reference to place an obligation on the Workgroup to be mindful of the work that the Authority is currently carrying out under the SCR/TCR.

7499. SL noted that the Workgroup have been meeting and developing a solution for 12 months without complication. SL felt they should continue to do so but remain mindful of the SCR/TCR in any solution that they develop, echoing the thoughts of JA.

7500. LS advised that there were broader solutions to this proposed defect than the current CMP281 proposal highlights. LS iterated that it is those broader solutions that could take CMP281 into the space of Access and Forward Looking Charges work. LS stated that Ofgem are publishing work on Access and Forward Looking Charges in Summer 2018, so the CMP 281 Workgroup could be temporarily suspended until the aforementioned publication. From an efficiency point of view, this will avoid the Workgroup having to re-consult and repeat work if the Workgroup Consultation is issued before this publication and information of a material nature in the Ofgem publication warrants an additional Workgroup consultation.

7501. PJ requested clarification on the Workgroup Consultation and Governance process, and if this is the stage at which alternates to the original proposal can be raised. CB confirmed that was correct. PJ highlighted this may be why the Workgroup requested a temporary suspension, so that the importance of any future publications could have a steer on the final solution.

TM asked the Panel to decide between a complete suspension until the completion of the SCR/TCR, temporary suspension until Autumn 2018 or for the modification to continue mindful of the work being carried out by the Authority under the SCR/TCR and the Access work. No Panel members thought that the modification should be suspended until the outcome of the SCR/TCR (expected Autumn 2018).

JA stated that there will always be Industry change and Industry would not be able progress code changes if modifications waited for complete certainty. JA was concerned that the Workgroup had been ongoing for a year without going out for consultation.

7502. JA went onto state that having reviewed the latest document from the Access and Forward Looking Charges Task Forces to be presented to the Charging Futures Forum, he did not believe this will make any specific reference to BSUoS. SL and AD also agreed that pausing CMP281 could cause undue delay in its implementation.

7503. PJ stated the key issue was around cost recovery and that BSUoS is not a cost reflective charge. PJ continued by explaining that there are aspects of BSUoS that could be charged in a more cost reflective way and in his opinion this is linked to the SCR/TCR rather than the access work. PJ also stated that waiting for the outcome of the SCR/TCR would delay the implementation of CMP281 for too long so it should continue.

7504. The Panel agreed that the modification should continue, mindful of the work being carried out by the Authority. CB confirmed that timelines will be discussed later in the meeting during discussions around prioritisation.

7505. **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.
7506. JH re-iterated to the Panel that National Grid legal team were still reviewing the draft legal text and this should be completed within two to three weeks. The next Workgroup will be arranged for late June.
7507. **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

7508. **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.
7509. JH advised the Panel that significant progress had been made on CMP286 and CMP287. The third Workgroup had been held on the 18th May and it was agreed a Request for Information (RFI) would be issued to the Industry by National Grid to collect data on Risk Premia. Due to the commercially sensitive nature of this data participants on the Workgroup had been reluctant to disclose this data. National Grid will anonymise the data it receives before presenting this to the Workgroup for analysis. The RFI will be sent out by the 1st June giving Industry 20 Working Days to respond.
7510. JH advised the Panel that the proposer had created Proxy data to use in the event that suppliers were not forthcoming in regards to Risk Premia, and that if the requisite data was not received through the RFI process, the Workgroup will use the proposer’s proxy data as a substitute, meaning that the modification can progress regardless of whether the information is received. The next Workgroup will be scheduled for early July 2018.
7511. **CMP288 ‘Explicit Charging Arrangements for Customer Delays’.** The purpose of this modification is to introduce explicit charging arrangements to recover additional costs incurred by Transmission Owners and TNUoS liable parties as a result of transmission works undertaken early due to a User initiated delay to the Completion Date of the works, or to facilitate a backfeed.

AND

7512. **CMP289 ‘Consequential change to support the introduction of explicit charging arrangements for customer delays and backfeeds via CMP288’.** The purpose of this modification is to introduce changes to non-charging sections of the CUSC to support the introduction of explicit charging arrangements to recover additional costs incurred by Transmission Owners and TNUoS liable parties as a result of transmission works undertaken early due to a User initiated delay to the Completion Date of the

works, or to facilitate a backfeed. The changes to the charging element of the CUSC are covered under CMP288.

7513. JH advised the Panel that the first Workgroup for CMP288 and CMP289 had been held on the 16th May and the next Workgroup was scheduled for 22 June 2018. The Workgroup have highlighted several areas of further discussion and agendas have been agreed for the next three Workgroups. Polls will be sent out shortly by the Code Administrator to agree the dates for Workgroup meetings three and four.

7514. **CMP 291 ‘The open, transparent, non-discriminatory and timely publication of the harmonised rules for grid connection (in accordance with the RfG, DCC and HVDC) and the harmonised rules on system operation set out within the Bilateral Agreements’.** The purpose of this modification is to set out within the CUSC the obligations in the EU Connection Network Codes and System Operation Guideline as they relate to the harmonised rules for connection and system operation in GB.

JH stated that pending the outcome of the prioritisation stack discussions the current indicative date for the first Workgroup meeting for CMP291, which will be held in conjunction with CMP295 is July 2018.

7515. **CMP 292 ‘Introducing a Section 8 cut-off date for changes to the Charging Methodologies’.** The purpose of this modification is to ensure that the charging methodologies (all Charging Methodologies as defined in the CUSC) are fixed in advance of the relevant Charging Year to allow The Company – as Electricity System Operator - to appropriately set and forecast charges. Introducing a cut-off date for changes to the methodologies will help to reduce the risk of charges out-turning differently to the forecasts produced by the Company and created by users.

7516. **CMP293: National Grid Legal Separation changes to CUSC sections, Exhibits & Schedules (non-charging).** This proposal seeks to modify the CUSC to reflect the creation of a new National Grid Electricity System Operator (NGESO) that is legally separated from National Grid Electricity Transmission Limited (NGET). The specific CUSC references have been updated in order to ensure the System Operator and Transmission Owner obligations are clear.

AND

7517. **CMP294: National Grid Legal Separation Changes to CUSC Section 14.** This proposal seeks to modify the CUSC to reflect the creation of a new National Grid Electricity System Operator (NGESO) that is legally separated from National Grid Electricity Transmission Limited (NGET). The specific CUSC references have been updated in order to ensure the System Operator and Transmission Owner obligations are clear.

7518. JH and CB stated that a webinar will take place in the first half of June 2018 to discuss the relevant legal text for both CMP293 and CMP294. Any proposed changes to the legal text following the webinar will be brought back to the Panel for approval in June’s Panel meeting. The Panel were advised that the modifications will then proceed to Code Administrator Consultation.

7519. **CMP295 - Contractual Arrangements for Virtual Lead Parties (Project TERRE).** Under BSC P344 and GC0097, and future market arrangements, an aggregator will combine the export capabilities of SVA-registered embedded generation to participate in the BM. In order to facilitate Grid Code compliance, and to ensure appropriate

rights/obligations for Virtual Lead Parties (as to be defined in BSC P344), accession to the CUSC is necessary and entry into specific CUSC contracts is required.

7520. JH confirmed that as per previous Panel discussions CMP295 will be progressed with CMP291 in July 2018.

7521. **CMP296 - Aligning the CUSC to the BSC post-P344 (Project TERRE) to exempt Virtual Lead Parties from BSUoS.** BSC Modification P344 introduces a new class of BMU, and a new class of BMU registrant to the BSC (“Virtual Lead Parties”); it is necessary to amend the CUSC to extend the BSUoS exemption to these Virtual Lead Parties;

AND

7522. **CMP297: Aligning CUSC and BSC post-TERRE (Section 11) – consequential modification to introduce definition of Virtual Lead Party.** CMP297 aims to alter Section 14 of the CUSC such that the extant BSUoS exemption which applies to Interconnector BMUs can be extended to cover Virtual Lead Parties. This consequential CMP seeks to amend Section 11 to introduce a definition of ‘Virtual Lead Party’.

7523. JH advised the Panel that the Code Administration Consultations was published on the 22 and 23 May 2018 and the deadline for responses is the 13 and 14 June 2018. These modifications will then be brought back to the Panel in June 2018 for recommendation vote.

7524. **CMP298: Updating the Statement of Works process to facilitate aggregated assessment of relevant and collectively relevant embedded generation.** This modification is needed due to increasing levels of embedded generation connections the process for assessing their overall impact on the transmission system needs to be revised allowing the System Operator to recognise the changes caused by multiple small scale connections and plan accordingly.

7525. JH advised the Panel that Workgroup members are currently being sourced. Dependant on the prioritisation stack once this is quorate a Workgroup will be organised for September 2018.

7526. GG noted that the Energy Network Association Statement of Works Focus Group published a note on a Workshop that they held on the 23 March 2018. This discussed introducing a New Transmission Impact Assessment Process that will in time replace the current Statement of Works. GG stated that there were two follow up questions on this note that he wanted to flag up. Firstly, GG advised that the note sought clarification on how BEGA/BELLA applications would be considered under the new Transmission Impact Assessment. GG advised that it will be addressed as part of the GBSO CUSC mod in CMP298. Secondly, the note questioned a concern around the proposed approach of the potential CUSC modification, what it may touch on and what protection would this involve. GG requested that an additional Term of Reference be added to CMP298 asking the Working Group to consider this work that the ENA are undertaking

7527. GG stated it is also incumbent on a CUSC Panel Member to get in touch with the ENA to explain what will and will not be covered by CMP298.

Action - LS agreed as ESO to make sure the requisite information is fed into that ENA group to clarify what will and will not be covered.

7528. LB noted that as National Grid recently published its open letter on User Commitment and as one part of that is about distributed generation, securities around multiple BCA's, and asked whether the responses to this could also be considered by the Workgroup and consideration given to how they interact with CMP298 which is looking to expand that process.
7529. The Panel agreed that two additional Terms of Reference items should be added to CMP298 asking the Workgroup to consider the work of the ENA and the responses to National Grid's User Commitment Letter. The Terms of Reference were updated accordingly.
7530. **CMP299: Consequential changes to the CUSC to facilitate the 2018-2021 ESO Incentive Scheme.** The aim of this modification is to update the CUSC (Section 14.30 onwards), in line with the new Electricity System Operator (ESO) Incentive Scheme which is detailed within National Grid's Licence. Changes have been approved and when implemented, they will be effective from on the 1st April 2018.
7531. JH advised the Panel that the Code Administration Consultation was published on the 15 May 2018 with a standard 15 Working Day timeframe. Industry have until the 5 June 2018 to respond, this will then be brought back to the June Panel for a recommendation vote along with CMP275, CMP296 and CMP297.

NR stated he had noted at the April Panel that there were no forecast figures for the Incentive and had requested that the BSUoS Circular and ESO Forward plan be forwarded to Panel members. LS confirmed that that these documents can be found on the internet, but no large number or a breakdown of each Incentive had been agreed yet with Ofgem...

6 Discussion on Prioritisation Stack

7532. CB presented the current work stack and requested that the Panel review the timelines that were previously agreed along with the number of Workgroups that may be required.
7533. TM requested that that Panel highlight any changes that should be made to the current prioritisation order agreed at April's Panel. No changes were proposed by the Panel.
7534. TM asked the Panel to consider where the new modification CMP300 should sit in priority amongst the existing stack.
- PY noted that he would expect Workgroup meetings for CMP300 to be held by the end of July or August and for the Workgroup Report to be complete by November. PY stated it was a simple modification and may only require one Workgroup prior to the consultation and one Workgroup following the consultation. LB highlighted that the materiality of CMP300 needed to be considered in assessing its prioritisation against the existing modifications.
7535. LS stated that it would be unreasonable if CMP300 was prioritised ahead of other pre-existing modifications, but also noted that it potentially would not take as long to complete as some of the modifications, then it should not be unduly delayed.

7536. TM highlighted that the Panel would also need to consider the impact of prioritising CMP300 on the other modifications that were nearing completion.
7537. GG suggested that CMP300 could be placed in above CMP285, and also noted that if a BSC modification is required to accompany CMP300, then prioritisation can be re-reviewed accordingly at the next Panel meeting in June.
7538. LS noted that two modifications sitting towards the lower end of the prioritisation stack currently have an implementation buffer so was happy for CMP300 to go in above them for now.
7539. The Panel agreed this position for CMP 300. CB confirmed that Code Admin would come back with a timeline at the next Panel meeting and that the first Workgroup will be held in September 2018.
7540. LS questioned why the Workgroup could not see the draft legal text for CMP285. CB stated that the Code Administrator would check if the draft legal text can be circulated to help expedite the modification.

Action – CB and LS to check if draft legal text can be distributed for CMP285.

7541. CB confirmed that as timelines had now been agreed, the Modification register would be updated accordingly. CB further explained that the prioritisation stack will then be introduced as an agenda item at the next TCMF and shared with Industry. CB furthered this point by explaining that the Code Administrator would explain the prioritisation stack and the criteria that the Panel has agreed. Going forwards, the stack would then be published on the last page of the Modification register.
7542. GG requested that the prioritisation stack be included within the headline report, sent out directly after each CUSC Panel to Industry parties. CB confirmed that once prioritisation had been introduced to industry, it would then be incorporated into the headline report as per GG's suggestion.

Action – Code administration to add priority stack to Headline Report, once this has been introduced to the industry.

7455. GG questioned if prioritisation will be discontinued, and whether more Workgroups would be held once resource increases within the Code Administrator team. LS confirmed that from an Industry perspective, the need for prioritisation would continue to be prevalent, and will continue to be used regardless of Code Administrator resource.

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

Governance Standing Group (GSG)

7543. GG stated that GSG will be meeting on the 4 June 2018.
7544. **Transmission Charging Methodologies Forum (TCMF) and CUSC Issues Steering Group (CISG).**
7545. LS confirmed that there were discussions on a potential new modification being raised in June to clarify the Scottish Island Charging Arrangements. TCMF requested that

the clarification be recorded as a modification to the CUSC. The new proposal will be raised as soon as the legal text is confirmed and progress straight to Code Administration Consultation with Panel approval.

7546. LS stated that there was also a presentation given to TCMF on a new potential DCUSA change, which would see equivalent impacts of CMP280 in terms of DUoS charging for storage. NR requested that the presentation be forwarded to him. LS stated that it will be published on the National Grid website for everyone to see, along with other presentations given at TCMF.

LS confirmed that the National Grid open letter on User Commitment was also discussed at the TCMF along with CMP300. TM asked the Panel if they had any other questions or comments on the National Grid open letter on User Commitment. PM stated it was slightly duplicative and questionable timing to send this letter out, given that User Commitment is within the scope of the review of Access and Forward Looking Charges and there is now going to be an Ofgem consultation around this in summer.

7547. LS confirmed that National Grid had made this publication as a result of conversations and comments that they have received from customer feedback. LS also stated that National Grid are not taking any action at this stage, but are merely looking for inputs, views and feedback. Anything that they do take forward will be considered in the context of the Access work.

8 European Code Development

7548. GG stated that the Joint European Stakeholder Group met in May via WebEx. GG advised that discussions were held on TSO/DSO developments moving forwards, System Operation Guidelines and synchronise area agreement, which was out for consultation at the time, but has now closed.

7549. GG also stated that the Emergency & Restoration Network Code was discussed in terms of system defence, system restoration plans and a code mapping session done on emergency restoration plans.

9 Authority Decisions

7550. NH stated the Authority are continuing to progress CMP250 and CMP251 and are aiming to make a decision on these as soon as possible.

10 AOB

7551. CB advised that the modification proposal form will be re-published shortly with an additional tick box to ensure all proposers read the Charging Futures Guidance that is published on the National Grid website, and take this into account before raising a new modification.

7552. GG requested clarification on if this only applied to S.14 and any new charging modification. CB confirmed that was correct.

7553. NH confirmed that the TCR/SCR would require a high level of commitment from all parties involved which along with the Access support work will result in two major

consultations in summer 2018. NH stated that this would lead to significant changes in 2020/21, so Ofgem would ask that the Panel consider holding off on issuing any new charging modifications, and consider focusing on the most urgent modifications instead. NH stated that any future modification should be in line with the Charging Futures Guidance as mentioned earlier.

Action - GG requested that Code Administration circulate the Charging Futures Guidance document to the CUSC circulation list to prevent any confusion.

7554. SL stated he would like further clarity from Ofgem on the scope of the SCR/TCR and if this covers BSUoS.

Action – NH to provide further clarity on the scope of the TCR/SCR and if this covers BSUoS.

7555. LS stated she felt the scope of the SCR/TCR was very clear, and that there is no governance route to prevent modifications being raised that could impact on slight elements of charging that are not centred on residual revenue recovery, and mentioned that this would be where the Charging Futures Guidance would come to the fore in terms of Panel decision making on a modification.

GG pointed out that once the SCR closes there is a risk that there may be a multitude of new modifications raised, especially in a scenario whereby Ofgem give direction on modifications to be raised. PM and JA stated it would be good to have an advanced view of the proposed changes that are coming out of the SCR and a clear steer of the direction of travel. NH advised that the Taskforce final report on Access and Forward Looking Charges was published on the 18th May and will be discussed at the Charging Futures forum.

7556. NH confirmed that Ofgem are also currently requesting data from network companies for recovery of residual elements of system charges to be used for some of the work they are carrying out.

7557. LS advised that the slides from the Charging Futures Forum have been published on National Grid's website for those that were unable to attend.

7558. NR confirmed that the BSC annual meeting will be held on the 12th July and if anyone requires any further details to please get in touch with him.

7559. DC noted that Elexon had published a paper on multiple supplies, and that this may be of interest to Panel Members.

7560. NH advised that a new draft CACOP Principle 14 had been circulated to the Panel and shared with other Code Panels. Ofgem are requesting feedback on this from the Panel or its members by the end of June, and JH advised that the Code Administrator had forwarded this email to Panel members.

7561. GG expressed concern that CACOP Principle 14 stated the Code Administrator and Ofgem would agree derogation, when this should be the role of the Panel and Ofgem. GG stated that the Code Administrator should only be making a recommendation to the Panel and not making that decision outright. The Panel agreed for GG to draft a response on behalf of the Panel in relation to this.

Action – GG to draft a response on behalf of the Panel in relation to CACOP Principle 14 and circulate to the Panel for agreement via email.

7562.

TM requested that Mike Oxenham attend the next Panel to provide more information on CACOP and how this impacts on the work of the Panel. PJ would also like Mike to provide further clarity on derogations and if there was a formal process for this within the CUSC.

Action – Mike Oxenham to attend June CUSC Panel to provide clarity on derogations, update on CACOP and how this will impact the work of the Panel.

7563. NR confirmed that in the future he will be spending more time focusing on Workgroups, this will be his last Panel and DC will be taking his place on this Panel, replacing him going forwards. The Panel thanked NR for all his contribution and inputs into the CUSC Panel.

11 Next meeting

It was confirmed to the Panel that the next normal Panel meeting will be held on **29 June 2018** at National Grid House.