



| Stage 06 Final Modification Report  | At what stage is this document in the process?   |    |                            |    |                        |    |                  |    |                                 |    |                         |    |                                |
|---|--|----|----------------------------|----|------------------------|----|------------------|----|---------------------------------|----|-------------------------|----|--------------------------------|
| <h1>CMP297: Aligning CUSC and BSC post-TERRE (Section 11) – consequential modification to introduce definition of Virtual Lead Party</h1>   | <table border="1"> <tr> <td>01</td> <td>Initial Written Assessment</td> </tr> <tr> <td>02</td> <td>Workgroup Consultation</td> </tr> <tr> <td>03</td> <td>Workgroup Report</td> </tr> <tr> <td>04</td> <td>Code Administrator Consultation</td> </tr> <tr> <td>05</td> <td>Draft CUSC Modification</td> </tr> <tr> <td>06</td> <td>Final CUSC Modification Report</td> </tr> </table>  | 01 | Initial Written Assessment | 02 | Workgroup Consultation | 03 | Workgroup Report | 04 | Code Administrator Consultation | 05 | Draft CUSC Modification | 06 | Final CUSC Modification Report |
| 01  | Initial Written Assessment   |    |                            |    |                        |    |                  |    |                                 |    |                         |    |                                |
| 02  | Workgroup Consultation   |    |                            |    |                        |    |                  |    |                                 |    |                         |    |                                |
| 03  | Workgroup Report   |    |                            |    |                        |    |                  |    |                                 |    |                         |    |                                |
| 04  | Code Administrator Consultation  |    |                            |    |                        |    |                  |    |                                 |    |                         |    |                                |
| 05  | Draft CUSC Modification  |    |                            |    |                        |    |                  |    |                                 |    |                         |    |                                |
| 06  | Final CUSC Modification Report   |    |                            |    |                        |    |                  |    |                                 |    |                         |    |                                |
| <p><b>Purpose of Modification:</b> The Company has raised a CMP to alter Section 14 of the CUSC such that the extant BSUoS exemption which applies to Interconnector BMUs can be expanded to cover Virtual Lead Parties. This consequential CMP seeks to amend Section 11 to introduce a definition of ‘Virtual Lead Party’</p> |  |    |                            |    |                        |    |                  |    |                                 |    |                         |    |                                |
|    | <p>This Final Modification Report has been prepared in accordance with the terms of the CUSC. An electronic version of this document and all other CMP297 related documentation can be found on the National Grid website via the following link:</p> <p><a href="https://www.nationalgrid.com/uk/electricity/codes/connection-and-use-system-code/modifications/aligning-cusc-and-bsc-post-terre">https://www.nationalgrid.com/uk/electricity/codes/connection-and-use-system-code/modifications/aligning-cusc-and-bsc-post-terre</a></p> <p>At the CUSC Panel meeting on 29 June 2018, the Panel members recommended that CMP297 should be implemented.</p> <p>The purpose of this document is to assist the Authority in making its determination on whether to implement CMP297.</p> |    |                            |    |                        |    |                  |    |                                 |    |                         |    |                                |
|    | <p><b>Low Impact</b> BSUoS Chargeable Parties</p>  |    |                            |    |                        |    |                  |    |                                 |    |                         |    |                                |

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 **Any questions?**

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## Timetable

The Code Administrator recommends the following timetable:

|  |                |
|--|----------------|
| Code Administration Consultation Report issued to the Industry | 22 May 2018    |
| Draft Final Modification Report presented to Panel             | 29 June 2018   |
| Modification Panel Recommendation Vote                         | 29 June 2018   |
| Final Modification Report issued to Authority (25 WD)          | 12 July 2018   |
| Indicative Decision Date                                       | 16 August 2018 |
| Decision implemented in CUSC (2WD after determination)         | 18 August 2018 |
|  |                |

## 1. About this document

This document is the Final CUSC Modification Report document. CMP297 was proposed by National Grid and was submitted to the CUSC Modifications Panel for its consideration on 19 April 2018. The Panel decided to send the Proposal to a Code Administrator Consultation to be developed and assessed against the CUSC Applicable Objectives

CMP297 aims to alter Section 14 of the CUSC such that the extant BSUoS exemption which applies to Interconnector BMUs can be expanded to cover Virtual Lead Parties. This consequential CMP seeks to amend Section 11 to introduce a definition of 'Virtual Lead Party'.

### **Code Administrator Consultation Responses**

1 response was received to the Code Administrator Consultation. A summary of the response can be found in Section 6 of this document. The respondent agreed that the proposal better facilitates the applicable CUSC objectives.

### **CUSC Panel View**

At the CUSC Panel meeting on 29 June 2018, the Panel voted on CMP297 against the Applicable CUSC Objectives.

The Panel members voted unanimously that CMP297 should be implemented.

This Final Modification Report has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid Website, <https://www.nationalgrid.com/uk/electricity/codes/connection-and-use-system-code>, along with the CUSC Modification Proposal Form.

## 2. Original Proposal

### Defect

Section 2 (Original Proposal) are sourced directly from the Proposer and any statements or assertions have not been altered or substantiated/supported or refuted by the Workgroup.

### Defect

The CUSC does not currently recognise Virtual Lead Parties and should be updated in Section 11 to do so, in order to facilitate delivery of the CMP raised by The Company which seeks to exclude Virtual Lead Parties from BSUoS liabilities (“the Charging CMP”, for ease of reference).

The rationale for such exclusion is outlined in CMP297.

### What

Section 11 of the CUSC should be updated to include a definition of ‘Virtual Lead Party’

### Why

BSC P344 and GC0097 will enable Virtual Lead Parties to participate as BMUs – the CUSC currently does not recognise Virtual Lead Parties as a category of Market Participant

### How

Update Section 11 only, to state that Virtual Lead Party is defined within the Balancing and Settlement Code.

## 3. Proposer’s solution

***Section 3 (Proposer’s solution) are sourced directly from the Proposer and any statements or assertions have not been altered or substantiated/supported or refuted by the Workgroup. Section 7 of the Workgroup contains the discussion by the Workgroup on the Proposal and the potential solution.***

It is suggested that the following is inserted into Section 11 of the CUSC:

**‘Virtual Lead Party – as defined in the Balancing and Settlement Code’.**

**Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?**

It is resultant from BSC Modification P344

## Consumer Impacts

As Per CMP296 modification, which was also issued to Code Administrator consultation in May 2018.

### 4. CMP297: Relevant Objectives

#### Impact of the modification on the Applicable CUSC Objectives (Standard):

| Relevant Objective  | Identified impact   |
|---|---|
| (a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;   | None  |
| (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; | Positive – recognises the new Market Participant, thereby enabling the exemption from BSUoS liability |
| (c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and  | Positive – required to implement Project TERRE appropriately  |
| (d) Promoting efficiency in the implementation and administration of the CUSC arrangements.   | Positive – enables Section 14 to be updated without creating an undefined term within CUSC            |

### 5. Implementation

#### Proposer's initial view:

Implementation should align with that for BSC P344 which, at the time of writing is 1 April 2019. If P344 is delayed for any reason, this Proposal should be implemented at the start of the Charging Year immediately preceding the relevant P344 BSC Release implementation.

## 6. Code Administrator Consultation Responses

The Code Administrator Consultation was issued on 22 May 2018 for 15 Working Days, with a close date of 13 June 2018.

1 responses were received to the Code Administrator Consultation and is detailed in the table below

| Respondent                       | Do you believe that CMP297 better facilitates the Applicable CUSC objectives?  | Do you support the proposed implementation approach? | Do you have any other comments? |
|----------------------------------|--|--|---------------------------------|
| <p><b>Joshua Logan, Drax</b></p> | <p>We believe that the Proposed solution better facilitates the Applicable CUSC Objectives.</p> <p>Applicable Objective (b) – Positive<br/>This change recognises the introduction of a new Market Participant into the CUSC. This is required to facilitate the introduction of project TERRE which should stimulate more competition in the BM and will introduce a pan-European replacement reserve market.</p> <p>Applicable Objective (c) – Positive<br/>The implementation of Project TERRE will ensure compliance with the European Balancing Guideline (EB GL). This is a consequential CUSC change that is required and therefore better facilitates compliance with the regulation.</p> <p>Applicable Objective (d) – Positive<br/>Including the definition of a Virtual Lead Party (VLP) in the CUSC will add clarity and promote efficiency in the implementation and administration of the CUSC arrangements.</p> | <p>Yes we support the implementation approach</p>    | <p>No</p>                       |

## 7. CUSC Panel View

At the CUSC Panel meeting on 29 June 2018 the Panel voted on CMP297 against the Applicable CUSC Charging Objectives/ Objectives.

The Panel members unanimously agreed that CMP297 should be implemented.

For reference the Applicable CUSC Charging Objectives are;

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

### Vote 1: Does the original facilitate the objectives better than the Baseline?

| Panel Member  | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Overall (Y/N) |
|---|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| Kate Dooley   |                            |                             |                             |                             |               |
| Original  | Neutral                    | Yes                         | Yes                         | Yes                         | Yes           |
| <b>Voting Statement:</b>  |                            |                             |                             |                             |               |
| This modification is a consequential modification after the extensive work done on P344 under the BSC. This modification is necessary for the implementation of Project TERRE will ensure compliance with the European Balancing Guideline (EB GL). |                            |                             |                             |                             |               |
| Panel Member  | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Overall (Y/N) |
| Andy Pace   |                            |                             |                             |                             |               |
| Original  | Neutral                    | YES                         | YES                         | Neutral                     | YES           |
| <b>Voting Statement:</b>  |                            |                             |                             |                             |               |

| <p>This change modification better meets standard CUSC objective (b) by exempting Virtual Lead Parties from BSUoS and thereby preventing double charging for this element. This facilitates effective competition in the generation and supply of electricity.</p> <p>This change modification better meets standard CUSC objective (c) by enabling Project TERRE to be implemented appropriately as required under European legislation.</p>               |                            |                             |                             |                             |               |
|---|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| Panel Member  | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Overall (Y/N) |
| Laurence Barrett  |                            |                             |                             |                             |               |
| Original  | Neutral                    | YES                         | YES                         | YES                         | YES           |
| <p><b>Voting Statement:</b></p> <p>This modification is required to facilitate the implementation of Project TERRE which creates virtual lead parties and secondary BMUs. Without this change to define VLPs, the related mod, CMP296, could not proceed and BSUoS would get recovered twice from the same BMU, which is not cost reflective and would inhibit competition. This mod is therefore better than the baseline against the CUSC objectives.</p> |                            |                             |                             |                             |               |
| Panel Member  | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Overall (Y/N) |
| Garth Graham  |                            |                             |                             |                             |               |
| Original  | Neutral                    | YES                         | YES                         | YES                         | YES           |
| <p><b>Voting Statement:</b> This proposal better facilitates Applicable Objectives (b), (c) and (d) with its introduction of the Project TERRE changes into the CUSC.</p>   |                            |                             |                             |                             |               |
| Panel Member  | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Overall (Y/N) |
| Jon Wisdom  |                            |                             |                             |                             |               |
| Original  | Neutral                    | YES                         | Neutral                     | YES                         | YES           |
| <p><b>Voting Statement:</b></p> <p>As the introduction of Virtual Lead Parties is being managed through Balancing and Settlement Code arrangements it is essential that the definitions across codes are the same; it is appropriate for the CUSC to use - consequentially of BSC P344 - the same definition as will be found in</p>  |                            |                             |                             |                             |               |



the BSC, and not to seek to define it itself. This proposal better facilitates competition in the market by ensuring that all parties have a common understanding of what will be classed as a Virtual Lead Party, and better facilitates efficiency in CUSC arrangements by removing the potential for duplication of effort in attempting to define separately VLPs.

| Panel Member | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Overall (Y/N) |
|--------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
|--------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|

Michael Jenner

|          |         |     |     |         |     |
|----------|---------|-----|-----|---------|-----|
| Original | Neutral | Yes | Yes | Neutral | Yes |
|----------|---------|-----|-----|---------|-----|

**Voting Statement:** CMP297 is necessary to alter Section 11 and 14 of the CUSC to introduce the definition of VLPs so that the extant BSUoS exemption which applies to Interconnector BMUs can be expanded to cover VLPs

| Panel Member | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Overall (Y/N) |
|--------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
|--------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|

Simon Lord

|          |         |     |     |         |     |
|----------|---------|-----|-----|---------|-----|
| Original | Neutral | Yes | Yes | Neutral | Yes |
|----------|---------|-----|-----|---------|-----|

**Voting Statement:**

This modification seeks to exempt VLP from paying BSuOS as part of the TERRE implementation this seems appropriate in this context .

| Panel Member | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Overall (Y/N) |
|--------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
|--------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|

Robert Longden

|          |     |         |     |         |     |
|----------|-----|---------|-----|---------|-----|
| Original | YES | Neutral | YES | Neutral | YES |
|----------|-----|---------|-----|---------|-----|

**Voting Statement:**

CMP 296 is consistent with the applicable CUSC objectives. This is a consequential modification. It should therefore be implemented

| Panel Member | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Overall (Y/N) |
|--------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
|--------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|

Paul Mott

|   |         |         |     |         |     |
|---|---------|---------|-----|---------|-----|
| Original  | Neutral | Neutral | YES | Neutral | YES |
| <p><b>Voting Statement:</b></p> <p>This change recognises the introduction of a new Market Participant, a VLP, into the CUSC. This facilitates the introduction of project TERRE which should stimulate more competition in the BM and will introduce a panEuropean replacement reserve market thus fulfilling the european balancing guideline</p> |         |         |     |         |     |

Vote 2 – Which option is the best?

| Panel Member     | BEST Option? |
|------------------|--------------|
| Kate Dooley      | Original     |
| Andy Pace        | Original     |
| Laurence Barrett | Original     |
| Garth Graham     | Original     |
| Jon Wisdom       | Original     |
| Michael Jenner   | Original     |
| Simon Lord       | Original     |
| Robert Longden   | Original     |
| Paul Mott        | Original     |

**Breakdown of voting:**

| Option   | Overall Support of the option achieving the CUSC Objectives than the baseline |
|----------|---|
| Original | 9 Yes   |

The CUSC Panel therefore recommended unanimously that CMP297 could be implemented.

## 8. Legal Text

### Text Commentary

As outlined in 'Solution' – insert Virtual Lead Party into Section 11 and confirm that it is defined within the BSC.

Secondary BM Unit as defined in the Balancing and Settlement Code

## 9. Impacts

### Costs

| Code administration costs      |           |
|--------------------------------|-----------|
| Resource costs                 | £0        |
| Total Code Administrator costs | <b>£0</b> |

| Industry costs (Standard CMP)  |  |
|--------------------------------|--|
| Resource costs                 | <b>£908.00</b> – 1 Consultation <ul style="list-style-type: none"><li>• 0 Workgroup meetings</li><li>• 0 Workgroup members</li><li>• 1.5 man days effort per meeting</li><li>• 1.5 man days effort per consultation response</li><li>• 1 consultation respondent</li></ul> |
| Total Code Administrator costs | <b>£908.00</b>   |
| Total Industry Costs           | <b>£908.00</b>   |



14.29.4 All CUSC Parties acting as Generators and Suppliers (for the avoidance of doubt excluding all BMUs and Trading Units associated with either Interconnectors or Virtual Lead Parties) are liable for Balancing Services Use of System charges based on their energy taken from or supplied to the National Grid system in each half-hour Settlement Period.

14.30.4 BM Unit and Trading Units associated with Interconnectors, including those associated with the Interconnector Error Administrator, are not liable for BSUoS charges. BM Units, including Secondary BM Units, which are associated with Virtual Lead Parties are not liable for BSUoS charges.

Secondary BM Unit as defined in the Balancing and Settlement Code

Virtual Lead Party as defined in the Balancing and Settlement Code

## Annex 2 – Code Administrator Consultation Response

**CMP297 – Aligning CUSC and BSC post-TERRE (Section 11) – consequential modification to introduce definition of Virtual Lead Party.**

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **13 June 2018** to [cusc.team@nationalgrid.com](mailto:cusc.team@nationalgrid.com). Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its final determination.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

|   |   |
|---|---|
| <p><b>Respondent:</b></p>   | <p><i>Joshua Logan</i><br/><a href="mailto:Joshua.logan@drax.com">Joshua.logan@drax.com</a><br/>01757 612736</p>  |
| <p><b>Company Name:</b></p>   | <p><i>Drax Power Ltd</i></p>  |
| <p><b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b></p> | <p>For reference, the Applicable CUSC objectives are:</p> <ul style="list-style-type: none"> <li>(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence;</li> <li>(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.</li> <li>(c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.</li> <li>(d) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.</li> </ul> <p><b><u>Response</u></b></p> <p>We believe that the Proposed solution better facilitates the Applicable CUSC Objectives.</p> <p><b>Applicable Objective (b) – Positive</b></p> <p>This change recognises the introduction of a new Market Participant into the CUSC. This is required to facilitate the introduction of project TERRE which should stimulate more competition in the BM and will introduce a pan-European</p> |



|   |  |
|---|--|
|   | <p>replacement reserve market.</p> <p><b>Applicable Objective (c) – Positive</b></p> <p>The implementation of Project TERRE will ensure compliance with the European Balancing Guideline (EB GL). This is a consequential CUSC change that is required and therefore better facilitates compliance with the regulation.</p> <p><b>Applicable Objective (d) – Positive</b></p> <p>Including the definition of a Virtual Lead Party (VLP) in the CUSC will add clarity and promote efficiency in the implementation and administration of the CUSC arrangements.</p> |
| <p><b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b></p> | <p>Yes, we support the implementation approach.</p>  |
| <p><b>Do you have any other comments?</b></p>   | <p>No.</p>   |