

Final Modification Report		At what stage is this document in the process?
<h1 style="color: #00a651;">CMP305:</h1> <h2>Removal of the Enhanced Reactive Power Service (ERPS)</h2>	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; align-items: center; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 5px; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-right: 5px;">01</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Proposal Form</div> </div> <div style="display: flex; align-items: center; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 5px; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-right: 5px;">02</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Code Administrator Consultation</div> </div> <div style="display: flex; align-items: center; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 5px; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-right: 5px;">03</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Draft CUSC Modification Report</div> </div> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; border-radius: 5px; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-right: 5px; background-color: #00a651; color: white;">04</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; background-color: #00a651; color: white;">Final CUSC Modification Report</div> </div> </div>	
<p>Purpose of Modification: The aim of this modification is to remove references to the Enhanced Reactive Power Service (ERPS) from the CUSC. This is an opt-in tendered commercial service for which no tenders have been submitted in seven and a half years, and no contracts have been agreed in nine years. There is an ongoing obligation for NG ESO to issue a request for tenders every six months. Given the administrative burden of running a tender exercise with no participants, the period for which no tenders have been received, and customer feedback, it is proposed that this obligation should be removed from the CUSC.</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 CMP305 related documentation can be found on the National Grid website via the following link:</p> <p>https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/removal-enhanced-reactive-power-service</p> <p>At the CUSC Panel meeting on 30 November 2018, the Panel members agreed by majority that the Original was better than the baseline and recommended that it should be implemented.</p> <p>The purpose of this document is to assist the Authority in making its determination on whether to implement CMP305.</p>	
	<p>Low Impact</p> <p>This proposal has low impact on industry and providers of balancing services. No tenders have been received for this service since January 2011, and there have been no new contracts signed since October 2009.</p>	

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Timetable		 Lurrentia.Walker@nationalgrid.com										
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<p>The Code Administrator recommends the following timetable:</p> <table border="1"> <tbody> <tr> <td>Code Administration Consultation Report issued to the Industry</td> <td>05 October 2018</td> </tr> <tr> <td>Draft Final Modification Report presented to Panel</td> <td>30 November 2018</td> </tr> <tr> <td>Modification Panel decision</td> <td>30 November 2018</td> </tr> <tr> <td>Final Modification Report issued the Authority</td> <td>12 December 2018</td> </tr> <tr> <td>Decision implemented in CUSC</td> <td>January 2019</td> </tr> </tbody> </table>			Code Administration Consultation Report issued to the Industry	05 October 2018	Draft Final Modification Report presented to Panel	30 November 2018	Modification Panel decision	30 November 2018	Final Modification Report issued the Authority	12 December 2018	Decision implemented in CUSC	January 2019
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Proposer Details

Details of Proposer: (Organisation Name)	National Grid Electricity System Operator
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Urmi Mistry National Grid 07814 792971 Urmi.mistry@nationalgrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Patrick Cassels National Grid 07766 778645 patrick.cassels@nationalgrid.com
Attachments (Yes/No): No If Yes, Title and No. of pages of each Attachment: N/A	

Impact on Core Industry Documentation.

No impact on other core industry documentation.

1 About this document

This document is the Final CUSC Modification Report document and contains the responses received from the Code Administrator Consultation which closed on 26 October 2018.

CMP305 was proposed by National Grid and was submitted to the CUSC Modifications Panel for their consideration on 31 August 2018. The Panel decided to send the proposal straight to Code Administrator Consultation.

CMP305 aims to remove references to the Enhanced Reactive Power Service (ERPS) from the CUSC. This is an opt-in tendered commercial service for which no tenders have been submitted in seven and a half years, and no contracts have been agreed in nine years. There is an ongoing obligation for NG ESO to issue a request for tenders every six months. Given the administrative burden of running a tender exercise with no participants, the period for which no tenders have been received, and customer feedback, it is proposed that this obligation should be removed from the CUSC.

Code Administrator Consultation Responses

5 responses were received to the Code Administrator Consultation. A summary of the responses can be found in Section 10 of this document.

CUSC Panel View

At the CUSC Panel meeting on 30 November 2018, the Panel voted on CMP305 against the Applicable CUSC Objectives.

The Panel members by majority agreed that the Original Proposal was better than the baseline and recommended that it should be implemented.

The 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.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/removal-enhanced-reactive-power-service> along with the CUSC Modification Proposal form.

2 Original Proposal

Defect

The CUSC contains obligations for NG ESO to tender for the Enhanced Reactive Power Service (henceforth referred to as ERPS). This is an opt-in commercial service for reactive power that NG ESO is required to tender for every six months. ERPS was intended for providers who can exceed the requirements of the Obligatory Reactive Power Service (ORPS), or for providers who are not required to offer ORPS but can meet or exceed the performance standard.

NG ESO has not received a tender submission for this service since January 2011. We have not entered a contract for this service since October 2009. NG ESO has continued to tender for this service every six months with no submissions received.

This CUSC modification proposal is to remove the ERPS from the CUSC, including all obligations with running the six-monthly tender. ERPS is currently the only opt-in commercial ancillary service where the requirement to tender and the method for doing so are prescribed in the CUSC. In removing ERPS, any future needs for a reactive power services can be addressed in a transparent and competitive manner, as per all other commercial ancillary services, under the Procurement Guidelines and associated governance arrangements.

What

The proposal is to remove all references to the Enhanced Reactive Power Service from the CUSC, including the obligation for NG ESO to tender for the service every six months.

Why

NG ESO has consulted widely with industry on making reforms to our balancing services to deliver improved transparency, competition and fit-for-purpose arrangements via our System Needs and Product Strategy consultation. In response to this consultation, numerous stakeholders informed us that a more flexible set of arrangements is needed, and that the current methods for reactive power procurement do not meet their needs. This code modification aims to remove the redundant ERPS service, as set out in the Reactive Power Product Roadmap. This was identified as the first step in creating new opportunities under more flexible arrangements in line with levelling the playing field and delivering benefit to consumers.

The obligation to tender for ERPS as specified in the CUSC is no longer appropriate given the overwhelming evidence that this market is not functional. Removing this obligation will alleviate an administrative burden on the ESO and enable internal resource to focus on value-add activities, such as developing better functioning, more competitive service solutions.

The codified arrangements for ERPS presently stifle the potential for alternative, more flexible arrangements to be considered under the Procurement Guidelines, which could deliver a more functional market and a better outcome for the end consumer. If this change is not made, it will act as a barrier to the development of more competitive solutions for reactive power, and there will be a continued resource impact on NG ESO to conduct the six-monthly tenders.

How

There is currently no participation in this service and consequently a low impact on industry and balancing service participants in removing references to this service. We therefore propose that this modification progress directly to Code Administrator Consultation. We intend to reallocate the resource associated with running the tenders for this service on the development of more functional, transparent and competitive markets that offer better value for the end consumer.

3 Governance

This modification was raised on the **23 August 2018** by **National Grid** and was presented by the Proposer to the Panel on **31 August 2018**. The Panel agreed that the modification should proceed directly to Code Administrator Consultation due to the low impact on industry and balancing services participants.

4 Why Change?

The GB electricity system is continuing to evolve at pace. The way in which we administer ancillary service markets must increasingly be focussed on efficient use of all available resource and maximising value-add activities that deliver clear benefits for the end consumer. In this world of change, NG ESO aims to deliver balancing services markets that can adapt to the challenges of the future and are open to the widest possible pool of market participants, thereby achieving the most economic outcome for the end consumer. Our intent is to foster transparent and competitive service markets approaches that enable all technology types and electricity system users to compete on a level playing field.

This change to CUSC will remove the requirement for NG ESO to run a tender every six months for ERPS. The current set of arrangements placing restrictions on the procurement methods for a commercially tendered ancillary service which limits our ability to adapt to the changing needs of the system and market participants.

Rationalising this service will provide an additional benefit by removing an administrative burden on NG ESO, enabling internal resource to focus on the development of functioning and competitive service solutions. This modification will have minimal impact on providers of balancing services and wider industry as there is currently no participation in ERPS tenders.

The intent to raise to raise this modification to remove ERPS was the first action outlined in the Reactive Power Product Roadmap, published May 2018. This is part of a series of commitments to work with industry to determine a suitable set of market arrangements for reactive power.

The codified implementation of ERPS stifles potential for alternative, more flexible market arrangements to be considered under the Procurement Guidelines, as deprecated ERPS arrangements would presently exist in parallel. This modification would deliver a more functional market and a better outcome for the end consumer. If this change is not made, it will act as a barrier to the development of more competitive solutions for reactive power, and there will be a continued resource impact on NG ESO to conduct the six-monthly tenders.

5 Code Specific Matters

Reference Documents

This modification relates to the Connection and Use of System Code (CUSC) only.

Link to the [Reactive Power Product Roadmap](#).

6 Solution

The proposed solution is to remove the references to Enhanced Reactive Power Service as they appear throughout the CUSC. These references occur specifically in:

- Section 11
- Section 4
- Schedule 2
- Schedule 3

The modification proposes removal only, and no additions to be made to the CUSC.

7 Impacts & Other Considerations

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

No impact.

Consumer Impacts

There will be a beneficial impact to consumers, as we propose to remove a service for which there is no longer an active market. This will enable resource to focus on developing more competitive and efficient approaches to balancing services procurement via market-based mechanisms. Our Reactive Power Product Roadmap sets out a plan for how we will engage with industry to consult on alternative approaches that better meet the needs of the system and market participants to deliver a positive impact for consumers.

Costs

Industry costs (Standard CMP)	
Resource costs	£4,538.00 – 1 Code Consultation <ul style="list-style-type: none"> • 0 Workgroup meetings • 0 Workgroup members • 1.5 man days effort per meeting • 1.5 man days effort per consultation response • 5 consultation respondents
Total Code Administrator costs	£4,538.00
Total Industry Costs	£4,538.00

8 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;	Positive
(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
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	None
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Evidence for the impact of the modification is as follows:

- (a) Removing ERPS from the CUSC will enable NG ESO to conduct our duties in a more economic and efficient manner by focussing on value-add activities that deliver clear benefits to the consumer and removing the inefficiencies associated with tendering for a deprecated service.
- (b) The developments set out in the Reactive Power Roadmap, of which this modification is the first step, are necessary to ensure that more liquid, flexible and transparent market-based mechanisms facilitate economic outcomes and a level playing field for providers of services.
- (d) Removing an outdated set of obligations from the CUSC will help to streamline the code, and ensure that commercial opt-in services are implemented efficiently and flexibly via the Procurement Guidelines rather than continuing to codify commercial tendered services.

9 Implementation

This change should be implemented as soon as practicable following approval to maximise the benefits of no longer tendering for the service. The next tender for ERPS is due in January 2019 therefore provisional on approval of this modification, the intent is to not run this tender.

10 Code Administration Consultation Response Summary

The Code Administrator Consultation was issued on 5 October 2018 for 15 Working Days, with a close date of 26 October 2018.

5 responses were received to the Code Administrator Consultation and are detailed in the table below:

Respondent	Do you believe that CMP305 better facilitates the Applicable CUSC objectives?	Do you support the proposed implementation approach?	Do you have any other comments?
Joshua Logan, Drax	<p>No, overall we consider that CMP305 is neutral against the Applicable CUSC objectives.</p> <p>Applicable Objective (b) - Negative</p> <p>Whilst we realise there has been no tenders submitted for the past seven years, removing the opportunity for parties to do so cannot be seen as promoting competition. We believe that a better approach would be reviewing the Enhanced Reactive Power Service (ERPS) and making it fit for purpose.</p> <p>Applicable Objective (d) - Positive</p> <p>Removing the requirement for National Grid to run tenders when there are no submissions will marginally facilitate efficiency in administering the CUSC.</p>	<p>If Ofgem approve this modification, then it should be implemented in the usual way. However, we would urge Ofgem to consider that modification CMP304 is looking to make the ERPS fit for purpose and will be developing this through a workgroup, it would be prudent to hold off making a decision on CMP305 until they have received and reviewed the final modification report for CMP304.</p>	<p>Yes, we support a review of the ERPS and changes being made to make it fit for purpose and enable the development of the market. CMP304 will do this in an open, transparent manner through engagement with industry to develop the right solution. As such, we support the approach taken by CMP304 and believe this is the best way to tackle existing issues with the ERPS, rather than its removal as proposed by this modification.</p>

James Anderson, Scottish Power	<p>Overall, we believe CMP305 will better achieve the Applicable CUSC Objectives (ACOs).</p> <p>The Proposal will better facilitate competition through removing an obstacle to the development of a more relevant service and tender process through the SNAPS process and governed under the Procurement Guidelines (ACO (b)).</p> <p>By removing the requirement to conduct a tender process for a service which market participants do not appear to wish to participate, the Proposal will better promote efficiency in the implementation and administration of the CUSC arrangements (ACO (d)).</p> <p>The Proposal is neutral against the other ACOs.</p>	WE agree that the Proposal should be implemented as soon as practicable in order to remove the need to hold further tender processes.	No.
Jack Abbott Centrica,	<p>Yes.</p> <p>We believe that the proposal within CMP305 to remove ERPS will help improve efficiency of the CUSC arrangements.</p> <p>It will also improve competition, on the proviso that National Grid ESO commits to its proposals laid out in Reactive Power roadmap as part of the System Needs and Product Strategy reform work. New Reactive Power products are needed, which will need to be appropriately designed to ensure that there is as much competition from a range of assets – notably those technologies that have not previously participated in Reactive Power.</p>	Yes, we support the proposed implementation approach of CMP305. We agree that it would be preferable to have the commercial procurement of Reactive Power removed from the CUSC; such procurement processes and criteria, as well as the Standard Contract Terms will need to be clearly defined by the ESO.	No
Paul Jones, Uniper UK Ltd	Yes. If the Enhanced Reactive Power Service is not being used then it doesn't seem efficient to retain obligations to tender for it. Therefore, this modification would better meet objective d).	Yes, in so much as it would remove an obligation to carry out an unnecessary six monthly tender.	Yes. The views expressed above do not mean that we agree that balancing services should not be defined in the

			<p>CUSC. It is not clear that solely setting out arrangements in the procurement guidelines is the best approach. Balancing services terms and conditions affect those providing the services as much as National Grid as the party procuring them. Therefore, it seems appropriate to bring such services under the open governance arrangements of the CUSC.</p>
<p>Laurence Barrett, E.ON</p>	<p>E.ON believes CMP305 better facilitates the Applicable CUSC Objectives. The EPRS is clearly an obsolete service that neither the ESO nor industry wish to participate in. E.ON has been supportive of the SNaPS process that has been run by the ESO and agrees with the approach set out under this and the subsequent Product Roadmaps. E.ON therefore believes that removing the ERPS from the CUSC will allow a more efficient and competitive reactive power market to be developed outside of the CUSC. Therefore, CMP305 is better against the Standard CUSC Objectives (a) and (b).</p> <p>In addition, removal of the ERPS will remove the administrative burden of running unnecessary tenders for the redundant ERPS and hence CMP305 is better against the Standard CUSC Objective (d).</p>	<p>E.ON agrees with the implementation approach that EPRS should be removed from the CUSC as soon as practicable to avoid running another unnecessary tender.</p>	<p>E.ON believes that the best approach to reform reactive power service is along the lines set out in the Reactive Power Roadmap published by the ESO which requires CMP305.</p> <p>E.ON notes another modification, CMP304 has been raised which seeks to improve the EPRS within the CUSC. Whilst the CUSC modification process is effective for narrowly defined defects with clear solutions, E.ON does not believe it is well suited to broader issues with less clear solutions such as is the case for reactive power reform.</p> <p>It is clearly inefficient</p>

			<p>to run a separate process in the same area through a CUSC modification and therefore E.ON believes Ofgem should provide direction to halt CMP304 before duplication of works starts to take place.</p>
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11 CUSC Panel Views

At the CUSC Panel meeting on 30 November 2018, the Panel voted on CMP305 against the Applicable CUSC Objectives.

The Panel members by majority agreed that the Original proposal was better than the baseline and recommended that it should be implemented.

For reference the Applicable CUSC Charging Objectives are;

- (a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;
- (b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard license condition C26 requirements of a connect and manage connection);
- (c) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees’ transmission businesses;
- (d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc. License under Standard Condition C10, paragraph 1; and
- (e) Promoting efficiency in the implementation and administration of the system charging methodology.

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)
Paul Jones					
Original	Yes	Neutral	Neutral	Yes	Yes

Voting statement

Removing the requirement to carry out the tender for a product which hasn't been procured or offered for so long, improves efficiency in meeting the requirements of the transmission licence and CUSC.

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
Andy Pace					
Original	Yes	Yes	Neutral	Yes	Yes

Voting statement

We support CMP305 which removes the Enhanced Reactive Power Service from the CUSC as it aligns its development and governance with the provision of other ancillary services. This change better meets standard objective (a) as it allows for the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence by removing the obligation to tender for a service where no submissions have been received since 2011.

This change better meets standard objective (b) by enabling the Enhanced Reactive Power Service to be developed in a coordinated away along with other ancillary services as set out in the System Needs and Product Services roadmap. This will thereby facilitate effective competition in the generation and supply of electricity.

This change better meets standard objective (d) by promoting efficiency in the implementation and administration of the CUSC arrangements by removing an obligation to tender for a service where no submissions have been received since 2011.

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
Laurence Barrett					
Original	Yes	Yes	Neutral	Yes	Yes

Voting statement

The ERPS has not been used for several years and it is therefore sensible to remove it from the CUSC such that it can be reformed and developed in line with how other ancillary services were reformed through the SNaPS process. This will help promote competition and allows the Licensee to efficiently fulfil its obligations in the area of ancillary services. It is therefore better against Objective (b) and (a) respectively. It also removes an unnecessary administrative burden on the ESO and so is better against Objective (d).

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	No	Neutral	No	No

Voting statement

This CMP305 proposal is negative in terms of Applicable Objectives (b) and (d). In respect of Applicable Objective (b) the proposal, in removing the definition of Enhanced Reactive Power Service would impact on any existing contracts for any Ancillary Services comprising any Reactive Power capability other than by provisions of the Obligatory Reactive Power Services as detailed in National Grid's January 2018 Reactive Power Market invitation to tender at paragraphs 1.2.1, 1.2.2, 1.2.3 and 1.2.4 together with paragraph 1.2(c) of Schedule 3 of the CUSC (as recently discussed at the 15th November CMP304 Workgroup). This will have a detrimental effect on all existing, contracted, non-obligatory reactive power service providers which, it is understood from National Grid, are significant in number.

This is detrimental to facilitating effective competition in the generation and supply of electricity.

In respect of Applicable Objective (d) the proposal, would disapply the CACoP governance principles to all the terms and conditions related to the provision of non-obligatory reactive power services in GB. I'm mindful that Ofgem introduced the CACoP approach generically to the GB industry codes which, in turn, undermines the benefits that Ofgem identified with open governance to the CMA and wider stakeholders when they introduced, and then enhanced, them with their Code Governance Reviews.

In this regard I'm also mindful of the clear benefits Ofgem identified in moving to extend open governance for charging (as set out in Section 14 of the CUSC) to all CUSC parties (as well as others such as Consumer Focus and Ofgem plus any 'materially affected parties') and not keeping it with a single party, namely National Grid, as it had been in the past.

However, CMP305 takes us back to those old ways where only National Grid are deemed to have the 'wisdom' to make changes.

It would move the governance surrounding non-obligatory reactive power services from a world where some 400 stakeholders (plus any 'materially affected parties')

including National Grid, Consumer Focus and Ofgem themselves can raise changes, if they wish, to the ERPS/ non-obligatory reactive power services to a world where only National Grid has a monopoly on raising changes (to the ERPS/ non-obligatory reactive power services) and they would do so without any robust assessment or elected Panel recommendation or Authority decision or appeal rights of that decision.

As we found in the past, when National Grid had a monopoly on changes it tended to stifle innovation, improvements and enhancements if they felt a change was not in their commercial interest.

This is detrimental to promoting efficiency in the implementation and administration of the CUSC arrangements as well as being detrimental to facilitating effective competition in the generation and supply of electricity as stakeholders who are involved in the generation or supply of electricity cannot seek to improve the terms and conditions related to the provision of non-obligatory reactive power services in GB

Finally I note that all the purported benefits that National Grid has identified with changing the ERPS can all be achieved via the CUSC change route – as set out in CMP304 - but those changes (absent CMP305) would be subject to full stakeholder engagement, formal public consultation and an Authority decision: which CMP305 denies to stakeholders and the Authority.

In terms of the other Applicable Objectives I believe CMP305 is neutral.

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
Louise Schmitz					
Original	Yes	Yes	Neutral	Yes	Yes

Voting statement

Supporting Text for Voting (CMP305):

a) Removing ERPS from the CUSC will enable NG ESO to conduct our duties in a more economic and efficient manner by focussing on value-add activities that deliver clear benefits to the consumer and removing the inefficiencies associated with tendering for a deprecated service.

b) The developments set out in the Reactive Power Roadmap, of which this modification is the first step, are necessary to ensure that more liquid, flexible and transparent market-based mechanisms facilitate economic outcomes and a level playing field for providers of services.

c) Neutral.

d) Removing an outdated set of obligations from the CUSC will help to streamline the

code, and ensure that commercial opt-in services are implemented efficiently and flexibly via the Procurement Guidelines rather than continuing to codify commercial tendered services.

NGESO feels this is the best way to take reactive power forward. By removing this from the CUSC it allows us to review current market arrangements without the administrative burden. This also allows us to work with industry to update the obligatory service and then develop a commercial option which works for both industry and the SO. It is also a commitment we published to industry through our reactive power roadmap, which was based on feedback we received from our SNAPS consultation. The next steps are to look at ORPS, which we feel is fundamental to reviewing and improving the reactive power market. We are taking this to CISG in December.

We want to open up the reactive power market to competition, increase transparency and create a level playing field for all providers. Added to this, clearer signals and appropriate routes to market for all providers. We are also incentivised to facilitate competition through our current NGESO incentive scheme and feel this will lead to wider benefits to the end consumer through leading to the creation of a more transparent and competitive reactive power market.

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
Simon Lord					
Original	Yes	No	No	Yes	Yes

Voting statement

Removing the requirement to carry out the tender for a product which hasn't been procured or offered for so long, improves efficiency in meeting the requirements of the transmission licence and CUSC.

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
James Anderson					
Original	Neutral	Yes	Neutral	Yes	Yes

Voting statement

CMP305 will marginally better facilitate competition by removing an obstacle to the development of a more relevant reactive power service through the SNAPS process (Applicable CUSC Objective (b)).

By removing the requirement to conduct a tender process for a service which market

participants do not appear to want to participate, the Proposal will better facilitate efficiency in the administration of the CUSC arrangements (Applicable CUSC Objective (d)).

The Proposal is neutral against the other CUSC objectives and overall better meets the objectives.

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	Neutral	Yes	Yes

Voting statement

By removing a mechanism which is not fit for purpose and represents an anomaly, CMP 305 better facilitates objectives a and d. However, reactive services are a key component in maintaining a secure and stable system. The SNAPS process has not provided a detailed output regarding how reactive services will be specified and procured in the future. It is essential that this process is expedited so that stakeholders are able to plan and implement their approach to providing not only reactive but the complete suite of required system services.

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
Paul Mott					
Original	Yes	Neutral	Neutral	Yes	Yes

Voting statement

By removing the requirement to carry out the tender for a product which hasn't been procured or offered for so long, improves efficiency in meeting the requirements of the transmission licence and CUSC.

Vote 2: Which option is the best?

Panel Member	Best Option?
Paul Jones	Original
Andy Pace	Original
Laurence Barrett	Original

Garth Graham	Baseline
Louise Schmitz	Original
Simon Lord	Original
James Anderson	Original
Robert Longden	Original
Paul Mott	Original

Breakdown of voting:

Option	Overall support of the option achieving the CUSC Objectives than the baseline
Original	8 yes
Baseline	1 no

The CUSC Panel by majority recommended that the Original Proposal should be implemented.

12 Legal Text

Text Commentary

The legal text for this modification can be found via the following link:

<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/removal-enhanced-reactive-power-service>

Please note the legal text does not include any additions to the CUSC, as the proposal is for removal of references to ERPS only.

13 Annex 1- Code Admin Consultation Responses