

CUSC Panel Minutes: 27 September 2019

CUSC Panel Minutes: Meeting Number 241

Date: 12/09/2019	Location: WebEx
Start: 10:00am	End: 14:00pm

Participants

Attendee	Initials	Company
Trisha McAuley	TM	Independent Panel Chair
Joseph Henry	JH	Alternate Code Administrator, National Grid Electricity System Operator
Chrissie Brown	RW	Alternate Technical Secretary, Code Administrator, National Grid Electricity System Operator
Jon Wisdom	JW	National Grid Electricity System Operator
Robert Longden	RL	Users' Panel Member
Paul Mott	PMO	Users' Panel Member
Nadir Hafeez	NH	Authority Representative
Andy Pace	AP	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Cem Suleyman	CS	Users' Panel Member

Simon Lord	SL	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Damian Clough	DC	BSC Representative
Grace Smith	GS	Observer – new Panel member from 1 October 2019
Andrew Enzor	AE	Observer – new Alternate Panel member from 1 October 2019
Simon Sheridan	SS	National Grid Electricity System Operator presenter of CMP322 and CMP323
Harriet Harmon	HH	National Grid Electricity System Operator presenter of CMP324
Apologies	Initials	Company
Ren Walker	RW	Code Administrator, National Grid Electricity System Operator
Paul Mullen	PMU	Code Administrator, National Grid Electricity System Operator

1. Introductions and Apologies for Absence

9854. Apologies were received from Ren Walker and Paul Mullen from the National Grid ESO Code Administrator. It was noted that Chrissie Brown would be acting as the Technical Secretary for the meeting as the alternate for Ren Walker and that Joseph Henry would be acting as the Code Administrator representative.
9855. TM noted that the meeting was the last to be held ahead of the new Panel due to commence on 1 October 2019 running until 31 September 2021. TM welcomed GS and AE who were attending as observers ahead of becoming Panel Member and Alternate Panel Member from 1 October 2019.
9856. TM stated that the minutes from the 30 August Panel and 12 September Special CUSC Panel meetings would be circulated ahead of the 25 October meeting for comment ahead of approval at the meeting.

2. TM noted that it was the final Panel for Robert Longden. The Panel sincerely thanked Robert his excellent service to the Panel during his tenure as a Panel member. The Chair thanked Robert for bringing to bear his strategic industry knowledge and expertise which would be much missed. [Action log](#)

9857. The Panel discussed the following actions;

- a. **Action 85.** It was noted that the Code Administrator had not received any further nominations for CMP291 and that they should continue to source membership. It was therefore agreed that this action should remain open.

- b. **Action 88.** It was agreed that this would remain open as dates for 2020 would be circulated and agreed at the October Panel meeting.
- c. **Action 91.** JH proposed that the action should be closed. He explained that as the modification relates to Virtual Lead Parties the modification should be implemented 10 working days following Authority decision. GG highlighted that, in his view, the defect is written in a way that the modification should be implemented when project TERRE goes live. PJ stated that the modification is aimed at enabling BSC modification P344 which both facilitates Project TERRE and wider Balancing Mechanism access, so it is not solely specific to TERRE. The Panel noted that ultimately the decision would lie with the Authority and that the action could be closed.
- d. **Actions 19, 84, 81, 86, 87** The Panel agreed that these could be closed.

3. Chair update

9858. TM had no updates for the Panel.

4. Authority decisions

- 9859. NH stated that CMP292 'Introducing a Section 8 cut-off date for changes to the Charging Methodologies' was still currently being considered by the Authority. NH noted that the Panel was still in receipt of the send-backs of Final Modification Reports for CMP303 'Improving local circuit charge cost-reflectivity' and CMP305 'Removal of the Enhanced Reactive Power Service (ERPS)'.
 - 9860. NH highlighted the decision to grant National Grid Electricity Transmission Materially Affected Party status for **CMP288 'Explicit charging arrangements for customer delays and backfeeds'**
 - 9861. The Panel noted that materially affected status can only be granted for Section 14 charging modifications as per Section 8 8.16.1 (a) and (b) of the CUSC.

5. New modifications

CMP321 'Housekeeping Modification to clarify the definition of Affiliate as result of CMP285'

- 9862. JH presented CMP321 as alternate for RW in her absence. JH talked through the housekeeping amendment required as directed by the Authority in their decision letter for CMP285 'CUSC Governance Reform – levelling the Playing Field'
- 9863. The Panel assessed the modification against the Self-Governance Fast Track criteria and unanimously agreed that the modification should be implemented.
- 9864. The Code Administrator will publish the Approved Fast Track Report and subject to any appeals being received the modification will be implemented on 14 November 2019.

CMP322 'Updating the CUSC section 4 "Balancing Services" to ensure Ofgem have the appropriate authority to approve Ts and Cs, relevant to EBGL Article 18, held within the Standard Contract Terms (SCTs)'

9865. The Proposer, SS from National Grid Electricity System Operator, delivered a presentation on CMP322. SS explained that amending Section four of the CUSC would;
- be an effective and efficient way to allow Ofgem the authority to approve any changes to the Terms and Conditions relevant to Article 18 within the SCTs terms for Balancing Services and
 - meet the obligations on National Grid ESO in Article 18, whilst ensuring the SCTs remain flexible in a changing energy market and support building a competitive marketplace which is inclusive for all parties.
9866. SS highlighted that there had been engagement with the Authority throughout the process and that this proposed amendment would only impact National Grid ESO and the Authority. SS proposed that the modification proceed to Code Administrator Consultation and be subject to Authority decision.
9867. GG stated that he had been in discussion with National Grid ESO, Ofgem and Elexon around this issue for a long period of time and had fed in his views. He explained that the proposed change and obligation was not as clear cut as it seems and that what was being proposed did not align with EGBL.
9868. GG proposed that the modification be explored in more detail in a workgroup and highlighted that by proceeding directly to Code Administrator Consultation that there would be no option for alternate solutions to be developed.
9869. The Panel explored their options in terms of governance route for the modification. It was clarified that a modification, if it proceeds directly to Code Administrator Consultation, can then form a Workgroup if required under Section 8 of the CUSC (8.19.5) following responses from the Consultation. The Panel decided by majority that this was the best course of action but did also note that they should not be making decisions based on quoracy risks but on whether a modification does need a Workgroup or not.
9870. It was noted that a modification had been raised at the Grid Code Review Panel, GC0131, which seeks to look at the quoracy issue and also some other governance issues. The Panel also noted that it was discussed at TCMF.
9871. CMP322 will proceed to Code Administrator Consultation and be subject to Authority decision. The Panel will carry out their Recommendation Vote at the November Panel meeting.

CMP323 Updating the CUSC governance process to ensure we capture the EBGL change process for Article 18 T and Cs

9872. The Proposer, SS from National Grid Electricity System Operator, delivered a presentation on CMP323. He explained that Article 18 of the EBGL requires the TSO to develop a proposal for the Terms and Conditions (Ts and Cs) for Balance Service Providers (BSPs) and Balance Responsible Parties (BRPs).
9873. SS talked through the fact that National Grid ESO must follow the change process in EGBL Article 6 and 10. He explained that;
- This will affect sections of the CUSC, Grid Code, BSC and SCTs, as detailed in the mapping submitted to Ofgem

- In National Grid ESO proposal on 4 April 2019 we outlined the approach to capture the new EBGL process in the codes

Ofgem's feedback on June 4 2019 was:

- i. National Grid ESO to proceed with code modifications and implement the proposals as detailed within Annex 3-5 of the 4 April 2019 Article 18 submission proposal; and
 - ii. Capturing the process for future changes and compliance with EBGL in GB codes/SCTs
- Ofgem have been clear they want to make one decision and receive mod and EBGL A18 change at the same time.

9874. It was noted that the same change proposed at the GCRP was sent to be developed by a Workgroup, as they felt that the need to explore the option of whether to make the one-month consultation period applicable to all modifications.

9875. CS fed back that he felt it was difficult to understand the modification and that a flow diagram outlining the current process compared with what is being proposed would be of benefit to industry. SS explained that the main amendment that he was proposing was a one-month consultation period.

9876. RL sought clarity on who would ultimately be responsible for ensuring that no modifications would 'fall through the trap door'. PJ also questioned what would happen if a modification didn't look as though it would have an impact but then an alternative or revised solution ended up 'straying' into the EGBL T&C. SS clarified that there would also be amendments to the Proposal form and Terms of Reference by the Code Administrator and in addition that the Code Administrator would be responsible for identifying whether the modification being proposed would be amending the areas affected.

9877. SS noted that the modification Proposal form and legal text would become the Article 18 Proposal form. He also explained that some current 'in flight' modifications may impact the approved Article 18 Terms and Conditions as of 4 October 2019. SS stated that the only modification that they have identified as being affected was CMP300 'Cost Reflective Response Energy Payment for Generators with low or negative marginal cost'.

9878. GG explained that he had been in dialogue with a National Grid ESO and Ofgem around this issue for around fifteen months and that in his view the proposed change was flawed and needed to be considered further in a Workgroup. He questioned what would happen if an alternative was raised and stated that the Workgroup Consultation was not the right stage gate to be undertaking the one-month consultation as you are likely to revise your solution and alternatives can be raised. He noted that one of the alternatives could be approved in theory and it would not have had a one-month consultation.

9879. SS stated that he understood the points that were being raised. The Panel concluded that the best course of action would be for the Proposer to consider the points made and amend their Proposal and re table at the October Panel meeting.

ACTION 91

CMP324 Generation Zones – changes for RIIO-T2

9880. The Proposer, HH from National Grid Electricity System Operator, delivered a presentation on CMP324. HH explained that TNUoS Generation zones recover the cost of building and maintaining transmission infrastructure network and sends locational signals via the locational tariff elements. She noted that the ESO undertake re-zoning prior to every price control period to capture network parameter/topology changes and the effect from long term “shift” in generation and demand patterns.
9881. HH highlighted that the main consideration for the Workgroup would be the balance between cost reflectivity and simplicity. She also explained that the ESO’s preference would be for long term stability and that the solution would have to work in five to ten years.
9882. PJ stated that demand zones had not been changed, perhaps to make them consistent with those for generation, due to limitations in the settlement systems introduced in 1998 and that it could be argued that CMP324 is accepting these limitations and is just applying them to generation too, effectively adopting the lowest common denominator approach. He also highlighted that small amendments to the zoning could be made over a number of years rather than implementing a large change in one step.
9883. HH stated that there would be sufficient notice in the amendment and that she was keen to progress the proposed change as soon as possible. She noted that the Final Modification Report would have to be with the Authority by October 2020.
9884. HH talked through a deficiency in the defect proposed. She explained that the defect had been drafted too narrowly as it has the following sentence at the end: ‘The methodology in CUSC should change such that zones are fixed, irrespective of price control, and that there ceases to be a material difference between demand and generation zoning approaches’.
9885. HH requested that the Panel discuss what can be done in terms of governance to progress the modification but also ensure Workgroup members can raise alternative solutions.
9886. The Panel discussed options, noting that withdrawing the modification would mean time lost in terms of raising at the next Panel and also the risk of the modification being adopted, in the interim, by another CUSC party. The Panel also noted that another modification could be raised and then both modifications could be amalgamated .
9887. The Panel recommended that the Proposer raise the second modification with a wider defect at the October Panel meeting and that the modifications could then be amalgamated. The Proposer confirmed that this is how they would proceed. The Panel agreed that CMP324 should proceed to Workgroup and set their Terms of Reference.

6. CMP280/281

9888. JH informed the Panel that it had been highlighted via email that a Code Administrator Consultation respondent had suggested some legal text amendments prior to the Recommendation Vote being carried out at the Special CUSC Panel meeting on 12 September 2019.
9889. The Panel reviewed the amendment suggested for CMP280, agreed that it was typographical in nature, and instructed the Code Administrator to make the amendment ahead of the FMR being submitted to the Authority.
9890. The Panel reviewed the legal text amendments suggested for CMP281 and concluded that they were material and should therefore be consulted on again. The Panel decided to

instruct the Code Administrator to carry out a further five-day Code Administrator Consultation ahead of submission to the Authority. The Panel will then review the responses and final FMR via email ahead of submission.

7. In flight modification updates

9891. JH talked the Panel through the progression of the in-flight Modifications. The in-flight Modifications can be found within the CUSC Panel papers pack on the National Grid ESO website via the following link: <https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/meetings/cusc-panel-meeting-27-september-2019>

9892. The Panel agreed;

- the Workgroup Report for CMP315 be presented at the February 2020 Panel meeting.
- the Terms of Reference question for CMP315 be addressed offline by GG via email circulation
- an extension to CMP311 of the Workgroup Report being presented to January 2020
- an extension to CMP308 of the Workgroup Report being presented to November 2019; the Panel expressed concern around the slow progress of this modification. The proposed extension was reluctantly agreed and the Panel asked the Code Administrator to convey its concerns on progress to the Workgroup, together with the Panel's expectation that this should be the last extension for this modification.

9893. The Panel requested that the Code Administrator liaise with the Proposer of CMP286/287 following the inflight update and also that an agenda item be added to the CMP320 workgroup meetings to discuss considering the non-urgent decision on the modification and whether anything needs to be discussed in more detail.

ACTION 92

ACTION 93

8. Discussions on Prioritisation

9894. The CUSC Panel reviewed the prioritisation stack. The CUSC Panel's rationale on the prioritisation stack is included to show transparency to industry members. The revised version of the stack can be found via the following link: <https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/meetings/cusc-panel-meeting-27-september-2019>

9. Standing Groups

TCMF

9895. JW advised that the TCMF had been held on 11 September 2019 and confirmed that the ESO provided an update on the Targeted Charging Review and loss of mains protection. Presentations were also provided by the ESO on 'quick win' improvements to Open Governance and the re-zoning and EGBL modifications presented at Panel today. All

presentations from the meeting can be found at the following link:
<https://www.nationalgrideso.com/codes/transmission-charging-methodology-forum-tcmf>

Governance Standing Group

9896. No meeting held since the last Panel meeting.

10. European Updates

Joint European Stakeholder Group

9897. GG provided an update on the September JESG meeting highlighting that updates were provided by:

- Bernie Dolan, National Grid Electricity System Operator on TERRE
- Alastair Owen, Ofgem on Project TERRE, ESO's derogation request and the Authority's request for stakeholder feedback
- Steve Wilkin, ELEXON on the Report from 2 July Market European Stakeholder Committee (MESG) meeting
- Brief introduction and BREXIT update provided by Kahla Niemann and Miles French, BEIS.
- The slidepack can be found here:
<https://www.nationalgrideso.com/codes/european-network-codes/meetings/jesg-meeting-10-september-2019>

11. Relevant Interruptions Claim Report

9898. JH stated that this would be provided for the October 2019 Panel meeting.

12. Governance

9899. JH highlighted that the Code Administrator held eight Workgroup meetings in September across the codes they administer and that they would be holding ten in both October and November followed by eight in December.

13. CACoP update

9900. JH sought views from the Panel on whether a central CACoP website would be of benefit. The Panel provided feedback as follows;

- make sure stakeholders are spoken to ahead of implementing any changes to what is already in place
- weigh up the benefit of Code Administrator time being spent on doing this
- could an interim solution be developed where structures across Code Administrator websites are the same ahead of further work

14. AOB

9901. NH highlighted the CACoP cross code survey results would be published in early October 2019.
9902. PM and GG informed the Panel that they had been looking into the Electricity Arbitration Association and whether it was being used under the CUSC – JW indicated not as far as he knew (the ESO would almost certainly be one of the parties to any CUSC arbitration), noting the cost (paid via Elexon) to industry of the service being provided. They stated that they would be looking into whether to raise a change and requested that DC check if payment is being made to the association. DC agreed to look into the request.

ACTION 94

The next CUSC Panel meeting will be held on Friday 25 October 2019 at Faraday House, Warwick.