









Draft Fast Track CUSC Modification Report		At what stage is this document in the process?
<h1>CMP329:</h1> <p>Housekeeping Modification to amend incorrect references to National Grid Electricity Transmission in the CMP295 legal text.</p>		<div style="display: flex; flex-direction: column; align-items: flex-start;"> <div style="display: flex; align-items: center; margin-bottom: 10px;"> <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: 10px; padding: 5px; text-align: center;">Draft Fast Track 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;">02</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; text-align: center;">Approved CUSC Modification Fast Track Report</div> </div> </div>
<p>Purpose of Modification: This Modification seeks to amend incorrect references to National Grid Electricity Transmission Plc to National Grid Electricity System Operator in the CMP295 legal text.</p>		
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> subject to Fast Track Self-Governance <p>This modification was raised on 28 November 2019 and will be presented by the Proposer to the Panel on 13 December 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>High Impact: None identified</p>	
	<p>Medium Impact: None identified</p>	
	<p>Low Impact: National Grid Electricity System Operator</p>	

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Timetable		
The Code Administrator recommends the following timetable:		
Draft Fast Track Self- Governance Report issued to the CUSC Panel	5 December 2019	 Lurrentia.Walker@nationalgrideso.com
Draft Fast Track Self-Governance Report presented to Panel	13 December 2019	 07969 940 855
Modification Panel decision	13 December 2019	
Appeals Window closes (15 Working Days)	9 January 2020	
Decision implemented in CUSC	10 January 2020	

Proposer Details

Details of Proposer: (Organisation Name)	Ren Walker
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	National Grid Electricity System Operator
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Ren Walker National Grid Electricity System Operator 07976 940855 Lurrentia.Walker@nationalgrideso.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Paul Mullen National Grid Electricity System Operator 07794 537028 Paul.J.Mullen@nationalgrideso.com
Attachments (Yes/No): No If Yes, Title and No. of pages of each Attachment:	

Impact on Core Industry Documentation

BSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
STC	<input type="checkbox"/>
Other	<input type="checkbox"/>

This Modification Proposal has no impact on core Industry documentation.

1 Summary

Defect

On 22 November 2019, the Authority approved CUSC Modification CMP295 'Contractual Arrangements for Virtual Lead Parties (Project TERRE)' It has been identified within the approved legal text that there are references to National Grid Electricity Transmission plc, which should be replaced with National Grid Electricity System Operator.

What

CMP295 'Contractual Arrangements for Virtual Lead Parties (Project TERRE)' was approved by the Authority on 22 November 2019 with an Implementation Date of 6 December 2019. However, we have noted that there are erroneous references to National Grid Electricity Transmission plc within the approved new legal text following approval of CMP295. CMP295 was raised prior to National Grid Electricity Transmission and National Grid Electricity System Operator becoming legally separate entities; however, it has been confirmed that the intent of the legal text is to introduce the contractual arrangements between National Grid Electricity System Operator and the Virtual Lead Party.

Why

The contractual arrangements should be between National Grid Electricity System Operator and the Virtual Lead Party.

How

It is proposed that a Fast Track Self-Governance Modification is raised to amend references to National Grid Electricity Transmission plc within the CMP295 legal text to National Grid Electricity System Operator.

2 Governance

Justification for Fast Track Self-Governance

The Proposer recommends that this Modification follows the Fast Track Self-Governance procedure as the changes meet the required criteria as the

Modification is required as a result of factual change, including but not limited to:

iv) Updating out of date references to other documents or paragraphs.

The Self-Governance criteria is met as the modification is unlikely to discriminate between different classes of CUSC Parties and is unlikely to have a material effect on:

- i) Existing or future electricity customers;
- ii) Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,
- iii) The operation of the National Electricity Transmission System
- iv) Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies
- v) The CUSC's governance procedures or the CUSC's modification procedures

For information, Fast Track Self-Governance – Guidance

- Rectify internal inconsistencies
- Remove outdated (or redundant) information;
- Correct typographical errors in the CUSC; or
- Further development / detail existing processes or code arrangements (without introducing new requirements upon code parties which significantly impact business practices or systems).

Requested Next Steps

This modification should:

- be subject to Fast Track Self-Governance

3 Why Change?

CMP329 will amend the incorrect references to National Grid Electricity Transmission in the CMP295 legal text.

4 Code Specific Matters

Technical Skillsets

Not required.

Reference Documents

Ofgem decision letter on CMP295 'Contractual Arrangements for Virtual Lead Parties (Project TERRE)

<https://www.nationalgrideso.com/document/157056/download>

5 Solution

It is proposed that to amend references to National Grid Electricity Transmission plc within the approved CMP295 legal text to National Grid Electricity System Operator.

6 Impacts & Other Considerations

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

This Modification has no impact on the Significant Code Review (SCR) or other significant industry change projects.

Consumer Impacts

This Modification has no material impact on consumers.

7 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;	None
(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).

The Proposer believes that this change will better facilitate relevant objective (d).

8 Implementation

It is proposed that the CMP329 Fast Track Self-Governance Proposal is implemented 1 working day after the appeals window closes, providing no objections have been raised.

The proposed implementation date is 10 January 2020.

9 Legal Text

The legal text can be found in Annex 1 of this document.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Fast Track Self-Governance procedures should apply; and
- Agree that this Fast Track Proposal should be implemented.

11 Annex 1 – Legal Text

DATED [_____]

NATIONAL GRID ELECTRICITY ~~SYSTEM OPERATOR LIMITED TRANSMISSION Plc (1)~~

and

[_____] (2)

THE CONNECTION AND USE OF SYSTEM CODE

VLPA

VIRTUAL LEAD PARTY AGREEMENT

Reference: [_____]

CONTENTS

1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION
2. CONDITION PRECEDENTS AND COMMENCEMENT
3. OUTAGES & NETWORK MANAGEMENT
4. GRID CODE MATTERS
5. COMPLIANCE WITH TECHNICAL CONDITIONS
6. TERM
7. VARIATIONS
8. GENERAL PROVISIONS

THIS VIRTUAL LEAD PARTY AGREEMENT is made on the [] day
of [] 20[XX]

BETWEEN

- (1) **NATIONAL GRID ELECTRICITY ~~SYSTEM OPERATOR LIMITED~~ TRANSMISSION Plc** a company registered in England with company number 110142262366977 whose registered office is at 1-3 Strand, London, WC2N 5EH (“**The Company**”, which expression shall include its successors and/or permitted assigns); and
- (2) [] a company registered in [] with number [] whose registered office is at [] (the “**User**”, which expression shall include its successors and/or permitted assigns).

WHEREAS

- (A) Pursuant to the **Transmission Licence**, **The Company** is required to prepare a Connection and Use of System Code (“**CUSC**”) setting out the terms of the arrangements for connection to and use of the **National Electricity Transmission System**.
- (B) The **User** has applied to **The Company** in the capacity of a **Virtual Lead Party** who intends to operate one or more **Secondary BMU Units**.
- (C) As at the date hereof, **The Company** and the **User** are parties to the **CUSC Framework Agreement** (being an agreement by which the **CUSC** is made contractually binding between the parties).
- (D) This **Virtual Lead Party Agreement** (“**VLPA**”) is entered into pursuant to the **CUSC** and shall be read as being governed by it.

NOW IT IS HEREBY AGREED as follows:

~~11.1~~ DEFINITIONS, INTERPRETATION AND CONSTRUCTION

Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in Section 11 of the **CUSC** have the same meanings, interpretations or constructions in this **VLPA**.

213.2 CONDITION PRECEDENTS AND COMMENCEMENT

- 2.1 This **VLPA** shall commence on the date hereof.
- 2.2 It is a condition of this **VLPA** that the **VLP Assets** operated by the **User** are associated to a **SMRS** registered **Boundary Point Metering System** as per the **Balancing and Settlements Code**.

313.3 OUTAGES & NETWORK MANAGEMENT

- 3.1 Subject to the provisions of the **Grid Code**, **The Company** and the **User** shall be entitled to plan and execute outages on parts of, in the case of **The Company**, the **National Electricity Transmission System** or **Transmission Plant** or **Transmission Apparatus** and in the case of the **User**, its **VLP Assets**, at any time and from time to time.

413.4 GRID CODE MATTERS

- 43.4.1** **The User** is required (as per paragraph 6.3.1 of the CUSC) to comply with the relevant parts of the **Grid Code** which apply in respect of the relevant Boundary Point Metering Systems associated with the **VLP Assets**, as amended in accordance with the following provisions of this Clause 4.
 - 4.2 The provisions in BC1 and BC2 of the **Grid Code** provide that compliance is required with such provisions in respect of those **VLP Assets** in this **VLPA**.

513.5 COMPLIANCE WITH TECHNICAL CONDITIONS

- 5.1 **The Company** and **the User** shall operate respectively the **National Electricity Transmission System** and the **User System** with the special automatic facilities and schemes set out in Appendix F5 to this **VLPA**.
- 5.2 The **User** shall ensure that the **VLP Assets** which it operates for the purposes of this **VLPA** complies with the technical conditions set out in Appendix F5 to this **VLPA**.
- 5.3 The **User** shall use all reasonable endeavours to ensure that the **VLP Assets** shall continue to comply with the technical conditions set out in Appendix F5 of this **VLPA**.

616.4 TERM

- 6.1 Subject to the provisions for earlier termination set out in the **CUSC**, this **VLPA** shall continue until;
 - i) the **User** notifies **The Company** in writing, providing no less than 28 days notice, of its wish to terminate this **VLPA**, or;
 - ii) the **User** has no **VLP Assets** registered to a **Secondary BMU** and so **The Company** may give notice of termination in writing to the **User** whereupon this **VLPA** shall terminate 28 days from such notice.

6.2 Once an **Event of Default** has occurred and is continuing **The Company** may give notice of termination to the **User** whereupon this **VLPA** shall forthwith terminate.

7.13.7 VARIATIONS

7.13.7.1 Subject to 7.2 no variation to this VLPA shall be effective unless made in writing and signed by or on behalf of both The Company and the User.

7.13.7.2 The Company and the User shall effect any amendment required to be made to this VLPA by the Authority as a result of a change in the CUSC, Grid Code or the Transmission Licence, an order or direction made pursuant to the Act or a Licence, or as a result of settling any of the terms hereof. The User hereby authorises and instructs The Company to make any such amendment on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.

8.13.8 GENERAL PROVISIONS

Paragraph 6.10 and Paragraphs 6.12 to 6.26 of the **CUSC** are incorporated into this **VLPA** *mutatis mutandis*.

IN WITNESS WHEREOF the hands of the duly authorised representatives of the parties hereto at the date first above written

SIGNED BY

.....

for and on behalf of

NATIONAL GRID ELECTRICITY-~~SYSTEM OPERATOR LIMITED TRANSMISSION PLC~~

SIGNED BY

.....

for and on behalf of

[User]

APPENDIX F5

TECHNICAL CONDITIONS
OTHER TECHNICAL REQUIREMENTS

12 Annex 2 – CMP295 Ofgem Decision letter

Modification proposal:	Connection and Use of System Code (CUSC): Contractual Arrangements for Virtual Lead Parties (Project TERRE) (CMP295)		
Decision:	The Authority ¹ directs that this modification be made ²		
Target audience:	National Grid Electricity System Owner (NGESO), Parties to the CUSC, the CUSC Panel and other interested parties		
Date of publication:	22 November 2019	Implementation date:	6 December 2019

Background

The Electricity System Operator (ESO) is currently working to implement changes to the GB markets for electricity balancing that will enable balancing service providers³ (BSPs) to participate in the Trans-European Replacement Reserves Exchange (TERRE) platform. These changes also mean that distributed generation, aggregators, and consumers will have a simpler route to participate in the Balancing Mechanism (BM).⁴

The TERRE project is the implementation project of the European platform for the exchange of balancing energy from Replacement Reserves⁵ (RR) pursuant to Article 19 of the Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing (the EBGL Regulation).⁶ The goal of the TERRE project is to develop a platform that allows the Transmission System Operators (TSOs) that use the RR process⁷ to exchange balancing energy from this type of reserve. The TERRE platform will allow Balancing Service Providers (BSP) in GB to provide balancing services to the ESO and interconnected TSOs. The ESO will also be able to procure balancing energy from BSPs in other markets.

BSC modification P344⁸ was raised to implement the TSO-BSP settlement solution⁹ of the TERRE balancing platform within the GB electricity market arrangements. P344 also created the concept of secondary Balancing Mechanism Units (BMUs) and a new category of party to the BSC, the Virtual Lead Party (VLP) to facilitate access to both the BM and

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ In accordance with Article 2(6) of the EBGL Regulation, 'Balancing Service Provider' means a market participant with reserve-providing units or reserve-providing groups able to provide balancing services to TSOs

⁴ The BM is a GB platform that is used to ensure electricity supply and demand is balanced and allows the ESO to manage any differences close to real time.

⁵ 'Replacement Reserves' or 'RR' means the active power reserves available to restore or support the required level of FRR to be prepared for additional system imbalances, including generation reserves.

⁶ The EBGL Regulation is available at: https://eur-lex.europa.eu/legalcontent/EN/TXT/?toc=OJ:L:2017:312:TOC&uri=uriserv:OJ.L_.2017.312.01.0006.01.ENG

⁷ At the time of this decision, the TSOs using the RR process in Europe are the TSOs of Great Britain, France, Switzerland, Spain, Portugal, Italy, Czech Republic. The TSOs in Greece, Norway, Sweden, Finland and Denmark are currently observers

⁸ Ofgem decision to approve P344 is available at: <https://www.ofgem.gov.uk/publications-and-updates/p344-project-terre-implementation-gb-market-arrangements>

⁹ P344 allows TERRE to be included in the BSC calculations of imbalance prices and volumes. It also enables the payments associated with TERRE to be made between the ESO and GB BSPs, including any non-delivery charges.

the TERRE platform for parties that are currently not participating in the BM. VLPs can register secondary BMUs for the sole purpose of providing balancing services to the cross-border RR market (TERRE) as well as the BM. These secondary BMUs can be aggregated independently of their supplier, meaning that distributed generation, aggregators, and consumers will be able to register BMUs and participate directly in the TERRE platform and the BM.

The modification proposal

In order for market participants to be able to participate in the BM and TERRE balancing platform as a BMU, they will need to become a CUSC party by signing a Bilateral Agreement¹⁰ with the ESO. This contract sets out the requirements that these parties will need to comply with, including the relevant provisions of the BSC and the Grid Code. Templates for these Bilateral Agreements can be found in the schedule 2 of the CUSC.

Those templates however do not allow VLPs to become a CUSC party as VLPs are not currently defined within the CUSC. In addition, these template Bilateral Agreements require BMUs to own or operate individual stations, which is not the case of VLPs. There is therefore a need to amend sections of the CUSC and the template Bilateral Agreements to introduce the concept of VLPs and allow VLPs to conclude Bilateral Agreements and become CUSC parties. This will make the provisions of the BSC applicable to VLPs and allow them to participate in the BM.

The legal text of the modification proposal proposes to deliver a new Bilateral Agreement for VLPs by making the following changes:

- a) Section 1 – Introduce VLPs as a User Category and update application process accordingly;
- b) Section 3 – Amend the existing text to include VLPs
- c) Section 11 – Define VLPs and the new Bilateral Agreement;
- d) Exhibit F (application form) - Include VLPs as a market participant;
- e) Schedule 2 (Exhibit 7) - create a new Bilateral Agreement reflecting the unique nature of the VLPs' relationship to the generating units. This agreement utilises the existing Appendix F and is a "Use of System" which has been modified to remove unnecessary provisions and reflect the aggregated nature of VLPs.

CUSC Panel¹¹ recommendation

At the CUSC Panel meeting on 12 September 2019, the Panel members agreed by majority that the modification proposal better facilitated the applicable objectives of the CUSC than the baseline and recommended that it should be implemented.

Our decision

We have considered the issues raised by the modification proposal and the final Modification Report (FMR) dated 4 October 2019. We have considered and taken into account the responses to the industry consultation on the modification proposal which are attached to the FMR.¹² We have concluded that:

¹⁰ A Bilateral Agreement is currently defined in the CUSC as: "in relation to a User, a Bilateral Connection Agreement or a Bilateral Embedded Generation Agreement, or a BELLA between The Company and the User"

¹¹ The CUSC Panel is established and constituted from time to time pursuant to and in accordance with Section 8 of the CUSC.

¹² CUSC modification proposals, modification reports and representations can be viewed on the ESO's website at: <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/>

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the CUSC;¹³ and
- directing that the modification be made is consistent with our principal objective and statutory duties.¹⁴

Reasons for our decision

We consider this modification proposal will better facilitate CUSC objectives (b) and (c) and has a neutral impact on the other applicable objectives.

(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

This modification will ensure that there is a process to put an appropriate CUSC contract in place between the VLP and the ESO, thus allowing the participation of VLPs in the TERRE platform and the BM.

As a result of this modification, smaller BSPs and secondary BMUs aggregated through VLPs will be able to actively participate in both the TERRE and BM balancing markets. This should increase the number of BSPs that are able to provide balancing energy to these markets, and, in turn, increase competition in the procurement of replacement reserve in both platforms. We therefore consider that the proposal better facilitates objective (b).

(c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency

Article 25(6)(b) of the EBGL Regulation requires that the standard products facilitate the participation of demand facility owners, third parties, and owners of power generating facilities from renewable energy sources as well as owners of energy storage units as balancing service providers.

CMP295 will ensure that there is a process to put a CUSC contract in place to facilitate access to the TERRE platform for third parties, aggregators, renewable energy sources and storage units through the VLPs. We therefore consider that by facilitating VLPs entry into TERRE, the ESO is ensuring that the GB arrangements for the standard balancing energy products for RR are compliant with Article 25(6)(b) of the EBGL Regulation. We therefore consider that CMP295 better facilitates objective (c).

Decision notice

In accordance with Standard Condition C10 of the Transmission Licence, the Authority, hereby directs that modification proposal CMP 295: Connection and Use of System Code (CUSC): Contractual Arrangements for Virtual Lead Parties (Project TERRE) be made.

Leonardo Costa
Senior Manager – ESO/DSO

Signed on behalf of the Authority and authorised for that purpose

¹³ As set out in Standard Condition C10(1) of the Electricity Transmission Licence, see: <https://epr.ofgem.gov.uk/Content/Documents/Electricity%20transmission%20full%20set%20of%20consolidated%20standard%20licence%20conditions%20-%20Current%20Version.pdf>

¹⁴ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.