

CUSC Panel Minutes: 31 January 2020

CUSC Panel Minutes: Meeting Number 245

Date: 31/01/2020 **Location:** Faraday House and WebEx

Start: 10:00am **End:** 14:00pm

Participants

Attendee	Initials	Company
Trisha McAuley	TM	Independent Panel Chair
Paul Mullen	PM	Code Administrator, National Grid Electricity System Operator
Ren Walker	RW	Technical Secretary, Code Administrator, National Grid Electricity System Operator
Jon Wisdom	JW	National Grid Electricity System Operator
Joseph Dunn (Dial In)	JD	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
Grace March	GM	Users' Panel Member

Mark Duffield	MD	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Damian Clough	DC	BSC Representative
Cem Suleyman (Dial In)	CS	Users' Panel Member
Andrew Enzor	AE	Users' Panel Alternate - Observer
Grahame Neale	GN	National Grid Electricity System Operator (Proposer of CMP334/CMP335/CMP336)
Rachel Kettles	RK	SSE Networks (Proposer of CMP337 & CMP338)
Michael Ferguson	MF	SSE Networks (Proposer of CMP337 & CMP338)
Gareth Davies	GD	National Grid Electricity System Operator (Agenda Item 16)
Chrissie Brown	CB	National Grid Electricity System Operator (Agenda Item 16)
Kirsten Shilling	KS	National Grid Electricity System Operator (Agenda Item 16)
Apologies	Initials	Company

1. Introductions and Apologies for Absence

10049. No apologies were received from Panel Members.

2. Approval of minutes from previous meeting

10050. The minutes from the Panel held on 29 November 2019 and 13 December 2019 were approved, subject, for both, to removing CMP318 from the list of Modifications that are currently with the Authority for a decision (agenda item 5) as CMP318 was approved by the Authority on 11 November 2019.

3. Action log

10051. The CUSC Panel reviewed the open actions from the meeting held on 29 November 2019, which can be found on the Actions Log.

4. Chair update

10052. TM had no updates for the Panel.

5. Authority decisions

10053. NH advised the Panel that Ofgem is looking to make a decision on CMP281 'Removal of BSUoS charges from energy taken from the National Grid System by storage facilities' and CMP319 'Consequential changes to Section 11 of the CUSC as a result of CMP280 and/or CMP281' this quarter. NH advised that a decision on CMP280 'Creation of a New Generator TNUoS Demand Tariff which Removes Liability for TNUoS Demand Residual Charges from Generation and Storage Users' would follow in the following quarter. The Panel queried why the decisions would not be made in the same quarter. NH took an action to confirm the decision dates for these Modifications. **ACTION**

10054. JW voiced a concern over the TCR Modifications and the Modifications currently with Ofgem for a decision. JW stated that Modifications all look to change Section 14 of the CUSC and, without knowing when to expect decisions on Modifications, creates the risk that the TCR Modifications will be working off the incorrect baseline.

10055. NH stated that CMP292 'Introducing a section 8 cut-off date for changes to the Charging Methodologies' has been de-prioritised and that further updates on the pending decision will be provided in the summer. NH confirmed that Ofgem has requested the Panel's view on CMP303 due to the relationship this has with CMP337. The Panel agreed that a decision on CMP303 would be preferred so that the Workgroup knows which is the correct baseline to use for CMP337. PJ echoed the importance of this due to the risk of double counting costs. JW stated that, if a decision is received on CMP303, then it would be easier to avoid the double counting as there would already be a mechanism in place.

10056. The Panel also requested that Ofgem provides the Panel with advanced warning on any delays with decisions and more information it requires so they can be addressed and stop a delay in any decision been made.

10057. NH provided updates on the following Modifications pending Authority Decisions:

CMP306 'Align annual connection charge rate of return at CUSC 14.3.21 to price control cost of capital' Ofgem will conclude its decision on this imminently, noting there is an STCP also for approval.

CMP322 'Updating the CUSC Section 4 'Balancing Services' to ensure Ofgem has the appropriate authority to approve Ts and Cs, relevant to EBGL Article 18, held within the Standard Contract Terms (SCTs)' The Authority approved this Modification on 5 February 2020 with an implementation date of 4 April 2020.

CMP317/CMP327, the Authority gave consent for these Modifications to be amalgamated on 29 January 2020. The consent letter and all other CMP317/CMP327 documentation can be found via the following link:

<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/removing-generator-residual-and-excluding>

6. New modifications

CMP334 'Transmission Demand Residual consequential definition changes (TCR)'

10058. GN from National Grid Electricity System Operator delivered a presentation on CMP334 'Transmission Demand Residual consequential definition changes (TCR)'. GN advised the

Panel that the CMP332 Workgroup is developing a methodology for the Residual to be applied only to 'Final Demand' on a 'Site' basis (as per the Direction); however, CMP332 is not defining these terms and they are not currently defined in CUSC. This proposal seeks to define these terms in a manner which is consistent with DCUSA Change Proposal 359. The full proposal form can be found on the National Grid ESO website via the following link: <https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/cmp334-transmission-demand-residual>

10059. GN confirmed that there has been a suite of Modifications raised for both CUSC and DCUSA. GN stated that to ensure consistency in delivering the Modifications, NGENSO and DCUSA have proposed joint working for Modifications CMP334 and P359 – the Panel agreed with this

10060. The Panel held its recommendation vote on urgency. The Panel unanimously recommended that CMP334 should be treated as urgent. The Code Administrator will submit the urgency request to Ofgem for its decision.

CMP335 'Transmission Demand Residual - Billing and consequential changes to CUSC Section 3 and 11 (TCR)' & CMP336 'Transmission Demand Residual - Billing and consequential changes to CUSC Section 14 (TCR)'

10061. GN from National Grid Electricity System Operator delivered a presentation on CMP335 and CMP336. GN advised the Panel that these Modifications have been raised in relation to Ofgem's TCR decision.

10062. GN confirmed that CMP335 and CMP336 aim to revise Section 3 'Use of System', Section 11 'Interpretations and Definitions' and Section 14 'Charging Methodologies' of the CUSC, respectively, to set out how and when the residual is recovered from Parties once the residual charges are determined.

10063. The Panel held its recommendation vote on urgency. The Panel unanimously recommended that CMP335&CMP336 should be treated as urgent. The Code Administrator will submit the urgency request to Ofgem for their decision.

CMP337 'Impact of DNO Contributions on Actual Project costs and Expansion Factors' & CMP338 'Impact of DNO Contributions on Actual Project costs and Expansion Factors – New Definition of Cost Adjustment'

10064. RK and MF from SHEPD delivered a presentation on CMP337&CMP338. The presentation slides can be found via the following link:

<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/meetings/cusc-panel-meeting-31-january-2020>

10065. RK advised the Panel that the purpose of CMP337 is to make simple, minor and mechanistic changes to sections 14.15.75 and 14.15.76 of the CUSC in order to clarify and remove ambiguity associated with interpretation of the application of the contributions in relation to "actual project costs". These have already been agreed in principle by the Authority as reflecting the policy intent of its decision, The changes will make clear that a Distribution Network Operator (DNO) contribution would be applied to reduce the total costs of the new transmission asset to the Transmission Owner (TO), and would be netted off from the TO's "actual project costs" in a way which changes no aspect of transmission charging and

maintains the exact pro-rating of costs between local and wider TNUoS charge elements, as is currently in place.

10066. RK explained that CMP338 seeks to implement that decision through the addition of the definition of the contribution from a DNO as a “Cost Adjustment”. This modification should be considered in conjunction with CMP337 and both CUSC modifications should be progressed and approved simultaneously.

10067. The Panel was keen to understand the impact on TNUoS charges, particularly wider TNUoS and suggested that the calculation presented by the Proposer was updated to reflect this. PJ also queried whether or not Ofgem had already decided that the payments made by SHEPD should be reflected in a reduction in the forward-looking signal provided in the locational charge rather than a reduction in the Maximum Allowed Revenue recovered by NGENSO and therefore a decrease in the residual charge. If this aspect had already effectively been fixed by Ofgem, then PJ questioned the benefit of a workgroup considering it. **ACTION**

10068. Following discussions, the CUSC Panel concluded that it required further analysis on these modifications before it can determine the governance route. The Panel is to submit a list of questions to the proposer (Post Meeting Note: issued 6 February 2020) for further clarity. These further clarifications will be presented at the February CUSC Panel for the Panel to confirm if this Modification should proceed to Code Administrator Consultation or a Workgroup is required. **ACTION**

7. In Flight Modification Updates

10069. PM 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-31-January-2020>

8. Discussions on Prioritisation

10070. 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-31-January-2020>

9. Draft Final Modification Report

CMP320 ‘Island MITS Radial Link Security Factor’

10071. PM delivered a presentation on CMP320 ‘Island MITS Radial Link Security Factor’. PM advised that this modification seeks to amend Section 14 of the CUSC to apply a Security Factor of 1.0 (rather than 1.8) where a MITS node is located on an island which, in turn, is connected to the mainland on a single radial circuit.

10072. PM advised that the Workgroup vote was held on 5 December 2019, with the majority of Workgroup members concluding that both WACM1 and WACM2 better facilitated the Applicable CUSC Objectives than the baseline. 2 Workgroup members abstained from this vote as they did not consider these to be valid alternatives.

10073. PM stated that four responses were received to the Code Administrator Consultation, PM confirmed that all respondents believed that the Original facilitated the applicable CUSC objectives better than the Baseline – the Proposer of the Original expressed a preference for the Original as the best option and reiterated their previously expressed view that neither WACM1 nor WACM2 are valid alternatives;

10074. The CUSC Panel held its recommendation vote on CMP320. The Panel unanimously recommended that the original was better than the baseline and, by majority, that WACM1 and WACM2 were better than the baseline. One Panel member abstained from voting on CMP320 WACM1 and WACM2 as they did not agree that these WACMs are valid.

10075. The Panel noted how quickly this modification has got through the process and asked the Code Administrator to take an action to identify what worked well for CMP320 and see how this can be used for future modifications. **ACTION**

10. Standing Groups

Transmission Charging Methodology Forum (TCMF)

10076. JW advised the Panel that the main agenda items discussed at TCMF were accelerated loss of mains change programme and TNUoS data requirements. JW confirmed that CMP337 & CMP338 were also presented at TCMF before they were submitted to the CUSC Panel. The TCMF presentation slides and minutes can be found using the following link:

<https://www.nationalgrideso.com/codes/transmission-charging-methodology-forum-tcmf>

Joint European Stakeholder Group (JESG)

10077. GG advised the Panel that there was no JESG meeting in January; however, a meeting has been scheduled for February.

Governance Standing Group

10078. No further updates.

EU Codes

10079. NH advised the Panel that, although the UK will leave the EU on 31 January 2020, there is a transition period in place until 31 December 2020. Therefore, EU law will apply until the end of 2020. NH stated that Ofgem will continue implementing EU law such as the clean energy package.

11. Update on Other Industry Codes

10080. PM highlighted the cross code working with DCUSA and how this will work for the TCR Modifications.

12. Relevant Interruptions Claim Report

10081. PM advised the Panel that the relevant interruptions claims report now sits with the Connections Team within National ESO who, going forward, will be responsible for updating and publishing this report every second week of January, April, July and October. This means that the report will be available for the Panel to discuss at the January, April, July and October Panels. For January papers, PM sent a link to where this report is housed; however, GG requested, and the Panel agreed, that a pdf of the actual report is still submitted as a Panel paper. PM took an action to circulate a PDF of the January report and for each subsequent

April, July, October and January Panel, issue the PDF of the report as part of the Panel Papers rather than just the link. **ACTION.**

13. Governance

10082. There were no further updates on governance for the CUSC Panel.

14. Horizon Scan

10083. This will be discussed at the February CUSC Panel.

15. CACoP Update

10084. An update will be provided at the February Panel.

16. Customer Journey Updates

Forward Plan Update

10085. GD from National Grid ESO delivered a presentation on RIIO2 Code Update. The full presentation slides can be found via the following link:

<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/meetings/cusc-panel-meeting-31-january-2020>

10086. GD stated that the ESO's 2030 mission is to enable the transformation to a sustainable energy system and ensure the delivery of reliable, affordable energy for all consumers.

10087. GD advised the Panel that there are four proposals which are:

- Reliable and secure system operation, to deliver energy when consumers need it;
- Unlocking consumer value through competition;
- Transforming participation in smart and sustainable markets; and
- Driving towards a sustainable, whole energy future

GD advised that the ESO wants to develop code and charging arrangements that are fit for future proposals. This includes transforming the process to amend the codes and working with all stakeholders to create a fully digitalised, whole system Grid Code by 2025. GD advised the Panel that the complete business plan can be found using the following link:

<https://www.nationalgrideso.com/about-us/business-planning-riio/riio-2-final-business-plan>

10088. PJ raised concerns around the digitalisation of the Grid Code, saying that it was unclear who would be legally liable should a party fail to meet its obligations due to an error such as the digital version not identifying that the relevant clause applied to that party.. If it was still parties' responsibility to ensure all provisions were met, then they will continue to have to read the whole code to do so and digitisation is likely to be of limited use. GD noted the concerns and assured the Panel that the ESO will be carrying out full stakeholder engagement. **Code Admin Reporting Template**

10089. CB presented the new Modification process template to the CUSC Panel. CB advised that this new template is being rolled out across the other Codes that National Grid ESO administers. CB stated that the go live date for using the new template is 1 March 2020 and an Industry Webinar will be held on 10 February 2020. CB advised the Panel that invites for this Webinar will be circulated accordingly. **ACTION**

Forward Plan Update

10090. KS provided the Panel with an update on the Code Administrator's forward plan deliverables. KS advised that the Modification process overview work-stream has mapped out the whole process which will be used internally. KS stated that the website is also under review with the work-stream currently reviewing pages and identifying improvements and ensuring consistency across our documents.
10091. KS advised the Panel Members that if they have any further feedback on the improvements work to contact KS to discuss further.

Critical Friend Feedback

10092. PM provided an update on the 12 CUSC Modifications raised between 1 November 2019 and 16 January 2020 that the Code Administrators have completed critical friend checks for. PM stated that key areas of feedback from these checks are:
- Proposed amendments to the titles of modifications to ensure they are clear.
 - Continue to seek definition of acronyms.
 - Provided input on impacted Parties and Codes.

The Panel was content with the direction of travel but asked that Code Administration ensures that the defect is clear but not overly prescriptive. GM referred to CMP320 as an example where the defect was too tightly worded. Panel also asked that Code Administrator makes clear and visible what the expectations are for parties compiling proposal forms.

17. AOB

10093. PM advised the Panel that Ofgem has requested to attend the February CUSC Panel to provide an update on the work it is doing on Market Wide Half-Hourly Settlement reform.

The next CUSC Panel meeting will be held on Friday 28 February 2020 at Faraday House, Warwick.