

Workgroup Terms of Reference and Membership

TERMS OF REFERENCE FOR CMP324 and CMP325 WORKGROUP

CMP324: Generation Zones – changes for RIIO-T2

CMP325: Rezoning – CMP324 Expansion

Responsibilities

1. The Workgroup is responsible for assisting the CUSC Modifications Panel in the evaluation of CUSC Modification Proposals **CMP324: Generation Zones – changes for RIIO-T2 and CMP325: Rezoning – CMP324 Expansion** which were agreed to be amalgamated at the October CUSC Modifications Panel so that CMP324 and CMP325 can be assessed together in one Workgroup.

2. The proposal must be evaluated to consider whether it better facilitates achievement of the CUSC Objectives. These can be summarised as follows:

Non-Standard (Charging) Objectives

- 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 licence 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 Licence under Standard Condition C10, paragraph 1 *; and
 - e) Promoting efficiency in the implementation and administration of the CUSC arrangements.
3. It should be noted that additional provisions apply where it is proposed to modify the CUSC Modification provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

Scope of work

4. The Workgroup must consider the issues raised by the Modification Proposal and consider if the proposal identified better facilitates achievement of the CUSC Objectives.
5. In addition to the overriding requirement of paragraph 4, the Workgroup shall consider and report on the following specific issues:
 - Balance of cost-reflectivity vs simplicity;
 - Review of principles re-zoning is trying to achieve;
 - Consistency with ETYS drivers;
 - Consider larger ETYS zones; and
 - Consider distributional effects
 1. Modelling of estimates of new generational tariffs prior/post MITS node creation on island groups,
 2. Consider consumer impacts of distributional effects,
 3. Consider impacts of distributional effects on generation.
6. The Workgroup is responsible for the formulation and evaluation of any Workgroup Alternative CUSC Modifications (WACMs) arising from Group discussions which would, as compared with the Modification Proposal or the current version of the CUSC, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified.
7. The Workgroup should become conversant with the definition of Workgroup Alternative CUSC Modification which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the Group and/or an individual member of the Workgroup to put forward a WACM if the member(s) genuinely believes the WACM would better facilitate the achievement of the Applicable CUSC Objectives, as compared with the Modification Proposal or the current version of the CUSC. The extent of the support for the Modification Proposal or any WACM arising from the Workgroup's discussions should be clearly described in the final Workgroup Report to the CUSC Modifications Panel.
8. Workgroup members should be mindful of efficiency and propose the fewest number of WACMs possible.
9. All proposed WACMs should include the Proposer(s)'s details within the final Workgroup report, for the avoidance of doubt this includes WACMs which are proposed by the entire Workgroup or subset of members.
10. There is an obligation on the Workgroup to undertake a period of Consultation in accordance with CUSC 8.20. The Workgroup Consultation period shall be for a period of **15 working days** as determined by the Modifications Panel.
11. Following the Consultation period the Workgroup is required to consider all responses including any WG Consultation Alternative Requests. In undertaking an assessment of any WG Consultation Alternative Request, the Workgroup should consider whether it better facilitates the Applicable CUSC Objectives than the current version of the CUSC.

As appropriate, the Workgroup will be required to undertake any further analysis and update the original Modification Proposal and/or WACMs. All responses including any

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WG Consultation Alternative Requests shall be included within the final report including a summary of the Workgroup's deliberations and conclusions. The report should make it clear where and why the Workgroup chairman has exercised his right under the CUSC to progress a WG Consultation Alternative Request or a WACM against the majority views of Workgroup members. It should also be explicitly stated where, under these circumstances, the Workgroup chairman is employed by the same organisation who submitted the WG Consultation Alternative Request.

12. The Workgroup is to submit its final report to the Modifications Panel Secretary on **20 May 2020** for circulation to Panel Members. The final report conclusions will be presented to the CUSC Modifications Panel meeting on **29 May 2020**.

Membership

13. It is recommended that the Workgroup has the following members:

Role	Name	Representing (User nominated)
Chair	Joseph Henry	ESO Code Administrator
Technical Secretary	Jennifer Groome	ESO Code Administrator
* National Grid ESO Representative (Proposer)	Grahame Neale	National Grid ESO
*Workgroup Member	Grahame Neale	National Grid ESO
*Workgroup Member	Bill Reed	RWE Supply and Trading GmbH
*Workgroup Member	Paul Mott	EDF Energy
*Workgroup Member	Andrew Enzor	Cornwall Insight
*Workgroup Member	Simon Lord	ENGIE
*Workgroup Member	Paul Jones	Uniper
*Workgroup Member	Graz MacDonald	Green Frog Power
*Workgroup Member	Paul Youngman	Drax Power Limited
*Workgroup Member	Grahame Neale	National Grid ESO
*Workgroup Member	Nicola Percival	Innogy Renewables UK
*Workgroup Member	John Tindal	SSE plc
*Workgroup Member	Kyran Hanks	Waters Wye Associates
*Workgroup Member	Simon Swiatek	BayWa RE
*Workgroup Member	Joseph Dunn	Scottish Power
*Workgroup Member	Graham Pannell	Fred Olsen Renewables
Authority Representative	Andrew Malley	Ofgem
Observer	Kamila Nugumanova	ESB (Generation and Trading)
Observer	Chiamaka Nwajagu	Orsted

NB: A Workgroup must comprise at least 5 members (who may be Panel Members). The roles identified with an asterisk (*) in the table above contribute toward the required quorum, determined in accordance with paragraph 14 below.

14. The chairman of the Workgroup and the Modifications Panel Chairman must agree a number that will be quorum for each Workgroup meeting. The agreed figure for CMP324 and CMP325 is that at least 5 Workgroup members must participate in a meeting for quorum to be met.
15. A vote is to take place by all eligible Workgroup members on the Modification Proposal and each WACM. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference). The Workgroup chairman shall not have a vote, casting or otherwise. There may be up to three rounds of voting, as follows:

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- Vote 1: whether each proposal better facilitates the Applicable CUSC Objectives;
- Vote 2: where one or more WACMs exist, whether each WACM better facilitates the Applicable CUSC Objectives than the original Modification Proposal;
- Vote 3: which option is considered to BEST facilitate achievement of the Applicable CUSC Objectives. For the avoidance of doubt, this vote should include the existing CUSC baseline as an option.

The results from the vote and the reasons for such voting shall be recorded in the Workgroup report in as much detail as practicable.

16. It is expected that Workgroup members would only abstain from voting under limited circumstances, for example where a member feels that a proposal has been insufficiently developed. Where a member has such concerns, they should raise these with the Workgroup chairman at the earliest possible opportunity and certainly before the Workgroup vote takes place. Where abstention occurs, the reason should be recorded in the Workgroup report.
17. Workgroup members or their appointed alternate are required to attend a minimum of 50% of the Workgroup meetings to be eligible to participate in the Workgroup vote.
18. The Technical Secretary shall keep an Attendance Record for the Workgroup meetings and circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the final Workgroup report.
19. The Workgroup membership can be amended from time to time by the CUSC Modifications Panel.

Appendix 1 – Indicative Workgroup Timetable

The Code Administrator recommends the following timetable:

Initial consideration by Workgroup	22 November 2019
Workgroup Consultation issued to the Industry	26 February 2020
Modification concluded by Workgroup	16 April 2020
Workgroup Report presented to Panel	24 April 2020
Code Administration Consultation Report issued to the Industry	27 April 2020
Draft Final Modification Report presented to Panel	20 May 2020
CUSC Modification Panel decision	29 May 2020
Final Modification Report issued to the Authority	09 June 2020
Decision implemented in to the CUSC	01 April 2021