

Trisha McAuley OBE  
Independent Chair  
CUSC & Grid Code Panel

Nadir Hafeez  
Ofgem  
**By email**

23 December 2020

Dear Nadir

Connection and Use of System Code (CUSC) Modification Panel Request for Urgency and Recommended Timetable for **CMP357: To improve the accuracy of the TNUoS Locational Onshore Security Factor for the RII02 Period**'.

On 22 December 2020, SSE raised CMP357. The Proposer sent a request to the CUSC Panel Secretary for the modification to be treated as urgent.

The TNUoS Locational Onshore Security Factor is required to be reviewed before the start of the next RII0-T2 price control period in April 2021. The Proposer is seeking to improve the accuracy of the TNUoS charges parameter by ensuring that the calculated security factor is applied using eight decimal places.

All documentation for this modification can be located via the following link:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/improve-accuracy>

The CUSC Modifications Panel ("the Panel") on 23 December 2020 considered CMP357 and the associated request for urgency. This letter sets out the views of the Panel on the request for urgent treatment and the procedure and timetable that the Panel recommends.

The Proposer set out their rationale for Urgency against Ofgem's Urgency criteria, which is as follows:

**a) A significant commercial impact on parties, consumers or other stakeholder(s).**

"The Proposer considers that this is an imminent issue or a current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholder(s) and therefore meets Ofgem's Urgency Criteria (a), and that this is due to inaccurately calculated network tariffs requiring revision. To avoid this, CMP357 requires approval in time to allow NGESO to set tariffs at the end of January 2021.

The imminent issue is the setting of the transmission tariffs for the start of the RII0-T2 Price Control (1st April 2021) by the end of January 2021. As the ESO's recent industry consultation has highlighted using a single decimal place for the security factor results in transmission charges that are less accurate than if eight decimal places were used.

The proposer considers that the impact of this inaccuracy on transmission tariffs, annually over the forthcoming five-year Price Control period, is a significant commercial impact on the parties due to pay those transmission tariffs. In light of the imminent deadline for tariff production by the ESO we have no choice but to seek urgency for this proposal."

### **Panel Consideration of the Request for Urgency**

The Panel considered the request for urgency with reference to [Ofgem Guidance on Code Modification Urgency Criteria](#). The majority view of the Panel is that **CMP357 does not meet** Ofgem's Urgency criteria<sup>1</sup>. Therefore, the recommendation of the Panel is that CMP357 should **not** be treated as an Urgent CUSC Modification Proposal.

Panel members set out their rationale behind this decision:

- Several Panel members highlighted that parties could have reasonably expected the status quo to continue, as it had remained unchanged for a significant period of time, and that ESO's proposed approach of maintaining the use of one decimal place for 2021-22 would be in line with that reasonable expectation
- The majority of Panel disagreed with the Proposer's view that this was an immediate and current issue as the change would apply to the

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<sup>1</sup> Ofgem's current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or
- b) A significant impact on the safety and security of the electricity and/or gas systems; or
- c) A party to be in breach of any relevant legal requirements.

2021/22 charging year, not for the entire price control period, as the proposer asserts.

- Panel noted the Proposer's recommendation that this modification would need to be implemented by 25 January 2021 to allow this to be factored into the final TNUoS tariffs published at the end of January 2021. The majority of Panel members thought that there was no reason, however, that a separate modification for a future charging year could not be raised at a later date.

The minority of Panel Members who supported the need for urgency agreed with the Proposer that CMP357 represents an imminent or current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholder(s).

Panel note that if urgency is required a:

- Nominations period of less than 15 working days is required;
- A workgroup consultation period of less than 15 working days is required
- Code Administrator Consultation period of less than 15 working days is required; and
- There would be less than 5 clear working days between publication of the Draft Final Modification Report and Panel's recommendation vote.

Under CUSC Section 8.24.4, we are now consulting the Authority as to whether this Modification is an Urgent CUSC Modification Proposal.

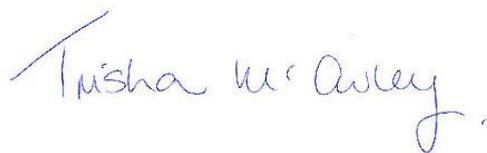
### **Procedure and Timetable**

The Panel discussed an appropriate timetable for CMP357 in the instance that urgency is granted.

The Panel agreed that CMP357 subject to Ofgem's decision on Urgency should follow the attached Code Administrator's proposed timetable (Appendix 1 **Urgent recommendation**). The Panel decided that the modification should be assessed by a Workgroup.

Please do not hesitate to contact me if you have any questions on this letter or the proposed process and timetable. I look forward to receiving your response

Yours sincerely



Trisha McAuley OBE  
Independent Chair of the CUSC and Grid Code Panel

## Appendix 1– Urgent Timeline

| <b>Modification Stage</b>  | <b>Date</b>                       |
|--|-----------------------------------|
| Request for Urgency Received   | 22 December 2020                  |
| Panel consideration of Urgency   | 23 December 2020                  |
| Nominations Period Opens   | 23 December 2020                  |
| Nominations Period Closes  | 30 December 2020                  |
| Ofgem decision on Urgency  | 30 December 2020                  |
| Workgroup 1  | 05 January 2021                   |
| Workgroup Consultation (3 Working days)  | 06-08 January 2021                |
| Workgroup 2  | 11 January 2021                   |
| Workgroup Report Sent to Panel   | 12 January 2021                   |
| Panel sign off Workgroup Report  | 13 January 2021                   |
| Code Administrator Consultation (3 working days)   | 14 January 2021 – 19 January 2021 |
| Draft Final Modification Report issued to Panel and Industry (1 Working Days ahead of Panel)   | 20 January 2021                   |
| Draft Final Modification Report presented to Panel / Panel Recommendation Vote                 | 21 January 2021 (9am)             |
| Final Modification Report issued to Panel to check votes recorded correctly (<0.5 working day) | 21 January 2021 (12 Noon)         |
| Submit Final Modification Report to Authority (0.5 working day)                                | 21 January 2021 (5pm)             |
| Authority Decision   | 25 January 2021                   |
| Date of Implementation   | 01 April 2021                     |