

Trisha McAuley OBE  
Independent Chair  
CUSC & Grid Code Panel

Nadir Hafeez  
Ofgem  
**By email**

13 January 2021

Dear Nadir

Connection and Use of System Code (CUSC) Modification Panel Request for Urgency and Recommended Timetable for **CMP358: 'Implementation of the Small Generator Discount into the CUSC'** and **'CMP359: 'Definition changes for CMP358'**

On 12 January 2021, Afton Wind Farm Limited raised CMP358 and CMP359. The Proposer sent a request to the CUSC Panel Secretary for these modifications to be treated as urgent.

The CUSC Modifications Panel ("the Panel") on 13 January 2021 considered CMP358 and CMP359 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 Small Generator Discount (SGD) is currently contained in the ESO's licence. The SGD expires on 1 April 2021. The Proposer states that the defect is that "the changes made to the charging regime, with the removal of the SGD from the licence, places the generators connected at 132kV in Scotland at a significant commercial disadvantage, distorting competition."

The Proposer believes that given the wide range of uncertainty that is faced by renewable generators in Scotland, and the distortion to competition that will result from the removal of the SGD, it is necessary to retain the SGD. Therefore, CMP358 proposes that the SGD is put into the CUSC. CMP358 also proposes that the SGD is indexed annually by the index used in the Final RIIO2 settlement (CPI or CPIH). CMP359 has been raised to define SGD and CPI/CPIH.

All documentation for these modifications can be located via the following link:

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

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

*"The Proposer considers that this is an imminent issue, with a significant commercial impact, that if not addressed will cause a material impact on renewable generation, thereby undermining the Government's ambitions for a significant growth in renewable generation. This therefore meets Ofgem's Urgency Criteria (a). Timing is driven by the need to have a decision to allow*

*the ESO to set TNUoS tariffs from the end of January 2021 to be implemented on 1 April 2021.”*

## **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 **CMP358 and CMP359 do not meet** Ofgem’s Urgency criteria<sup>1</sup>. Therefore, the Panel recommends that CMP358 and CMP359 **should not be** treated as Urgent CUSC Modification Proposals.

Panel members set out their rationale behind this decision:

- The Proposer noted that the impact on affected users is cumulative, based on the end of the SGD on 31 March 2021, the delay to the process of the Access and Forward Looking Charges SCR and Ofgem’s decision on CMP317/327, which sets the Transmission Generation Residual to £0. Some Panel members agreed that there has been significant change in government policy with respect to new renewable development and therefore the removal of the Small Generator Discount (especially for 132kV transmission in Scotland) coupled with the aforementioned needs to be considered before the removal of the SGD in April 2021. However, the majority of Panel noted the uncertainty for Users but did not agree that uncertainty is a material impact and therefore does not meet Ofgem’s Urgency Criteria (a).
- The majority of Panel did not agree that with the Proposer’s view that this is an issue that was unforeseen as it is widely understood that the Small Generator Discount is coming to an end on 31 March 2021 and queried why this change was only being proposed now. Therefore, the majority of the Panel concluded that this issue was neither imminent nor current and therefore does not meet Ofgem’s Urgency Criteria (a).
- Panel noted that this needs 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. To achieve this the timeline needs to be constrained and therefore will require to be progressed on an urgent basis. Specifically
  - 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. However, Panel noted that even with Urgency, a 25 January 2021 implementation is not possible if a Workgroup is required to be formed.

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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.

- As Panel concluded that a Workgroup would be needed to assess CMP358 and CMP359, if Ofgem ultimately approved CMP358 and CMP359 a mid-year tariff adjustment may be required.

Under CUSC Section 8.24.4, we are now consulting the Authority as to whether these Modifications are Urgent CUSC Modification Proposals.

### **Procedure and Timetable**

The Panel concluded that a Workgroup would be needed to assess CMP358 and CMP359.

Although Panel decided to **not recommend urgency** to **Ofgem**, the Panel discussed an appropriate timetable for CMP358 and CMP359.

Panel noted that this needs 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. To achieve this the timeline needs to be constrained and therefore will require to be progressed on an urgent basis. Specifically, a 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. However, Panel noted that even with Urgency, a 25 January 2021 implementation is not possible, given that the Panel considers that a Workgroup is required to be formed.

The Panel therefore agreed that CMP358 and CMP359 subject to Ofgem's decision on Urgency should follow the attached Code Administrator's proposed timetable (Appendix 1 **Urgent recommendation**). However, Panel agreed that the timetable should be revisited by the Workgroup to consider if additional Workgroup meetings or industry consultation would be beneficial. The Panel also noted that, if Ofgem ultimately approved CMP358 and CMP359, then a mid-year tariff adjustment may be required.

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	12 January 2021
Panel consideration of Urgency	13 January 2021
Ofgem decision on Urgency	5pm on 14 January 2021
Workgroup 1	15 January 2021
Workgroup Consultation (2 Working days)	19 January 2021 to 5pm on 20 January 2021
Workgroup 2	22 January 2021
Workgroup Report Sent to Panel	25 January 2021
Panel sign off Workgroup Report	26 January 2021
Code Administrator Consultation (2 working days)	26 January 2021 to 5pm on 27 January 2021
Draft Final Modification Report issued to Panel and Industry	28 January 2021
Draft Final Modification Report presented to Panel / Panel Recommendation Vote	29 January 2021
Final Modification Report issued to Panel to check votes recorded correctly	29 January 2021
Submit Final Modification Report to Authority	29 January 2021
Authority Decision	To be confirmed
Date of Implementation	1 April 2021