

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	204
Date of meeting	31 March 2017
Location	National Grid House, Warwick

Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
John Martin	JM	Code Administrator
Lurrentia Walker	LW	Alternate Panel Secretary
Nikki Jamieson	NJ	National Grid Panel Member
Garth Graham (dial in)	GG	Users' Panel Member
Simon Lord (dial in)	SL	Users' Panel Member
Cem Suleyman	CS	Users' Panel Member
James Anderson	JA	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Kyle Martin	KM	Users' Panel Member
Andy Pace	AP	Consumer Panel Member
Nadir Hafeez (dial-in)	NH	Authority Representative
Nicholas Rubin (dial-in)	NR	ELEXON
Stephen McAllister	SM	National Grid (CMP277 and CMP278 Proposer)
Peter Bolitho	PB	Waters Wye (Observer) <i>(representing Eggborough Power; Calon Energy; VPI Immingham; Intergen)</i>
Charlotte Friel (dial-in)	CF	Authority Representative (for CMP261 discussion)

1 Introductions and Apologies for Absence

Apologies were provided by Heena Chauhan (HC). LW acted as Panel Secretary on behalf of HC.

All presentations given at this CUSC Modifications Panel meeting can be found in the CUSC Panel area on the National Grid website:

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Panel-information/>

2 Approval of previous meeting Minutes

6167. The minutes from the CUSC Panel meeting held on 24 February are pending approval. Comments were received from MT and NH. GG noted he will send his comments to the CUSC Panel for review and subject to approval; these will be made available on the website after 7 April 2017.

3 Review of Actions

6168. **Minute 5604: HC to ensure that the lessons learnt exercise carried out by CMP262 Workgroup to be shared at a future Panel meeting.**

6169. JM provided an updated and presented the lessons learnt to the Panel for CMP262 and CMP264/CMP265.

6170. MT invited the Panel to comment on the slides presented. JA and SL noted that the CMP271/CMP274 pre-calls were a positive step forward and aided the specific subject matter expertise learning of Workgroup members.

6171. NJ commented that appropriate industry representation at Workgroups would also need to be addressed to assist future Modification proposal development. AP highlighted that limiting the number of WACMs raised by a Workgroup would also aid the Modification process.

6172. The Panel discussed the attendance of Ofgem representatives at Workgroup meetings. NH advised his view is that Ofgem representatives should attend Workgroup meetings, however noted they are not always able to attend every meeting.

6173. This closes this action and action from Minute 5767.

6174. **Minute 5757: JM to discuss the process of appointing external consultants and funding requirements for Workgroups with National Grid and to report back to the Panel and also to investigate if generic analysis could be identified and collected to better understand what the impact on consumers is so that it can be utilised for current and future modifications.**

6175. JM advised the Panel that National Grid have been in contact with the relevant committee but a bilateral discussion with Ofgem is still required. NJ noted a consultation was issued out regarding the SO roles that National Grid has to take. NJ also advised the Panel this consultation has closed and currently awaiting for the consultation on funding between National Grid and Ofgem to be completed. NJ requested this be kept on the agenda until the funding issue is resolved, but probably not until June 2017 at the earliest.

6176. **Minute 5767: Run lessons learnt on CMP264/CMP265 and report back at January 2017 Panel meeting.**

6177. This action is now closed as per the update given on Minute 5604.

6178. **Minute 6100: NH to get a view on the funding process within Ofgem. JM to produce one pager slide, indicating where in the licence the Proposer or National Grid is required to complete analysis.**
6179. NH has completed his action. JM action is still outstanding.
6180. **Minute 6020: Panel to provide feedback to JM regarding Joint Code Administrator Forward Work Plan report.**
6181. HC has issued updated Joint Code Forward Work plan back out to the Panel for comment. JM highlighted to the Panel the Forward Work Plan is identifying the cross codes impact which is beneficial with the European changes beginning. JM noted the CUSC isn't as impacted as much as other codes. JM advised the Forward Work Plan is showing where changes are being co-ordinated to ensure compliancy with European Law.
6182. JM will circulate the link to the Forward Work Plan to the CUSC Panel and any comments from Panel members would be useful.
6183. **Minute 6079: GG to address the issue of modifications being raised by parties following their proposals being rejected as WACMs by Workgroups at GSG.**
6184. This action will be addressed at next GSG in April 2017.
6185. **Minute 6114: ACTION NH to clarify from an Ofgem perspective whether and if required what further analysis is needed to progress CMP250**
6186. NH advised the Panel a meeting was held between the Ofgem representative, the proposer of CMP250 and National Grid to discuss what further analysis was required for the Workgroup to progress. This action is closed.
6187. **Minute 6135: JM to send around a draft CMP276 Terms of Reference to the Panel utilising CMP271/274 and the additional comments from AP. Then Panel members to review and provide any additional points back to the Code Administrator.**
6188. This action is complete and the Panel agreed to close this action.
6189. **Minute 6136: JM to review the Workgroup membership and provide an update at the next Panel meeting for CMP271, CMP274 and CMP276.**
6190. JM noted to the Panel there was only one additional Workgroup member on CMP276, he advised support will be offered to this Workgroup member to ensure voting is coordinated. The Panel agreed to close the Action.
6191. **Minute 6138: JM to request a legal view on the 'Pending Modifications' definition in the CUSC.**

6192. JM advised the CUSC Panel he has asked legal for their view on 'Pending Modifications' definition, he noted for this action to remain open.
6193. **Minute 6148: AW agreed to check whether the Requirements for Generators work would impact the CUSC exhibits.**
6194. NJ advised the Panel that there has been some discussions with the Customer Arrangements Team regarding Requirements for Generators. NJ noted the Requirements for Generators work is there for reference and not for updates in the CUSC. This action is now closed.
6195. NJ highlighted that National Grid Codes Team have offered to meet with GG to discuss further. GG stated that as the CUSC deals with 'connections' that changes are required in the context, at least, of the three European Networks Codes that deal with 'connections' of generators (RfG) demand (DCC) and interconnectors / offshore (HVDC). GG advised it is not clear how we can have a requirement for one code and not the other. MT suggested that a meeting between GG and National Grid would be beneficial.
6196. NR noted he had a discussion after a Project TERRE meeting and it was identified that the impacts on BSUoS would consider requirements under the CUSC. GG advised he is aware of this possibility but uncertain if the Panel are aware of the impacts. PJ advised he participates in the BSC Workgroup meetings which is associated with Project Terre, he stated the impact on BSUoS has been discussed and the favourite solution is for National Grid to manage the costs associated with BSUoS.
6197. **Minute 6153: NH to clarify the timeline for CMP251 and if a further consultation will be required on CMP261.**
6198. NH advised the Panel the timeline for CMP251 determination is dependent on the outcome of CMP261 and therefore both will be decided together.. MT asked NH if a further consultation was required, NH advised Ofgem will make decisions on both Modifications following the submission of the revised Final Modification Report. This action is closed.
6199. **Minute 6157: JM to get a view on what would happen if a non CUSC Party raised a modification and whether 8.12 would still be applicable.**
6200. JM advised the CUSC Panel this question is still with National Grid's legal team and will provide an update at the next Panel.
6201. **Minute 5159a: JM agreed to come back to March or April CUSC Panel, to gain views from Panel members on the options for the appointment process for the Independent Chairs for the CUSC and Grid code.**
6202. JM noted this will come back to April CUSC Panel.

6203. **Minute 5159b: AW to review whether National Grid will take a view on a joint Panel Chair and the clarification of whether the Code Administrator is acting as a representative for National Grid.**
6204. NJ noted as in the CUSC it is set out as the Company, specified the Code Administrator will act for National Grid. This action is now closed.
6205. **Minute 6163: AW to take an action to clarify when Transmission Owners are required to review their Modification Application fees. AW also to send James Abrahams details to GG.**
6206. NJ requested this action remain open until the next Panel meeting. AW sent James Abrahams' details to GG. This closes the second part of this action.

4 New CUSC Modification Proposals

6207. **CMP277 'Special License Condition 4J'** CMP277 seeks to update Section 14.30.6 and 14.32 of the CUSC to reflect the changes made to the terms of the external BSUoS charges recoverable by the SO due to new License Condition 4J and changes to Special License Condition 4C.1.
6208. SM joined the meeting to present the proposal to the Panel. SM advised the Panel the Ofgem consultation closed on 29 March 2017 and has 56 days until the license change becomes effective. SM advised the Panel this modification is a new scheme which allows the SO to invest money with the Scottish TO's to try and lower costs. SM noted that Ofgem want to encourage through the Network Access Policy Group the SO and TO's to act more efficiently.
6209. The CUSC Panel believe that the modification meets the Self-Governance criteria and agreed unanimously to proceed to Code Administration Consultation based on the agreed timetable including a 20 day Code Administration Consultation.

And

- CMP278 'BSIS 2017 Housekeeping'** CMP278 seeks to update CUSC sections 14.30.11 and 14.32 to reflect the changed cap and collar and sharing factors of the Balancing Services Incentive Scheme as detailed in the current Ofgem Statutory License Consultation and; update 14.32 example BSUoS calculation to reflect changed terms within external BSUoS costs detailed in License change.
6210. SM presented CMP278 to the Panel. SM advised the Panel this modification looks at Changes to NGET/SO License due to be applied retrospectively from 1 April 2017 relating to Balancing Services Incentive Scheme (BSIS). SM advised this modification also requires some minor modifications to terminology in definition of External BSUoS costs and Incentivised Balancing Costs.
6211. GG wanted some clarification that CMP278 was only a housekeeping change, as this modification has been identified as having a high impact on consumers. GG stated he

thought this would be a low impact on consumers if it is only a housekeeping change. SM advised it has been documented as a 'high impact' because National Grid wanted the changes to be implemented soon.

6212. NR asked SM if this change would introduce a new way BSUoS is calculated, SM to discuss further with NR outside of the Panel the implementation approach and any associated impacts. SM will discuss this further with NR outside of the Panel.

6213. The CUSC Panel believe that the modification meets the Self-Governance criteria and agreed unanimously to proceed to Code Administration Consultation based on the agreed timetable including a 20 day Code Administration Consultation.

5 Workgroups/Standing Groups & Review of Plan on a Page

6214. The Panel reviewed the CUSC Plan on a Page and also the Forward Work Plan on a Page.

6215. **CMP250 'Stabilising BSUoS with at least a twelve month notice period'**. CMP250 aims to eliminate BSUoS volatility and unpredictability by proposing to fix the value of BSUoS over the course of a season, with a notice period for fixing this value being at least 12 months ahead of the charging season.

6216. CS noted that Jon Wisdom from National Grid and Donald Smith from Ofgem had met to discuss what additional analysis is required for the CMP250 Workgroup. CS advised HC as the Technical Secretary would be informed of the output of this meeting and would reconvene the Workgroup.

6217. MT summarised to the Panel that CMP250 will be going back to Workgroup stage to look at further analysis.

6218. CS advised Ofgem believes that there are deficiencies with the current analysis. Having discussed these deficiencies in detail, the Proposer believes that additional external analysis is required to rectify the identified deficiencies. The provision of further business confidential pricing information would also be helpful. CS also noted the Workgroup are awaiting clarity on funding arrangements for further analysis but a Workgroup meeting will be scheduled soon. NJ questioned why paying for further analysis would assist the progression of the Modification.

6219. NH advised he had spoken to Donald Smith and confirmed Ofgem are not asking for additional analysis of a specialist and independent nature per se but expressed concern that analysis provided was inadequate. However it is for the workgroup to decide how they address this concern.

6220. CUSC Panel in agreement to take CMP250 back to Workgroup stage.

6221. **CMP261 'Ensuring the TNUoS paid by Generators in GB in Charging Year 2015/16 is in compliance with the €2.5/MWh annual average limit set in EU Regulation 838/2010 Part B (3)'**. CMP261 seeks to ensure that there is an ex post reconciliation of the TNUoS paid by GB Generators during charging year 2015/16 which will take place in Spring 2016 with any amount in excess of the €2.5/MWh upper

limit being paid back, via a negative Generator residual levied on all GB Generators who have paid TNUoS during the period 1st April 2015 to 31st March 2016 inclusive.

6222. NH confirmed that the modification has been sent back due to issues with the legal text in the Final Modification Report being inconsistent and clarity on whether the options submitted reimburse the right Users the right amount of the alleged overcharge. CF joined the meeting for the discussion on CMP261.

6223. As the Workgroup Chair, NJ provided the Panel with an update on the Workgroup, using the presentation slide titled 'CMP261 Send Back CUSC Panel 1 Pager', which contained nine questions that the Workgroup sought guidance on, and highlighted the following points:

- The Workgroup are not on track with the agreed timeline (agreed by the CUSC Panel) following the send back.
- The Workgroup have debated in length the requirements of the send back letter, adding a significant amount of content into the Workgroup Report and have had a sometimes heated debate.
- As it stands the Workgroup is struggling to progress without a Panel determination on whether the Workgroup can amend or raise new alternatives in light of the send back with the Workgroup split on this topic.

6224. NJ advised the Panel that the Code Administrator had been contacted by a Party who had been questioning the interpretation of the send back letter.

6225. MT presented the Panel with two documents to view these were:

- Letter from Eggborough Power, Calon Energy and Intergen
- Copy of correspondence between MT and Ofgem

6226. The correspondence between MT and Ofgem was read out and deliberated upon by the Panel. The pertinent extracts are:

- (1) Ofgem will not direct the Panel as to the legal interpretation of the CUSC and no comment by Ofgem, now or previously, should be taken as instruction as to how the CUSC should be interpreted.
- (2) Ofgem is principally concerned that the Workgroup and the Panel address the all issues which have been raised in the send back letter, which include the consideration of alternatives to the proposed mod dealing with the same defect, but which may not have been raised as WACMs to date.
- (3) In considering these issues the Panel is not bound by any particular interpretation of the Authority's FMR letter on CMP 186.¹

And

- A. "I think the points below [above] are a fair reflection of what we discussed. It is now over to the Panel tomorrow to decide next steps."²

6227. MT asked GG if, as proposer of CMP261, he wished to make any comments. GG as proposer of CMP261 noted in Ofgem's send back letter they have asked for options and not alternatives, and that there was a risk that if this lead to developing new

¹ CUSC Panel chair email to Ofgem, 28 March 2017 (14:24)

² Ofgem reply to CUSC Panel chair, 30 March 2017 (22:03)

WACMs that this could put at risk the four existing proposals if the revised FMR was considered to be flawed as a result of these new WACMs being incorporated within it..

6228. PM noted his view in relation to the CAP186 papers is that he could not see why following send back the Workgroup were not permitted to raise new alternatives i.e. this had not been an issue for CMP268.
6229. MT summarised the CUSC does not say what we can or cannot do; therefore the panel has to exercise discretion bearing in mind its responsibilities and the desirability of presenting Ofgem with a report on which a robust decision can be made
6230. The Panel agreed by a majority that the Workgroup are empowered to consider options to address the defect, which could lead to new alternatives being raised, in line with what was detailed from Points 1-6 on the presentation slide titled 'CMP261 Send Back CUSC Panel 1 Pager'.
6231. GG raised a question to NH, which related to the point GG had raised earlier, namely if Ofgem decide that, on reflection, new WACMs are not permissible would the Authority, send back the amended CMP261 FMR so that these new WACMs could be swiftly stripped out of the amended FMR rather than the Authority rejecting the amended FMR due to the presence within it of new WACMs. NH considered the question to be inappropriate because it fettered Ofgem's discretion to determine the modification following resubmission of the FMR. MT advised this is not something the Panel have to make a decision on and advised GG to discuss this with Ofgem and report back to the Panel.

Action: GG and NH to discuss the matter of Ofgem responding to the Final Modification Report further in terms of send back or rejection and report back to the CUSC Panel with an update.

6232. **CMP268 'Recognition of sharing by Conventional Carbon plant of Not-Shared Year-Round circuits'**. CMP268 proposes to change the charging methodology to more appropriately recognise of the impact of "Conventional Carbon" generation on transmission network investment costs in areas with low diversity of generation ideally ahead of the December 2016 Capacity Auction.
6233. A meeting was held on the 13 March 2017. The Workgroup discussed what required ahead of submitting the Workgroup Report back to the CUSC Panel. It was agreed that there would be no merit in conducting a Workgroup Consultation and as such we have submitted a new timetable removing this step in the process. This means that the Workgroup Report is scheduled to be submitted to the Panel in April (this is subject to the availability of Workgroup members over the holiday period which the Technical Secretary is working on and will update ahead of Panel) National Grid will be submitting some analysis to the Workgroup on the impacts and CMP213 Work. Ofgem attended the last meeting and provided some clarity on what they are expecting to see in the Final Modification Report which has been beneficial in moving the Modification forward. The Workgroup noted the discussions being held within CMP261 and requested that this issue is discussed at the CUSC Panel.

6234. JM presented the revised CMP268 timetable to the Panel. The Panel advised they would prefer a late Paper in April as opposed to a Special CUSC Panel in May. The CUSC Panel approved of the revised timetable for CMP268.

6235. **CMP271 'Improving the cost reflectivity of demand transmission charges'**. This CUSC modification proposal aims to improve the cost reflectivity of demand transmission charges.

And

6236. **CMP274 'Winter TNUoS Time of Use Tariff (TToUT) for Demand TNUoS'**. This CUSC modification proposal aims to improve the cost reflectivity of demand transmission charges.

6237. A Workgroup meeting was held on the 16 March 2017. This meeting concentrated on the Residual work stream. Kevin Spencer attended from Elexon to observe the discussions around this and what data is already provided that could be used. The next meeting will be held on the 4 April 2017 where there will be a brainstorming Workshop to discuss all alternatives across the three work-streams. The Workgroup noted and discussed the Target Charging Review Consultation issued by Ofgem. The Workgroup concluded that they would have to continue to work on the Modifications until such time that a Significant Code Review (SCR) was launched and noted that this is likely to be in the summer.

6238. JM advised the focus in the Workgroup meetings is on what alternatives can be raised and the view from Ofgem will be published in the summer. JM stated that some parts of CMP271 and CMP274 overlap but the Ofgem representative on the Workgroup is aware of the progress of this Modification.

6239. NR asked if the Workgroup was satisfied with the information provided by Kevin Spencer, JM advised the information provided was helpful.

6240. **CMP275 'Transmission generator benefits in the provision of ancillary and balancing services – levelling the playing field.'** CMP275 seeks that a principle of financial mutual exclusivity is introduced to prevent BM units from accessing multiple sources of duplicate and overlapping revenue from ancillary services on the same asset.

6241. It was noted this Workgroup is on track. Two Workgroup meetings have been held to discuss the scope of the proposed defect. The timings for Workgroup meetings have slipped by 1 week based on dates in Terms of Reference, which will have a knock on to when issue the Workgroup Consultation Report. Third Workgroup meeting will take place the week commencing 3 April 2017 and may need to add in an additional Workgroup into the plan dependant on what gets covered in Workgroup Meeting 3.

6242. Second Workgroup held and focussed on the areas that should be in scope of the Proposal and high-level discussions on what section of the CUSC may need to be amended.

6243. The third Workgroup meeting will focus on firming the scope of the Proposal, the legal text changes, considering any potential alternatives and the questions to include in the Workgroup Consultation Report.

6244. **CMP276 Socialising TO costs associated with "green policies"**. CMP276 proposes a reduction in the demand residual element of the TNUoS £/kW ("Triad") charge by creating two new charge lines for all demand offtakes:

- (i) with the level of charge based on a fixed charge per MPAN (or alternatively the import meter size of each consumer) and;
- (ii) a simple per kWh charge on all consumers.

6245. The initial Workgroup was held on the 17 March 2017. Ofgem noted that they were still working on whether Alkane is an affected party and the urgency letter. It was noted that these would be received week commencing 20 March 2017. It was discussed and noted that the decision with regards to urgency would determine whether this Workgroup can be run in line with CMP271/74. The Proposer, John Harmer stated that he wanted to see the Modification progressed ahead of the launch of the Targeted Charging Review and that this Modification just needed to be 'better than the baseline' in order to be approved and that CMP271/74 could find the enduring solution.

6246. NH advised Ofgem are currently assessing the merits of the application in line with the designation provision. JM advised the Workgroup will continue until the decision has been received from Ofgem.

6247. CS advised the Terms of Reference for CMP276 required more clarity, JM noted the Code Administrator will confirm the text in the Terms of Reference. JM noted the proposer would like to move forward with CMP276.

Action: JM to provide more clarity in the Terms of Reference for CMP276 based on comments from CS.

6248. **Governance Standing Group (GSG).**

6249. LW noted that the last GSG meeting was held on 16 February 2017. LW advised an email had been issued to the industry to request feedback and review of Section 11. LW noted no feedback had been received. The next GSG will be held on 27 April 2017 at National Grid House.

6250. **Transmission Charging Methodologies Forum (TCMF) and CUSC Issues Steering Group (CISG).**

6251. NJ advised the CUSC Panel at the last TCMF there was a discussion around the send back of both CMP261 and CMP268. NJ noted a presentation on the SO and TO Modification was presented by SM. NJ advised the concern from TCMF that the ENA groups are very closed and therefore not engaging stakeholders/consumers. NJ advised the main feedback from TSO/DSO was the stakeholder element.

6252. NJ advised that GG had raised that he would present a Modification on 'Application Fee Reconciliation' at the next TCMF meeting.

6253. NJ raised a question on CISG, she stated CISG still exists but no agenda items have been brought forward. JM noted that non-charging issues have been raised at TCMF an example of this is CMP275. NJ noted that CISG is not taking place due to no agenda items.

6 European Code Development

6254. NH had no further updates on European Code Development.

6255. **Joint European Stakeholder Group (JESG)**

MT confirmed that the meeting in March had been cancelled.

7 Authority Decisions as at 24 February 2017

6256. NH confirmed that there had been decision on CMP272 to implement since the last Panel meeting.

6257. NH also confirmed that a decision on Urgency for CMP276 and progress on the whether the Proposer was a 'Materially Affected' party as per their requirements was still outstanding and a decision on this matter was expected in due course. NH advised the modifications currently with Ofgem are CMP264/265, NH noted no date on the decision had been made.

8 Update on Industry Codes/General Industry Updates relevant to the CUSC

6258. **Targeted Charging Review**

KM queried how the Targeted Charging Review this will impact the CUSC Panel. NH advised he will provide an update to the CUSC Panel on this going forward.

6259. **Interim Forward Work Plan**

JM advised the Panel the Forward Work Plan shows the significant amount of work which will be taking place over the next few years. JM will circulate the link to the Forward Work Plan to the CUSC Panel.

Action: JM to circulate link to the Forward Work Plan to the CUSC Panel.

6260. **Code Administrators Meeting**

JM advised the Panel that Ofgem have given an initial view of the Code Administrators Centralised Survey. This survey took place on the back of Code Governance Review 3. JM advised Ofgem will in due course be providing feedback to the Panel.

9 AOB

6261. MT advised it was NJ last CUSC Panel. MT thanked NJ for her dedication to the Panel. NJ advised Louise Schmitz will be replacing her on the CUSC Panel.

6262. AP raised a question on the CUSC Panel Elections and when parties can be nominated. JM noted he will pick this up with AP after the Panel meeting.

10 Next meeting

6263. The next normal Panel meeting will take place on 28 April 2017 at National Grid House, Warwick.

6264. The Special CUSC Panel originally planned to take place on 10 July 2017 to discuss the CMP268 Workgroup Report has now been cancelled.