

Modification proposal:	<b>Connection and Use of System Code (CUSC) CMP377: Clarification of Section 14 BSUoS Charging Methodology (CMP377)</b>		
Decision:	The Authority <sup>1</sup> directs that this modification be made <sup>2</sup>		
Target audience:	National Grid Electricity System Owner (NGESO), Parties to the CUSC, the CUSC Panel and other interested parties		
Date of publication:	31 March 2022	Implementation date:	Ten working days after the Authority decision date

## Background

Since July 2020 there have been several code modifications (CMP281<sup>3</sup>, CMP345<sup>4</sup>, CMP350<sup>5</sup>, CMP360<sup>6</sup>, CMP373<sup>7</sup>) leading to legal text changes in the BSUoS section of Section 14 of the CUSC<sup>8</sup>. Following this suite of changes and subsequent stakeholder feedback on the clarity of the BSUoS charging methodology, we are supportive of updates to the legal text that improve clarity, while keeping aligned with the outcomes of these previously-mentioned modifications.

## The modification proposal

<sup>1</sup> References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

<sup>3</sup> <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp281-removal>

<sup>4</sup> <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp345-defer>

<sup>5</sup> <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp350-changes>

<sup>6</sup> <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp360-aligning>

<sup>7</sup> <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp373-deferral>

<sup>8</sup> <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc>

NGESO (the 'Proposer') raised CMP377 on 15 July 2021 to provide clarity on how the BSUoS charging methodology is described in Section 14 of the CUSC.

This modification is seeking to address four CUSC text issues, each requiring a minor change to the wording used to describe them in Section 14 of the CUSC. The issues are:

- i) updating Covid-19 (Covid Cost)<sup>9</sup> calculations,
- ii) housekeeping changes following approval CMP373 ('Deferral of BSUoS billing error adjustment'),
- iii) wording around the exclusion of storage imports from BSUoS costs, and
- iv) general housekeeping.

These changes are not substantive but would improve the clarity of the text for BSUoS charging methodology.

Ahead of the vote taking place, the CUSC Panel on 24 September 2021 considered the legal text amendments proposed as part of the Code Administrator Consultation and unanimously agreed that the changes within the scope of CMP377 should be made. In summary they agreed for:

- In CUSC 14.13.10, the 2 references to "BSUOSCoVIDjd" to be amended to "BSUoSCOVIDjd";
- In CUSC 14.13.19, the 2 references in to "BSUoSUR20d" to be amended to "BSUoSUR20d"; and
- In CUSC 14.31.8, the definition of "BSUoSUR20d" to be amended to "BSUoSUR20d"

### **CUSC Panel<sup>10</sup> recommendation**

At the CUSC Panel meeting on 24 September 2021, a majority of the CUSC Panel (the Panel) considered that CMP377 would better facilitate the CUSC objective (e) than the Baseline and would be neutral against rest of the CUSC objectives and the Panel therefore recommended its approval.

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<sup>9</sup> Covid cost referred the cumulative total cost of the Covid Support Scheme incurred in 2020/21.

<sup>10</sup> The CUSC Panel is established and constituted from time to time pursuant to and in accordance with the section 8 of the CUSC.

## **Our decision**

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 6 October 2021. We have considered and taken into account the responses to the industry consultation(s) on the modification proposal which are attached to the FMR<sup>11</sup>. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the CUSC;<sup>12</sup> and
- directing that the modification be made is consistent with our principal objective and statutory duties.<sup>13</sup>

## **Reasons for our decision**

We consider this modification proposal will better facilitate CUSC objective (e) and has a neutral impact on the other applicable objectives.

### ***(e) Promoting efficiency in the implementation and administration of the system charging methodology.***

The members of the CUSC Panel and the majority of respondents to the first code administrator consultation unanimously agreed that CMP377 would better facilitate objective (e) than the 'baseline'.

#### *Our view*

We carefully reviewed and considered the comments from Workgroup, consultation respondents and the Panel. We agree with the Proposer and the Panel that, by amending section 14 of CUSC with correction and aligning Section 14 of the CUSC to the CMP 281/345/350/360/373, the modification proposal promotes efficiency in the

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<sup>11</sup> CUSC modification proposals, modification reports and representations can be viewed on NGESO's website at: <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc/modifications>

<sup>12</sup> As set out in Standard Condition C10(1) of the Electricity Transmission Licence, see: <https://epr.ofgem.gov.uk/Content/Documents/Electricity%20transmission%20full%20set%20of%20consolidated%20standard%20licence%20conditions%20-%20Current%20Version.pdf>

<sup>13</sup> The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

implementation and administration of the system charging methodology. The existing provision of the section 14 of CUSC may hinder the effective implementation of previously-approved modifications and could lead to calculation errors or disputes in BSUoS billing, particularly for storage and the treatment of 'covid cost' recovery.

### **Interaction with CMP308**

EDF raised CMP308: BSUoS – 'Removal of BSUoS charges from Generation'<sup>14</sup> in 2018. Its intention is to exclude generators in the GB market from paying the BSUoS charges.

CMP308 seeks to amend the same section 14 of the CUSC as CMP377. We note that some changes to the CUSC legal text proposed in CMP308 would overwrite parts of section 14.31.8 'Balancing Services Use of System Acronym Definitions', which will be updated when CMP377 is implemented. We note that CMP308 is currently with us for a decision. If we approve CMP308, we expect the industry may need to raise further legal text clarification modification to take the legal text amendment of both CMP308 and CMP377 into account.

### **Typographical errors**

Whilst we have approved this proposal, we are disappointed to see errors in FMR and Annex Legal Text for CMP377. In our view, the CMP377 FMR and Annex 2 are sufficiently clear for us to understand the practical operation for legal text amendment and for us to form an opinion on the proposal. However, the errors in the FMR and legal text make the communication harder to follow, considering that the FMR should set out the rationale and proposed changes of the modification in a clear and transparent manner. These typographical errors do not affect our assessment of the Proposal and once resolved, should implement the proposal as intended.

The typographical errors we observed are the following:

- The legal text amendments proposed by Sembcorp are in CUSC 14.30.10 and CUSC 14.30.19, rather than '14.13.10' and '14.13.19' respectively ;

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<sup>14</sup> <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp308-removal>

- The Annex 2 Legal Text could not reflect the 'changes' in CUSC section 14 in which the term (BSUoSCoVID) moved from Paragraph 14.30.16 to 14.30.10, and 14.30.16 can subsequently be removed from the CUSC, as described in CMP 377 FMR. The Annex 2 Legal Text should reflect these changes – the move and remove happened in CUSC 14.30.16.

### **Decision notice**

In accordance with Standard Condition C10 of the Transmission Licence, the Authority, hereby directs that modification proposal CMP377: "Clarification of Section 14 BSUoS Charging Methodology" be made.

Eleanor Wood

**Deputy Director**

**Market Design**

Signed on behalf of the Authority and authorised for that purpose