

CUSC Modification Proposal Form

CMP390: Updating application forms to enable disclosure of information to government for purposes of the National Security and Investment (NSI) Act 2021

Overview: The National Security and Investment (NSI) Act 2021 enables Government to scrutinise the acquisition of rights in entities and assets and intervene where there is a risk to national security. This modification seeks to amend the CUSC application forms to recognise and provide consent to ESO sharing information about the applicant with Government. Enabling BEIS to carry out any initial national security checks in line with the NSI Act and identify any issues at an early opportunity.

Modification process & timetable

1	Proposal Form 12 April 2022
2	Code Administrator Consultation 06 May 2022 - 27 May 2022
3	Draft Final Modification Report 16 June 2022
4	Final Modification Report 06 July 2022
5	Implementation 10 working days after Authority decision

Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

This modification is expected to have a: Low impact

Generators, ESO and BEIS

Proposer's recommendation of governance route	Standard Governance modification to proceed to Code Administrator Consultation	
Who can I talk to about the change?	Proposer: Claire Huxley Claire.huxley@nationalgrideso.com 07971672772	Code Administrator Contact: Paul Mullen Paul.j.mullen@nationalgrideo.com 07794537028

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What is the issue?

The NSI Act 2021 has introduced new powers for Government to scrutinise new build infrastructure for national security risks, and investigate the acquisition rights of the developing entities. The NSI Act applies where developers apply for a network connection. Currently NGENSO is bound by confidentiality agreements in the CUSC so cannot share the information that is required by the NSI Act.

Why change?

The CUSC needs to be updated to ensure this information can be provided to the Government in order to support the objectives of this new legislation.

What is the proposer's solution?

- Amend the following CUSC application forms:
 - CUSC Exhibit B - Connection Application,
 - CUSC Exhibit D - BEGA Application; and
 - CUSC Exhibit I - Modification Application
 - To recognise and provide consent to ESO sharing information about the applicant with Government.
 - Enable BEIS to carry out any initial national security checks in line with the NSI Act and identify any issues at an early opportunity.

It is not anticipated that all applications will need to be shared as it is expected that thresholds will be agreed with BEIS.

Legal text

Legal text is attached in Annex 1.

What is the impact of this change?

Proposer's assessment against CUSC Non-Charging Objectives	
Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	Positive Enables NGENSO to support the objectives of the NSI Act by sharing relevant information.
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;	Positive Ensures there is appropriate governance ahead of connecting to the system thereby facilitating effective competition.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	Neutral No impact to the Electricity Regulation.

(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive Ensures that the CUSC enables information to be shared in a transparent manner.
*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).	

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories

Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	Positive This will not impact the safety and reliability of the system itself as it is updating the CUSC to support legislation relating to information sharing at the connection application stage. However, it will improve the overall safety of the system, by enabling appropriate due diligence ahead of new parties connecting.
Lower bills than would otherwise be the case	Neutral There is no impact to bills as this does not impact the charging elements of the CUSC.
Benefits for society as a whole	Positive This change will ensure that data can be shared so that there is appropriate scrutiny over new connections, to ensure that entities who may present a risk to national security do not have the ability to infiltrate the electricity system.
Reduced environmental damage	Neutral There is not impact to environmental damage.
Improved quality of service	Neutral There is no impact to quality of service.

When will this change take place?

Implementation date

10 working days after the Authority decision.

Date decision required by

As soon as possible in July 2022.

Implementation approach

Network connection application documents to be updated.

This change will impact any new application forms submitted after the implementation date.

Proposer's justification for governance route

Governance route: Standard Governance modification to proceed to Code Administrator Consultation as a decision from Ofgem is appropriate for this change.

This is the appropriate governance route as there already is a fully formed solution and legal text that supports legislation.

Interactions

- | | | | |
|---|---|--|--------------------------------|
| <input type="checkbox"/> Grid Code | <input type="checkbox"/> BSC | <input type="checkbox"/> STC | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European Network Codes | <input type="checkbox"/> EBR Article 18 T&Cs ¹ | <input type="checkbox"/> Other modifications | <input type="checkbox"/> Other |

None.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BEIS	Department for Business, Energy and Industrial Strategy
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
NGESO	National Grid Electricity System Operator (ESO)
NSI Act	National Security and Investment Act 2021
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions

Annexes

Annex	Information
Annex 1	Legal Text

Reference material

- [National Security and Investment Act 2021](#)

¹ If your modification amends any of the clauses mapped out in Exhibit Y to the CUSC, it will change the Terms & Conditions relating to Balancing Service Providers. The modification will need to follow the process set out in Article 18 of the Electricity Balancing Guideline (EBR – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.