

# CUSC Panel Minutes: 25 February 2022

## CUSC Panel Minutes: Meeting Number 293

**Date:** 25/02/2022      **Location:** Microsoft Teams

**Start:** 10:00am      **End:** 1:00pm

### Participants

Attendee	Initials	Company
Trisha McAuley	TM	Independent Panel Chair
Paul Mullen	PM	Code Administrator, National Grid Electricity System Operator
Banke John-Okwesa	BJO	Technical Secretary, Code Administrator, National Grid Electricity System Operator (Alternate)
Jennifer Doherty	JD	National Grid Electricity System Operator
Grace March	GM	Users' Panel Member
Nadir Hafeez	NH	Authority Representative
Andy Pace	AP	Users' Panel Member
Binoy Dharsi	BD	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Joseph Dunn	JDu	Users' Panel Member
Cem Suleyman	CS	Users' Panel Member
Andrew Enzor	AE	Users' Panel Member
Mark Duffield	MD	Users' Panel Member (Alternate)
Jeremy Caplin	JC	BSC Representative (Observer)

Apologies	Initials	Company
Ren Walker	RW	Technical Secretary, Code Administrator, National Grid Electricity System Operator
Paul Jones	PJ	Users' Panel Member

### 1. Introductions and Apologies for Absence

11321. Apologies were received from Ren Walker and Paul Jones.

### 2. Approval of minutes from previous meetings

11322. The meeting minutes from the CUSC Panel on 17 December 2021 and 26 January 2022 and Special Panels on 6 and 12 January 2022 were approved at the CUSC Panel on 25 February 2022.

### 3. Action log

11323. The CUSC Panel reviewed the open actions from the meeting held on 26 January 2022, which can be found on the Actions Log.

### 4. Chair update

11324. The Chair had no updates for the Panel.

### 5. Authority decisions

11325. NH confirmed that the following decisions on CUSC Modifications had been made since the Panel meeting that was held on 26 January 2022.

Modification	Decision
<b>CMP383</b>	Decision to grant urgency was received on 11 February 2022. CMP383 seeks to enable the ESO to recover the costs deferred under CMP381, a licence change is required. This will not be in place for 1st April 2022. Therefore, this modification seeks to change the recovery of CMP381 costs, to when the new licence comes into effect until 31st March 2023.
<b>CMP384</b>	Decision to reject urgency was received on 11 February 2022. CMP384 seeks to ensure that fixed manifest error thresholds stated within the CUSC account for inflation and are better aligned with current TNUoS tariffs to which they relate.

### Awaiting Decisions

11326. NH provided an update at the Panel on Modifications awaiting decisions. The summary table below sets out which Modifications are with the Authority for decision, together with the expected decision date:

<b>Modification</b>	<b>What this seeks to achieve</b>	<b>Expected Decision Date</b>
<b>CMP335/336 and CMP343/340</b>	Proposes the methodology for Transmission Demand Residual charges to be applied only to 'Final Demand' on a 'Site' basis, as well as how to treat negative locational charges and the application of any charging bands.; CMP335/336 looks at the Transmission Demand Residual billing and consequential changes	Expected final decision date for CMP343 is now 31 March 2022. Decisions for CMP340, CMP335 and CMP336 Modifications are expected to follow shortly thereafter but are currently showing as TBC 2022 on Ofgem's latest publication (10 February 2022) of anticipated decision dates.
<b>CMP292</b>	Introduces a cut-off date for changes to the Charging Methodologies	Expected decision date of TBC in 2022 (previously 30 June 2021 and latterly 30 September 2021) as Ofgem still consider this to be low priority.
<b>CMP371</b>	Seeks to update CUSC Section 8 such that it is possible, under one CUSC Modification Proposal, to change CUSC provisions relating to Connection Charges, and Use of System Charging Methodologies alongside non-charging provision.	Ofgem decision is anticipated 31 March 2022 (as confirmed at Panel on 25 February 2022).
<b>CMP308</b>	Seeks to modify the CUSC to better align GB market arrangements with those prevalent within other EU member states by removing BSUoS charges from Generation.	On 18 February 2022, Ofgem advised they would be looking to make a decision on CMP308 on 4 March 2022.
<b>CMP368/369</b>	CMP368 seeks to give effect to the Authority determination within the CMP317/327 decision published on the 17 December 2020 to amend the definition of Assets Required for Connection, create new definitions of 'GB Generation Output' and define Generator charges for use in the Limiting Regulation range calculation. To facilitate the change, CMP369 proposes to update the legal text relating to 'Generation Output' detailed in the tariff setting methodology within Section 14.14.5 and the Ex-Post Reconciliation within Section 14.17.37 of the CUSC to align with the updated definitions introduced by CMP368.	On 24 November 2021, Ofgem sent a letter (which was sent to Panel Members, industry and published on 25 November 2021). This formally confirms that Ofgem intend to wait until judgment has been issued in the Judicial Review before reaching a decision in respect of CMP368 and CMP369, even if judgment is not available before the end of 2021. Ofgem's latest expected decision dates table (published on 10 February 2022) confirms that there is currently no firm date for a decision.
<b>CMP377</b>	Seeks to provide clarity on how the BSUoS charging methodology is described in Section 14 of the CUSC. The four areas being addressed are: Covid-19 cost recovery calculations, capitalisation of defined terms in CMP373 legal text, clarifying storage	Ofgem's latest expected decision dates table (published on 10 February 2022) confirms that there is currently no firm date for a decision.

	import terminology and general housekeeping.	
<b>CMP328</b>	Seeks to put in place an appropriate process to be utilised when any connection triggers a Distribution impact assessment.	Final Modification Report was sent to Ofgem on 10 November 2021 and Ofgem confirmed at November 2021 Panel that no decision would be made on this until they have received the equivalent STC Modification (expected to be raised to STC's March 2022 Panel). Ofgem's latest expected decision dates table (published on 10 February 2022) confirms that there is currently no firm date for a decision.

## 6. New modifications

11327. No new modifications were presented to Panel.

## 7. In Flight Modification Updates

11328. PM talked the Panel through the progression of the in-flight modifications. The in-flight modifications can be found within the CUSC Panel papers pack on the National Grid ESO website via the following link:

<https://www.nationalgrideso.com/calendar/cusc-panel-meeting-250222>

11329. PM also presented the latest rolling 12-month cross code view of all the Workgroups currently planned in and when Workgroup Reports and Draft Final Modification Reports are planned to be presented to Panel, together with a view of modifications that are likely to be raised in the same period.

### [CMP286 & 287 Improving TNUoS Predictability Through Increased Notice of Inputs Used in the TNUoS Tariff Setting Process](#)

11330. PM advised the Panel that the Workgroup on 24 February 2022 agreed that one further Workgroup (on 23 March 2022) will be needed before the Workgroup Consultation is issued. Therefore, the Workgroup Report will be presented to June 2022 Panel rather than May 2022 - the Panel were asked to agree the revised timeline. As there is sufficient time between the June 2022 and July 2022 Panels to finalise the Code Administrator Consultation process, there is no impact on the date that this will ultimately be issued to Ofgem for decision. The Panel agreed to the revised timeline.

### [CMP288 & 289 'Explicit charging arrangements for customer delays and backfeeds \(CMP288\) and consequential change \(CMP289\)](#)

11331. PM reminded the Panel that the CMP288 & CMP289 Workgroups restarted on 20 January 2022 and there were concerns from some Workgroup Members that the revised solution did not address the defect set out in CMP288. At the January 2022, Panel views were mixed on this and given this, the ESO will proceed with their Original (although Panel stated that the Original solution needs further development) noting that Alternatives can be raised.

11332. PM stated that the Workgroup concluded that it would be prudent to run a 2nd Workgroup Consultation given the change in solution, and an updated timeline was presented to February 2022 Panel. The CUSC Panel were therefore now asked to approve a delay to

receiving the final Workgroup Report from March 2022 Panel to June 2022 Panel. The Panel agreed to the revised timeline.

CMP330 & CMP374 Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length & CMP374: Extending contestability for Transmission Connections

11333. PM advised that Workgroup meetings were held on 24 January and 7 February 2022 to discuss the non-confidential responses received to the Workgroup Consultation. At the meeting on 7 February 2022, the Workgroup agreed to have 2 more meetings (16 and 31 March 2022) to finalise the Original solution including legal text. Therefore, the Workgroup Report will be presented to the April 2022 Panel rather than February 2022. The Panel agreed to the revised timeline.

CMP315 'TNUoS: Review of the expansion constant and the elements of the transmission system charged for' & CMP375 'Enduring Expansion Constant & Expansion Factor Review

11334. PM advised the Panel that the Workgroup scheduled for 9 February 2022 was delayed to 9 March 2022 to allow for more time for the Workgroup to assess options and for the ESO to obtain data from Transmission Owners and re-run analysis. PM advised that this means further delay to when the Workgroup Report will be presented to the Panel and this is expected now to be July 2022 rather than May 2022. The CUSC Panel agreed to the revised timeline.

11335. A Panel member suggested that changes being proposed on revised timetables would be clearer if the new proposed dates are highlighted against the initial planned dates. PM agreed to reflect this going forward.

**8. Discussions on Prioritisation**

11336. The Panel reviewed the Prioritisation Stack. This can be found via the following link:

<https://www.nationalgrideso.com/calendar/cusc-panel-meeting-250222>

11337. In summary, the CUSC Panel discussed the prioritisation of the following Modifications:

Modification	What this seeks to achieve	Panel Comments	Position in Prioritisation Stack
<b>CMP376</b>	To implement the queue management process in to CUSC including introducing a right for the ESO to terminate contracted projects which are not progressing against agreed milestones.	Code Admin advised that the CMP376 Workgroup on 28 February 2022 had been postponed as the Workgroup had provided extensive feedback particularly on the practicality of the proposed milestones that needed to be considered further by the ESO Connections team. CUSC Panel were advised that it was prudent to postpone Workgroups will be paused until September 2022 to allow the ESO Connections team to fully take into account the feedback received and ensure the solution had been fully thought	Unchanged at "Medium – High"

		through. Despite this “pause”, Panel agreed that this still “Medium to High” in the prioritisation stack.	
<b>CMP384</b>	To ensure that fixed manifest error thresholds stated within the CUSC account for inflation and are better aligned with current TNUoS tariffs to which they relate	Panel agreed that CMP384 will be placed as “Medium” in the prioritisation stack. Although Urgent treatment was sought on this and Panel had by majority recommended Urgent treatment (although Ofgem did not approve this), the materiality is such that “Medium” is more appropriate. Code Admin advised that CMP384 would have started 14 March 2022 if it had been placed as “Medium to High” or “High” but as “Medium” Workgroups will start in April 2022 (Post Meeting Note: 8 April 2022) and a revised timeline will be presented to March 2022 Panel.	Placed as “Medium”

## 9. Workgroup Reports

11338. No Workgroup Reports were presented to CUSC Panel.

## 10. Draft Final Modification Reports

### CMP300 ‘Cost reflective Response Energy Payment for Generators with low or negative marginal costs’

11339. PM delivered a presentation on CMP300. PM advised the Panel that CMP300 seeks to improve the cost reflectivity of the Response Energy Payment (REP) for Balancing Mechanism Units (BMUs) with low or negative marginal costs, as a consequence of having a Contract for Difference (CFD). PM explained that, currently, the Reference Price which feeds into the calculation of the Response Energy Payment (REP) is set to £0/MWh for “non-fuel” cost BM Units only.
11340. The Original solution suggests that this is set at £0/MWh for CfD BM Units as well and WACM1 allows Market Participants a one-off choice for the REP to be set at £0/MWh (as per Original) or at the prevailing Market Index Price. This must be exercised within 28 calendar days of the ESO’s letter/notice asking them to indicate their choice. Where no choice has been made within 28 calendar days, the REP will be set at £0/MWh. The Proposed Implementation for both Original and WACM1 is 10 working days after Ofgem decision.
11341. PM stated that the Workgroup held their vote on 31 October 2019. 5 of the 6 Workgroup Members voted that the Original and WACM1 were better than the current CUSC arrangements and 3 voted that WACM1 was best, with 2 votes for the Original and 1 vote for no change.

11342. The Workgroup Report was presented to November 2019 Panel; however, the Panel raised concerns that the Workgroup Report didn't really explain to what extent a CfD plant loses out at the moment under the current arrangements, as it doesn't set out the payments that the affected generator receives/pays/forgoes when it provides response. More detail on the Benefits/Costs was provided within the updated Workgroup Report that was presented to the October 2020 Panel; however, the Panel still required illustrative numbers to be added before they could approve that the Terms of Reference have been met. The Workgroup Report was updated accordingly, and Panel approved via circulation on 9 November 2020.
11343. The First Code Administrator Consultation ran from 9 November 2020 to 9 December 2020, with 2 responses received. One respondent supported the change and implementation approach, and one didn't. The Draft Final Modification Report was presented at a Special Panel on 8 January 2021 and the Panel agreed by majority that the CMP300 Original and WACM1 better facilitated the CUSC objectives than the current CUSC arrangements.
11344. PM stated that the Final Modification Report was sent to Ofgem on 19 January 2021 for decision but, on 9 July 2021, Ofgem [sent back CMP300](#) and directed that the CUSC Panel re-submit the Final Modification Report to address the following:
- Provide more evidence that demonstrates objective (b) would be better facilitated for CfD BMUs as a class of users;
  - Seek further feedback from industry and affected parties to improve the robustness of the assessment of the proposals; and
  - Make best endeavours to secure further supporting evidence to demonstrate the economic impact of the Proposal against the class of users that would be affected.
11345. PM advised the Panel that the CMP300 Workgroup met on 8 and 25 November 2021 to address each Terms of Reference, with the majority of the discussion focused on the following Terms of Reference:
- *Assess whether or not any future CfD BMUs are likely to come online in the future and assess how it can be ensured that they are not negatively impacted*
11346. The Workgroup agreed that the Future Energy Scenarios (FES) data was the most appropriate data source to quickly help the Workgroup provide a view of "whether or not any future CfD BMUs are likely to come on-line in the future". The baseline FES data will only consider the CfD auctions that have occurred and therefore does not provide a direct forward view of what technology may or may not receive a CfD or similar incentive in the future. This excluded technologies not expecting to be connected at transmission and/or those that have no fuel cost.
11347. At the December 2021 Panel, the Panel expressed no concerns with the approach taken but asked that the conclusions re storage were checked ahead of the 2nd Code Administrator Consultation. Clarification text was added, and the 2nd Code Administrator Consultation was issued on 17 January 2022 and closed at 5pm on 16 February 2022, with 3 responses received.
11348. Respondents were supportive of either or both of the proposed changes, predominantly as this creates a level playing field for all transmission connected low carbon projects in receipt of a CfD. Respondents supported the Workgroup's analysis re: technologies that may benefit in the future from a CfD or similar support mechanism.

11349. One respondent identified parties that will benefit in the near term at transmission level and added there are further projects set to commission and connect at distribution, who may also benefit if precedent for this arrangement is set at transmission/
11350. One respondent noted that CMP300 is positive in relation to the Electricity Balancing Regulation Article 3 objectives, and in particular enhancement of objective (e) as it removes an undue distortion between generators that receive renewable subsidy payments. A Panel Member supported this viewpoint; however, another Panel member didn't on the basis that they didn't support the proposed change itself.
11351. The Panel held their recommendation vote on CMP300. At February 2022 Panel, the CUSC Panel by majority recommended that both the CMP300 Original and WACM1 better facilitated the CUSC objectives than the current CUSC. The Final Modification Report will be submitted to the Authority on 9 March 2022.

CMP361 & CMP362 'BSUoS Reform: Introduction of an ex ante fixed BSUoS tariff & Consequential Definition Updates'

11352. PM delivered a presentation on CMP361 & CMP362. PM advised the Panel that CMP361 seeks to introduce an ex-ante fixed volumetric BSUoS tariff set over a total fixed and notice period of 15 months. This will deliver the recommendations of the Second BSUoS Task Force. CMP362 facilitates the implementation of BSUoS Reform by introducing and updating required definitions into CUSC section 11 from CMP308 and CMP361.
11353. CMP361 & CMP362 has been assessed by a Workgroup and will require Authority decision. The proposed implementation date is 1 April 2023.
11354. PM advised the Panel that the Workgroup held their consultation between 1 September – 24 September 2021 and received 16 non-confidential responses and 1 confidential response. Most respondents were supportive of the proposal and/or some of the alternatives mentioned.
11355. . Respondents were supportive of CMP362. Workgroup members noted that CMP361 provides the benefits and CMP362 makes it happen, so the modifications do not work if they are not both implemented together.
11356. PM noted that the Workgroup Vote took place on 3 November 2021 (CMP361) and 10 November 2021 (CMP362). For CMP361, the Workgroup concluded unanimously that the Original and WACM2 better facilitated the Applicable Objectives than the Baseline, and by majority concluded that WACMs 1, 3, 4, 5, 6 and 7 better facilitated the Applicable Objectives than the Baseline.
11357. For CMP362, the Workgroup concluded unanimously that the Original and WACMs 1, 2, 5 and 6 better facilitated the Applicable Objectives than the Baseline, and by majority concluded that WACMs 3 and 4 better facilitated the Applicable Objectives than the Baseline.
11358. The Workgroup Report was presented to the November 2021 Panel and the Panel had unanimously agreed that CMP361/362 Workgroup has met its Terms of Reference.
11359. PM advised that the Code Administrator Consultation was published on 3 December 2021 and closed on 7 January 2022. The majority of the respondents felt that all of the solutions better facilitated the applicable objectives. Support was shown for the Original, WACM1, WACM2, WACM3, WACM4, WACM5, WACM7. There was no specific mention to WACM6.



11360. The majority of respondents supported the implementation approach. Some respondents felt that these modifications should be implemented at the same time as CMP308. There was mixed support for each of the different options, with some preferences shown for longer notice periods for tariffs and some preferences shown for shorter periods. Some did not support the BSUoS Fund whilst others did.
11361. There were a couple of comments stating that they expect the ESO's BSUoS Forecasts to be accurate and monitored by Ofgem. Some noted that the solution should reduce the likelihood of tariffs being reset within the fixed period and that it should benefit consumers.
11362. One respondent raised that the solution should be simple given the amount of change currently affecting the industry. Another raised that CMP361 would require a change to include the new fixed BSUoS price in the price cap at the point of implementation. No legal text issues were identified as part of Code Administrator Consultation but subsequently identified by a Panel Member.
11363. For CMP362, the majority of respondents felt that all of the solutions better facilitated the objectives. Some gave the same answer as for CMP361. Others felt like this was a purely enabling modification for CMP361. One highlighted the importance that the corresponding solution to CMP361 needs to be implemented to ensure this facilitates the objectives.
11364. The CUSC Panel discussed the proposed legal text changes at their meeting on 26 January 2022 and agreed that the changes to CUSC 14.30.5 and 14.30.24 were typographical. However, the Panel agreed that the change to CUSC 14.30.7 (and post Panel the changes to CUSC 14.30.18) needed to be consulted on. The Panel agreed to run a 5 working day Code Administrator Consultation (from 3 February 2022 to 5pm on 10 February 2022) specifically on the changes to CUSC 14.30.7 and 14.30.18. The Code Administrator Consultation was published on 3 February 2022 and closed 5pm on 10 February 2022 and received 1 non-confidential response, which supported the changes to CUSC 14.30.7 and 14.30.18.
11365. The Panel held their recommendation vote on CMP361 and CMP362. For the **CMP361 Vote**, the CUSC Panel unanimously recommended that both the CMP361 Original and WACM2 better facilitated the CUSC objectives than the current CUSC. They also by majority recommended that WACM1, WACM3, WACM4, WACM5, WACM6 and WACM7 better facilitated the CUSC objectives than the current CUSC. For the **CMP362 Vote**, the CUSC Panel unanimously recommended that the CMP362 Original, WACM1, WACM2, WACM5 and WACM6 better facilitated the CUSC objectives than the current CUSC. They also, by majority, recommended that WACM3 and WACM4 better facilitated the CUSC objectives than the current CUSC.
11366. The Final Modification Report will be submitted to the Authority on 8 March 2022.

## 11. Standing Groups

### Transmission Charging Methodology Forum (TCMF)

11373. JD advised the Panel that the TCMF was held on 3 February 2022. The papers and presentations from this meeting can be found via the following link:

<https://www.nationalgrideso.com/calendar/transmission-charging-methodologies-forum-tcmf-03022022>

The next TCMF will be held on 3 March 2022.

### Joint European Stakeholder Group (JESG)

11374. GG advised that the JESG meeting was held on 8 February 2022. The papers and presentations from this meeting can be found via the following link:

<https://www.nationalgrideso.com/calendar/jesg-meeting-8-february-2022>

The next JESG meeting will be held on will be held on 8 March 2022.

### **Governance Standing Group**

11375. No further updates for the Panel.

### **EU Codes**

11376. No further updates for the Panel.

### **12. Update on other Industry Codes**

11377. PM flagged 2 open consultations re: The National Electricity Transmission System Security and Quality of Supply Standard (NETS SQSS). Firstly, the [Frequency Risk and Control Report and Methodology consultation](#) is open until 4 March 2022. Secondly ESO have proposed (following discussions with stakeholders) some key areas of the NETS SQSS that would benefit from a review to enable a decarbonised energy system – this [consultation](#) is open until 9 March 2022.

### **13. Relevant Interruptions Claim Report**

11378. No further updates for the Panel.

### **14. Governance**

11379. No further updates for the Panel.

### **15. Horizon Scan**

11380. PM presented the Horizon Scan to the Panel.

### **16. Forward Plan Update**

11381. No further updates for the Panel.

### **17. AOB**

### **Modification Tracker**

11382. PM noted that the new Modification Tracker was published on 22 March 2022. This has been co-created with industry participants to ensure it meets the needs of our stakeholders and includes the following:

- Identifies any cross – code impacts
- Hyperlinks to the relevant Code Modification pages for further information
- Includes Code documents for ease of access
- Link to the Ofgem decisions timetable
- General formatting structures made for improved navigation

The new Modification Tracker can be found via the following link:

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

PM encouraged Panel members to access the new Modification Tracker and feedback any further thoughts so the Code Administrator can consider as part of future releases.

**The next CUSC Panel meeting will be held on Friday 25 March 2022 via Microsoft Teams.**