

CUSC Panel Minutes: 29 October 2021

CUSC Panel Minutes: Meeting Number 286

Date: 29/10/2021 **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
Ren Walker	RW	Technical Secretary, Code Administrator, National Grid Electricity System Operator
Jon Wisdom	JW	National Grid Electricity System Operator
Paul Jones	PJ	Users' Panel Member
Nadir Hafeez	NH	Authority Representative
Andy Pace	AP	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Joseph Dunn	JD	Users' Panel Member
Cem Suleyman	CS	Users' Panel Member
Jeremy Caplin	JC	BSC Representative (Observer)
Niall Coyle	NC	Proposer of CMP286/CMP287 – Agenda item 8
Ruth Roberts	RR	Observer
Ken Doyle	KD	Observer

Harvey Takhar	HT	Observer
Apologies	Initials	Company
Binoy Dharsi	BD	Users Panel Member
Mark Duffield	MD	Users Panel Member- Alternate

1. Introductions and Apologies for Absence

11104. Apologies were received from Binoy Dharsi and Mark Duffield. TM reminded the Panel of their positions as Panel members and not as representatives of their company, as, for example, Proposers or Workgroup Members, and the continued importance of recognising and articulating actual or perceived conflicts of interest.

2. Approval of minutes from previous meetings

11105. The meeting minutes from the Special CUSC Panel held on 14 September 2021 and the CUSC Panel on 24 September 2021 were approved by the Panel.

3. Action log

11106. The CUSC Panel reviewed the open actions from the meeting held on 24 September 2021, which can be found on the Actions Log.

4. Chair update

11107. The Chair had no updates for the Panel.

5. Authority decisions

11108. NH provided an update on Modifications that have been decided upon since the CUSC Panel on 24 September 2021:

Modification	What this does	Decision Date
CMP378	Seeks to place an obligation on The Company (defined in the CUSC as National Grid Electricity System Operator (NGESO) Limited) to comply with the obligations insofar as these apply to it under Section C12 (Market-wide Half-Hourly Settlement Implementation) of the Balancing and Settlement Code (BSC).	Decision received 12 October 2021 approving the CMP378 Original – implemented 15 October 2021.

Awaiting Decisions

11109. 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:

Modification	What this seeks to achieve	Expected Decision Date
CMP335/336 and CMP343/340	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, CMP340, CMP335 and CMP336 Modifications was 27 August 2021; however, Ofgem confirmed at CUSC Panel on 27 August 2021 that this date would not be met. At CUSC Panel on 29 October 2021, Ofgem confirmed they have no firm date for a decision.
CMP292	Introduces a cut-off date for changes to the Charging Methodologies	TBC in 2021 (previously 30 June 2021 and latterly 30 September 2021) as Ofgem consider this to be low priority.
CMP371	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	19 November 2021.
CMP308	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.	At CUSC Panel on 29 October 2021, Ofgem advised that they intend to consult of a minded-to position but cannot confirm yet when this will be issued.
CMP368/369	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.	Final Modification Report was sent to Ofgem 23 September 2021 seeking decision on or before 28 October 2021. At CUSC Panel on 29 October 2021, Ofgem noted that their decision will follow the outcome of the current judicial review re: the CMA's decision of 30 March 2021 to dismiss the appeal against decisions by Ofgem on CMP317/327.
CMP377	Seeks to provide clarity on how the BSUoS charging methodology is described in Section 14 of the CUSC. The four areas being addressed are:	Final Modification Report was sent to Ofgem 6 October 2021, but no decision date has yet to be confirmed.

	Covid-19 cost recovery calculations, capitalisation of defined terms in CMP373 legal text, clarifying storage import terminology and general housekeeping.	
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6. New modifications

11110. There were no new CUSC Modifications presented to the Panel.

7. In Flight Modification Updates

11111. 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/industry-information/codes/connection-and-use-system-code-cusc-old/meetings/cusc-panel-meeting-8>

11112. 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, and a view of modifications that are likely to be raised in the same period. PM added that there continue to be a number of Modifications starting, or re-starting, their Workgroup phase, which further reduces the numbers of Modifications where no progress is currently being made to just 5.

Month	Planned Number of Workgroups	Comments
November 2021	13 cross code – 10 CUSC	Workgroups to recommence on the and the CMP300 Post Authority Send Back in September 2021 and CMP304 (Enhanced Reactive Power Service)
December 2021	8 cross code – 4 CUSC	Workgroups planned to recommence on CMP288/289 (Charging for customer delays and backfeeds re: Transmission Connections) and CMP286/287 (Improving TNUoS Predictability Through Increased Notice of the Target Revenue (CMP286) and Inputs used (CMP287) in the TNUoS Tariff Setting Process)
January 2022	12 cross code – 8 CUSC	Workgroups planned to commence on CMP379 (Determining TNUoS

		demand zones for transmission-connected demand at sites with multiple Distribution Network Operators (DNOs))
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CMP298 ‘Updating the Statement of Works process to facilitate aggregated assessment of relevant and collectively relevant embedded generation’

11113. PM advised the Panel that, on 22 September 2021, the Workgroup met to discuss the Workgroup Consultation Responses received. It was clear from the responses, and subsequent discussion, that the STC changes need to be defined more fully, the implementation plan needs to be further developed and there are a number of possible alternatives (currently 5) to consider. This means the Workgroup Report will not be ready for October 2021 Panel and following a Workgroup on 6 October 2021, Workgroup agreed to target December 2021 Panel. The CUSC Panel agreed to a delay to December 2021 for the Workgroup Report to be presented to them.

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

11114. PM advised the Panel that the Workgroup met on 5 October 2021 and clarified what the Original solution was, and further understood the concerns some Workgroup Members expressed on this solution; however, the Workgroup still need to finalise their assessment of the CMP330 Workgroup Consultation responses to ensure nothing has been missed and develop the CMP330/374 Workgroup Consultation. PM stated that two more meetings are required before the CMP330/374 Workgroup Consultation is issued and therefore a further delay (for the Workgroup Report to be issued to the Panel) from December 2021 to February 2022 is needed. The CUSC Panel agreed to a delay to February 2022 for the Workgroup Report to be presented to them.

8. Discussions on Prioritisation

11115. The Panel reviewed the Prioritisation Stack. This can be found via the following link:
<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/meetings/cusc-panel-meeting>
11116. NC attended the CUSC Panel to provide a presentation on CMP286/CMP287 ‘Improving TNUoS Predictability through Increased Notice of Inputs’, and why the CUSC Panel should consider re-prioritisation of these modifications. NC explained that Final TNUoS tariffs are published with a notice period of only 2 months. The TNUoS tariffs are set by National Grid ESO by populating a number of inputs into the charging methodology models.
11117. NC stated that many of these inputs are difficult to predict and are not finalised until shortly before final tariff publication. In previous years, there have been significant changes in both revenue and volume inputs between National Grids forecasts over a short period of time. NC explained that this creates uncertainty around the level of final tariffs, and also results in significant changes between regions and Half Hourly/Non Half Hourly Tariffs.
11118. NC advised that, given that market participants are trying to predict TNUoS costs as accurately as possible, large, and late changes of inputs which significantly affect the calculation of TNUoS prices need to be avoided. NC explained that he is seeking the

prioritisation of these modifications to be escalated from “Low” to “Medium” on the grounds of importance.

11119. NC further stated that the current short notice period for setting TNUoS tariff inputs can leave suppliers exposed to late changes to these inputs and can result in customers’ bills which are not reflective of the actual costs that suppliers incur. To combat this, risk charges are built into suppliers’ fixed contract offerings which leads to higher overall customer bills. He stated that fixing these inputs earlier in the process will reduce the level of risk that is incorporated into customers’ fixed contracts, thereby reducing the overall cost borne by the end consumer.
11120. PM presented the proposed timeline for CMP286/CMP287. GG noted a typographical error on the proposed Authority decision date, stating that this should read “by 31 October 2022”, rather than “by 31 October 2023” to allow for the 15 months’ notice period ahead of proposed implementation on 1 April 2024. **(Post Meeting Note: this has been amended)**
11121. JD highlighted that, as the TNUoS risk sits with the TOs, rather than the ESO, has this been considered within the solution and questioned if anything needs to be amended in the STC as a result. NC agreed to consider.
11122. The Panel held discussions regarding the prioritisation of CMP286/CMP287. The Panel concluded that CMP286/CMP287 priority should move from “Low” to “Medium” as there is now a clear drive from the Proposer and the lower risk premiums (that Suppliers will include) will benefit consumers.

[CMP315 TNUoS ‘Review of the expansion constant and the elements of the transmission system charged for’ & CMP375 ‘Enduring Expansion Constant & Expansion Factor Review’](#)

11123. A Panel Member proposed moving the priority from high to medium on the basis that this may be better progressed as part of a broader review of TNUoS and that Ofgem have launched a Call for Evidence on this (1 October 2021 to 12 November 2021). Other Panel Members noted that as this is just at the Call for Evidence stage, it would be more appropriate to revisit priority at January 2022 Panel. However, the Panel did agree that this does not need to be progressed at the current pace, but at a pace to be in line with that for other high priority modifications.
11124. PM took an action to liaise with the Workgroup Chair of CMP315 & CMP375 regarding the timeline and present this back to Panel in November 2021. **ACTION**
11125. AP proposed a way forward to progress the 5 Modifications that are prioritised as “Low” and suggested a new prioritisation category – length of time in the process. It was noted that Panel are required to prioritise against the agreed prioritisation criteria reflected in the code (Urgency, Importance and Complexity). However, the Panel did not agree that Modifications should be progressed simply on a first come first served basis or that there should be an additional prioritisation principle. However, the Panel agreed there was merit in progressing the Modification that was submitted first where more than one Modification had equal priority and not all of these could be progressed. PM noted that there is ongoing engagement with Proposers whose Modifications are currently prioritised as “Low” and he used the example of working with the Proposer of CMP286/287 this month to help build their case for prioritisation. Panel members also acknowledged this was happening and also noted that the Proposer has a responsibility also to help drive forward their Modification and not just expect it to be progressed. For those Modifications prioritised as “Low”, PM proposed to have further engagement with the impacted Proposers and get clarity on numbers and

content of Workgroups anticipated, then build an indicative timeline and then see how these can be fitted into the current schedule. Panel welcomed this.

11126. In summary, the CUSC Panel discussed the prioritisation of the following Modifications:

Modification	What this seeks to achieve	Panel Comments	Position in Prioritisation Stack
CMP286/287	Improving TNUoS Predictability Through Increased Notice of: The Target Revenue used in the TNUoS Tariff Setting Process (CMP286); and Inputs Used in the TNUoS Tariff Setting Process (CMP287)	Proposer sought re-prioritisation of this Modification at October 2021 Panel and Panel agreed to move the priority from Low to Medium as there is now clear drive from the Proposer and the lower risk premiums (that Suppliers will include) will benefit consumers.	“Low” to “Medium”
CMP315 and CMP375	TNUoS: Review of the expansion constant and the elements of the transmission system charged for (CMP315) Enduring Expansion Constant & Expansion Factor Review (CMP375)	A Panel Member proposed moving the priority from “High” to “Medium” on the basis that this may be better progressed as part of a broader review of TNUoS and Ofgem have launched a Call for Evidence on this (1 October 2021 to 12 November 2021). Other Panel Members, noted that as this is just at the Call for Evidence stage, it would be more appropriate to revisit priority at January 2022 Panel. However, Panel did agree that this does not need to be progressed at current pace, but the pace needs to be in line with that for other “High” priority Modifications	Unchanged at “High”

The full discussions on each Modification can be found [here](#).

9. Workgroup Reports

11127. There were no Workgroup Reports presented to the Panel.

10. Draft Final Modification Reports

CMP328 ‘Connections Triggering Distribution Impact Assessment’

11128. PM delivered a presentation on CMP328 to the CUSC Panel. PM explained that CMP328 seeks to put in place an appropriate process to be utilised when any connection triggers a Distribution impact assessment.

11129. PM stated that the Workgroup held their Workgroup Consultation between 19 February 2021 and 19 March 2021 and received 11 non-confidential responses. PM confirmed that the majority of respondents were supportive of the principle of the Distribution Impact Assessment (DIA). However, some respondents questioned the 1MW/1MVA threshold though as this leads to unnecessary DIAs (as the majority of applications to the National

Electricity Transmission System will have no impact on distribution systems) and this adds more costs to consumers. PM noted that this has since been somewhat mitigated as the Proposer, following this feedback, has amended their Original Proposal to allow flexibility for DNOs as to whether a DIA is needed (even if it meets the MW/MVA criteria).

11130. PM advised that 6 out of 11 respondents supported implementation 12 months after the Ofgem decision (3 would have liked it earlier with 2/3 months suggested); however, there was general recognition that STC changes are needed. There are different implementation periods proposed for the CMP328 Original, WACM1 and WACM2 and these are explored and documented in the Workgroup Report.
11131. PM advised that, on 8 September 2021, the Workgroup held their vote and concluded that they had addressed the Terms of Reference and also concluded, by majority, that the CMP328 Original, WACM1 and WACM2 better facilitated the objectives than the current CUSC. There was majority support (7 out of 9 votes) for the CMP328 Original. On 24 September 2021, the CUSC Panel agreed that the CMP328 Workgroup had met its Terms of Reference and could proceed to Code Administrator Consultation.
11132. PM confirmed that the Code Administrator Consultation was held between 27 September 2021 and 18 October 2021 and received 6 non-confidential responses. PM stated that there was a strong preference for the CMP328 Original (4 out of 6 Votes) as, in the view of those in support, this ensures that the ESO, the Transmission User(s) and the DNO work together throughout the connection process with the basis of a contractual offer to ensure all rights are protected. Some respondents noted as a positive that, since being raised, the CMP328 Original now includes flexibility for the DNOs to decide whether or not a DIA is needed, which will avoid unnecessary administration and cost to both Transmission Users and Network Companies.
11133. PM stated that there were also some concerns on the implementation, with 1 respondent specifically calling out the need for STC changes to be progressed further before confirming if the implementation timescales were appropriate. PM advised that 2 other respondents believed that the implementation timescales for the Original proposal needed to be longer than the proposed 6 months after Ofgem decision date, whilst another respondent preferred implementation shorter than 6 months after Ofgem decision date.
11134. The Panel held their recommendation vote and by majority recommended that the CMP328 Original, WACM1 and WACM2 better facilitated the CUSC objectives than the current CUSC. CUSC Panel expressed a preference for the CMP328 Original Proposal (6 out of 8 votes). The Final Modification Report will be sent to Ofgem on 10 November 2021. ***(Post meeting note: The Final Modification Report was submitted to Ofgem on 10 November 2021).***

11. Standing Groups

Transmission Charging Methodology Forum (TCMF)

11135. JD advised the Panel that TCMF was held on 7 October 2021. The TCMF meeting papers can be found via the following link:

<https://www.nationalgrideso.com/document/212901/download>

The next TCMF meeting will be held on 4 November 2021.

Joint European Stakeholder Group (JESG)

11136. GG advised that the JESG meeting was held on 12 October 2021. The meeting papers can be found via the following link:

<https://www.nationalgrideso.com/industry-information/codes/european-network-codes-old/meetings/jesg-meeting-12-october-2021>

Governance Standing Group

11137. No further updates.

EU Codes

11138. No further updates for the Panel.

12. Update on other Industry Codes

11139. JC informed the Panel that the BSC CEO is stepping down from their position imminently and that an interim CEO will be appointed.

13. Relevant Interruptions Claim Report

11140. GG requested further clarity on the information presented re: claims 79 and 80 on the Relevant Interruptions Claim Report. PM stated that he will take an action to liaise with the Connections Team to investigate these queries. **ACTION**

14. Governance

11141. No further updates for the Panel.

15. Horizon Scan

11142. No further updates for the Panel.

16. Forward Plan Update

Critical Friend Quarterly Update

11143. PM advised the Panel that 2 CUSC Modification proposals were received from 16 July 2021 – 14 October 2021 and confirmed that the Code Administrator will continue to work with the Proposer of Modifications ahead of Modification Proposal Submission Date (even if Urgency requested) to help ensure the best outcome at Panel.

17. AOB

General Discussion on Covid-19

11144. The Panel had no further discussion on this.

Electricity System Restoration Standard (ESRS) - Working Groups

11145. JD advised the Panel that to implement the new ESRS, the ESO has identified seven areas that need development and are seeking views from industry on those areas. These are:

- Technologies and locational diversity
- Future networks
- Markets and funding mechanisms
- Regulatory frameworks
- Assurance
- Communication Infrastructure
- Modelling and Restoration Tool

11146. JD advised that if any Panel members/industry colleagues are interested in joining any of the Working groups, they should contact Sade Adenola.

The next CUSC Panel meeting will be held on Friday 24 November 2021 via Microsoft Teams.