

# CUSC Panel

**Friday 27 May 2022**

**Online via Teams**

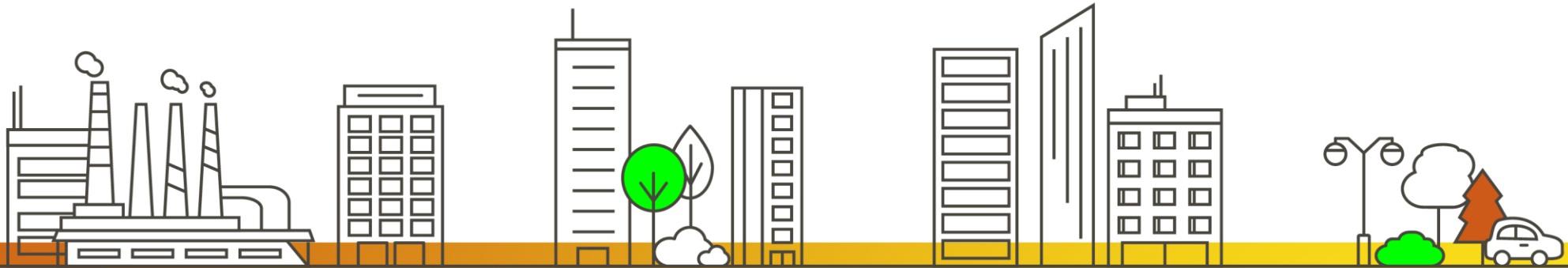
# WELCOME

**nationalgrid**ESO



# Approval of Panel Minutes

**Approval of Panel Minutes from the  
Meetings held 25 March 2022 and 29  
April 2022**



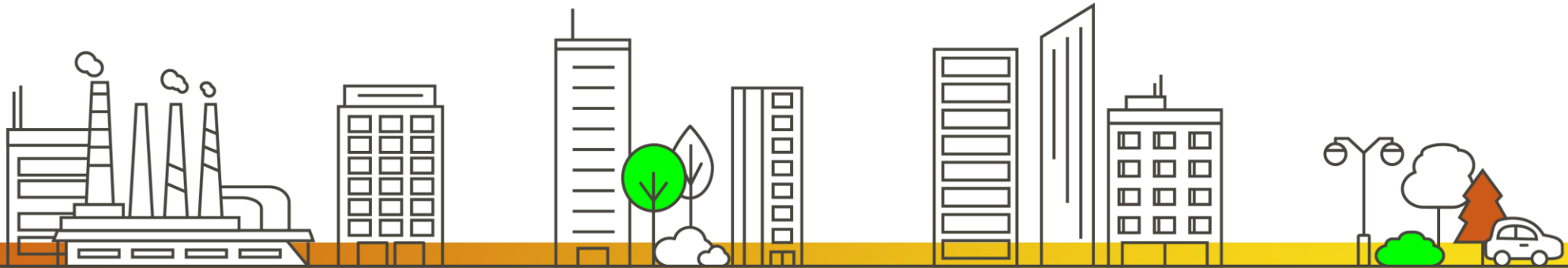
# Actions Log

## Review of the actions log



# Chair's Update

**An update from the Chair about ongoing relevant work, discussions etc.**



# Authority Decisions (as at 26 May 2022)



## Decisions Received since last Panel meeting

- ❑ **CMP368/369** (Ofgem rejected CMP368 and CMP369 on 20 May 2022).

## Decisions Pending

- ❑ **CMP292** (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)
- ❑ **CMP298** (Expected decision date of 30 November 2022)
- ❑ **CMP300** (Expected decision date of 31 May 2022)
- ❑ **CMP328** (Expected decision date of 30 November 2022)
- ❑ **CMP361/362** (Expected decision date of 24 June 2022)
- ❑ **CMP371** (Expected decision date of 17 June 2022)

## Received Final Modification Reports since last Panel Meeting

None

# New modifications submitted

**None this month**





# In Flight Modification Updates

**Review of all CUSC Modifications with  
current status, next steps and any Panel  
recommendations**



# In flight Modifications – the asks of Panel

## **CMP286/CMP287**

2nd Workgroup Consultation was issued on 6 April 2022 and closed 5pm on 9 May 2022 with 7 non-confidential responses received. At Workgroup Meeting is on 18 May 2022, Workgroup agreed that a further Workgroup would be needed before Workgroup Report can be presented to Panel (predominantly as more clarification needed on the TO impacts and the licence changes) - therefore, May 2022 Panel will be asked to agree a delay for Workgroup Report to be presented to them from June 2022 to July 2022 Panel

## **CMP316**

Workgroup Report was to be presented to April 2022 Panel; however this is delayed to August 2022 as legal text needs to be finalised and there are implementation challenges to address. May 2022 Panel will be asked to agree revised timeline.

# Timeline for CMP286/287 V4 as of 18 May 2022

Milestone	Date	Milestone	Date
Workgroups 7 – 10	7 December 2021, 13 January 2022, 24 February 2022 and 23 March 2022	Code Administrator Consultation (20 Working Days)	<del>27 June 2022 to 18 July 2022</del> 3 August 2022 to 1 September 2022
Workgroup Consultation (20 Working Days)	6 April 2022 to 9 May 2022	Draft Final Modification Report (DFMR) issued to Panel	21 July 2022 22 September 2022
Workgroup 11 and 12 - Assess Workgroup Consultation Responses, alternatives (including vote), legal text, consider licence implications and review additional analysis	18 May 2022 and 10 June 2022	Panel undertake DFMR recommendation vote	<del>29 July 2022</del> 30 September 2022
Workgroup 13 – finalise solutions, review terms of reference, finalise Workgroup Report, hold Workgroup Vote	<del>10 June 2022</del> 7 July 2022	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	<del>2 August 2022</del> 3 October 2022
Workgroup report issued to Panel (5 working days)	<del>16 June 2022</del> 21 July 2022	Final Modification Report issued to Ofgem	<del>10 August 2022</del> 11 October 2022
Panel sign off that Workgroup Report has met its Terms of Reference	<del>24 June 2022</del> 29 July 2022	Ofgem decision	TBC – ideally by 31 October 2022
		Implementation Date	Effective Date: 1 April 2024 so needs to be implemented by 1 January 2023

# Timeline for CMP316 as at 19 May 2022

Milestone	Date	Milestone	Date
Workgroups 1 to 7	27 September 2021 – 5 January 2022	Workgroup report issued to Panel	<del>21 April 2022</del> 18 August 2022
Workgroup Consultation (15 Working Days)	7 February 2022 – 28 February 2022	Panel sign off that Workgroup Report has met its Terms of Reference	<del>29 April 2022</del> 26 August 2022
Workgroup 8 – Review consultation responses	15 February 2022	Code Administrator Consultation (15 Working Days)	<del>10 May 2022 to 30 May 2022</del> 1 September – 22 September 2022
Workgroup 9 - Review any changes required to solutions, hold WACM Vote (if required)	3 March 2022	Draft Final Modification Report (DFMR) issued to Panel	<del>16 June 2022</del> 20 October 2022
Check-in meeting – Progress update on Legal text (Original and WACM1)	4 April 2022	Panel undertake DFMR recommendation vote	<del>24 June 2022</del> 28 October 2022
Check-in meeting – Progress update on Legal text (Original and WACM1)	30 May 2022	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	<del>28 June 2022</del> 1 November 2022
Workgroup 10 – Review legal text	20 June 2022	Final Modification Report issued to Ofgem	<del>6 July 2022</del> 9 November 2022
Workgroup 11 - Finalise Workgroup Report, Legal text and hold Workgroup Vote	19 July 2022	Ofgem decision	TBC
Showstopper meeting on Workgroup Report	27 July 2022	Implementation Date	1 April 2024

# Discussions on Prioritisation

- **AGREE** where New Modifications that need Workgroups are placed in the prioritisation stack
- **AGREE** any movements in the current prioritisation stack



# Prioritisation Principles

Section 8: 8.19.1.(e) makes the following provision for the Panel and states “Having regard to the complexity, importance and urgency of particular CUSC Modification Proposals, the CUSC Modifications Panel may determine the priority of CUSC Modification Proposals and may (subject to any objection from the Authority taking into account all those issues) adjust the priority of the relevant CUSC Modification Proposal accordingly”

Complexity	The modification is viewed as being resource intensive and will most likely require a higher than average number of workgroups to conclude the process. Additionally the modification defect is viewed to have implications for many different areas of the energy market which need to be taken into consideration throughout the process.
Importance	The perceived value & risk associated with the proposed modification. The value / risk could be considered from a number of different perspectives i.e. financial / regulatory / licence obligations both directly for customer and end consumers more generally.
Urgency	A modification which requires speedy consideration within the code governance process, both complexity and importance should be factors considered in evaluating urgency as well as the timescales for implementation within the respective code.

# Workgroup Reports

**CMP363/CMP364 - 'TNUoS Demand Residual charges for transmission connected sites with a mix of Final and non-Final Demand & Definition changes for CMP363'**

**Paul Mullen**

## CMP363 and CMP364 Summary

- CMP363 seeks to clarify the TNUoS Demand Residual charging arrangements for transmission connected sites that have a mix of Final and non-Final Demand; CMP364 supports CMP363 by changing Section 11 to add/amend/remove definitions as needed.
- CUSC Panel unanimously agreed that CMP363 and CMP364 should follow standard governance route and proceed to joint Workgroup.
- 2 Solutions developed for CMP363; 1 Solution for CMP364.

# What are the Solutions

CMP363 Original				
Charging methodology explicitly states that if there is 'mixed demand' (combination of Final and non-Final Demand), it will be treated as Final Demand.	A Single Site with mixed demand will have the TNUoS Demand Residual methodology applied based on the sum of its Final and mixed demand. i.e. Non-Final Demand will not be included if it is separately identifiable via Settlement Metering.	The charge is applied on a Single Site basis irrespective of the number of connection points that site may have to the transmission network or other networks. The methodology will be applied based on the sum of all connection points to the transmission network.	Transmission connected unlicensed networks will have no special treatment in the TNUoS methodology and so will be treated as transmission connected.	Definition of "Declarations" moved from CUSC Section 11 to Section 14 and additional text added re: validating the Declaration

CMP363 WACM1
As per CMP363 Original but using Settlement Metering as the default with Operational Metering as a fallback where Settlement Metering isn't practical or economical.

CMP364 Original	
In the definition of 'Final Demand Site', replace "All Users" with "For Users" in accordance with Ofgem's decision on CMP334.	Moved the definition of "Declarations" to CUSC Section 14

**Implementation Date: 1 April 2023 for all solutions**



# CMP363/364 Workgroup Consultation

The Workgroup held their Workgroup Consultation between 10 May 2021 and 1 June 2021 and received 7 non-confidential responses and 1 confidential response. In summary:

- Majority of respondents were supportive of the proposed changes and were overall content that the Workgroup have explored the right scenarios whilst noting that Sites could have a combination of these scenarios – one respondent thought it useful to show the impact of behind-the-boundary generation on final and non-final demand and the scenarios document has been updated accordingly and the same respondent also queried how on-site generation/storage output should be accounted for when assessing a site's demand residual liability;
- Mix of views as to whether to use the more “accurate” Settlement Metering vs Operational Metering.
- Concern that it would be impractical to implement a consistent solution for transmission-connected and distribution-connected Final Demand Sites as data at Distribution level is incomplete and there is no practical way of splitting the Maximum Import Capacity across Meter Point Administration Numbers, which opens up opportunities for gaming.
- There are no Grid Code and BSC changes expected.

# CMP363 and CMP364 Workgroup Vote 11 May 2022

Modification	Workgroup Vote
<b>CMP363</b>	<p>The Workgroup concluded unanimously (5 out of 5 votes) that the Original and WACM1 better facilitated the Applicable Objectives than the Baseline.</p> <p>Preference for WACM1 (4 out of the 5 votes)</p>
<b>CMP364</b>	<p>The Workgroup concluded unanimously (5 out of 5 votes) that the Original better facilitated the Applicable Objectives than the current CUSC (the Baseline).</p>

# CMP363 and CMP364 Workgroup Terms of Reference

Workgroup Term of Reference	Location in Workgroup Report
a) Consider EBR implications	Interactions section
b) Consider impact on consumers	Workgroup assessment of Impacts section
c) Consider proposal that Sites with 'Mixed Demand' (i.e. combination of Final and Non-Final Demand) would be liable for the residual charges	Consideration of the Proposer's solution section
d) Consider proposal that Final Demand Sites will be allocated to a Charging Band based on their combined Final and Mixed Demand	Consideration of the Proposer's solution section
e) Clarify in the methodology that metering can be used to identify and separate 'pure' Non-Final Demand volumes from the volumes used for allocating a site to bands (if more than 1 band exists at transmission as per CMP343 WACMs)	Consideration of the Proposer's solution section
f) Consider practicalities for metering arrangements for the solutions proposed	Consideration of the Proposer's solution section – predominantly "3) Settlement Metering or Operational Metering"
g) Check whether the Declaration process (created by CMP319 and adapted by CMP334) needs to be enhanced as a result of this proposal and if so how.	Consideration of the Proposer's solution section - "4) Declarations"
h) Identify any BSC or Grid Code barriers that would prevent metering configurations that the proposal looks to use.	Workgroup Considerations and Consideration of the Proposer's solution – "1) Clarify the arrangements for "complicated sites"
i) Consider interactions and consistency with related DCUSA change	Proposer's solution – "Transmission vs Distribution arrangements" and Interactions section
j) Consider any inconsistencies in the current legal text e.g. in the definition of 'Final Demand Site' Ofgem believe that "All Users" should be replaced with "For Users"	Annex 6

# CMP363 and CMP364 Next Steps

Milestone	Date
Code Administrator Consultation (15 working days)	6 June 2022 to 5pm on 27 June 2022
Draft Final Modification Report issued to Panel	21 July 2022
Draft Final Modification Report presented to Panel	29 July 2022
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	2 August 2022
Submission of Final Modification Report to Ofgem	10 August 2022
Implementation Date	1 April 2023



# CMP363 and CMP364 - the asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **NOTE** the ongoing timeline

# BREAK



# Draft Final Modification Reports

**CMP391 – Definition of ‘Charges for Physical Assets Required for Connection’**

**Paul Mullen**

# CMP391 Background

On 17 December 2020, the Authority approved the Original Proposal in CMP339, inserting new definitions into Section 11, in conjunction with another CUSC modification proposal: CMP317/327

SSE Generation Ltd (and others related entities, 'SSE') appealed to the Competition and Markets Authority (the 'CMA') against the CMP317/327 and CMP339 decisions. The CMA dismissed all grounds of appeal.

SSE subsequently applied for judicial review of the CMA decision. Judgment in the judicial review proceedings ('the Judgment') was handed down on 11 April 2022 with the claim allowed on one ground (of three) only. The relief granted by the court was to direct the CMA to partially quash one element of the modification made by CMP339, specifically to remove a definition: "Charges for Physical Assets Required for Connection".

CMP391 therefore seeks to ensure there is a definition of "Charges for Physical Assets Required for Connection" which reflects the Limiting Regulation, in light of the conclusions in the Judgment about what is required to achieve compliance.



Authority have raised the change under  
CUSC 8.17.A.1

Authority have set the timetable as per  
CUSC 8.17.A.3

## 8.17A AUTHORITY RAISED OR DIRECTED MODIFICATION

8.17A.1 The **Authority** may:

(a) itself; or

(b) direct **The Company** to

raise a **CUSC Modification Proposal** where the **Authority** reasonably considers that such **CUSC Modification Proposal** is necessary to comply with or implement the **Electricity Regulation** and/or any relevant **Legally Binding Decisions of the European Commission and/or The Agency** or in respect of **Significant Code Review** .

8.17A.3 In respect of a **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1, the **CUSC Modification Panel** shall comply with any timetable(s) directed by the **Authority** in relation to setting and/or amending a timetable for the completion of all relevant steps of the **CUSC Modification Process** or such other processes set out in this Section 8.

## CMP391 Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	27 May 2022
Final Modification Report issued to Panel to check votes recorded correctly (1 working day)	27 May 2022 (3pm)
Submission of Final Modification Report to Ofgem	30 May 2022 (3pm)
Implementation Date	The same Business Day as the Authority approval

# CMP391– the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
  - *Does the CMP391 Original proposal better facilitate the objectives than the current CUSC arrangements?*
- **NOTE** next steps

# **Standing Groups** - *Updates on all standing groups relevant to CUSC panel e.g. potential for future governance changes or modifications*

**Governance Standing Group – Garth Graham**

**TCMF – Karen Thompson-Lilley**



# European Updates - *Updates on all European developments relevant to CUSC panel e.g. potential for future governance changes or modifications*

**European Code Development – Nadir Hafeez**

**Joint European Stakeholder Group – Garth Graham**

# Update on Other Industry Codes

**Grid Code**

**STC**

**SQSS**

**DCUSA**

**BSC**





# Relevant Interruptions Claim Report

(January, April, July, October)

The background features several decorative yellow lines. In the top left, there are several curved, overlapping lines that sweep upwards and to the right. In the bottom right, there are several parallel diagonal lines that sweep upwards and to the right, ending near the logo. The overall design is minimalist and modern.

# Governance

**None this month**

The background features several abstract, flowing yellow lines. Some lines are curved and sweep across the top left, while others are more linear and extend diagonally from the bottom left towards the right side of the frame.

# Horizon Scan

(February, May, August, November)

# CUSC Horizon Scan

Topic	Anticipated Date for Modification(s) to be raised	Comments
User Commitment	June 2022	Was raised as CMP385 to March 2022 Panel
Electricity System Restoration	~ September 2022	
Transmission Demand Residual	~ August 2022	
Early Competition	Autumn 2022	
Offshore Co-ordination	Autumn 2022	
Market Wide Half Hourly Settlement Reform	Late Autumn 2022	

Timings for TNUoS Taskforces, Energy Codes Review Modifications and Access and Forward Looking SCR Modifications to be confirmed



# Forward Plan Update/Customer Journey)

(January, March, May, July, September, November)

# AOB

- 1. *Offshore Coordination Project (Dovydas Dyson and Nitin Prajapati)***
- 2. *Code Administrator Annual Report (Paul Mullen)***
- 3. *Cross-code survey (Nadir Hafeez)***



# Offshore Transmission Network Review - Pathway to 2030

## What are we doing?

- Ofgem and BEIS asked the ESO to lead a Central Design Group to undertake a Holistic Network Design (HND) for projects in scope.
- In June 2022 the ESO will publish the HND, our views on the SQSS, and an Industry Code, Standard and Licence Recommendation Report.
- We will subsequently be undertaking a connection contract update programme and a code and standard modification programme.
- We are working closely with the Early Opportunities workstream which has also identified a need for code modifications.
- Further information on the Offshore Transmission Network Review, including the Pathway to 2030 workstream, can be found as follows.
  - [Offshore transmission network review - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/offshore-transmission-network-review)
  - [Consultation on changes intended to bring about greater coordination in the development of offshore energy networks | Ofgem](#)
  - [Offshore Coordination Project | National Grid ESO](#)

# Industry Code, Standard and Licence Recommendation Report

## Where are we now?

- A 'review cycle' is ongoing with a working draft of the report being shared with TOs, Ofgem and internal ESO colleagues.
- Following the review cycle the ESO will enter into a period of content refinement (and thereafter governance) running from late-May into early-June, with the report to be published at the end of June 2022 alongside the HND.
- We are currently awaiting Ofgem's minded-to decision regarding the offshore delivery model to deliver the HND in order to finalise content.

## What are the next steps?

- Following report publication, stakeholders will be invited to review the content and provide feedback.
- In addition, a webinar is likely to be scheduled in July 2022 to allow us to talk through the content of the report and to take questions.
- The ESO will be attending code forums and/or panels throughout July 2022 to share and discuss key elements of the report.
- Throughout Summer 2022 the ESO will consider any feedback received on the report and we will be arranging a suite of webinars/workshops to explore and discuss aspects of the report, as well as any feedback that had been received to date.
- We will subsequently be using the above engagement to develop and raise code and standard modifications to facilitate the HND and the Ofgem decision (once available) on offshore delivery models.

# Code Administrator Annual Report

We have published ESO Code Administrator Annual Report for the period of 2021-2022 to provide further context and transparency on both our role and the level of activity across our codes.

The report, which is our third to date, includes detailed insights into our activities, key metrics and data available on our modifications.

<https://www.nationalgrideso.com/document/250266/download>

# Next Panel Meeting

**10am on 24 June 2022 via Teams**

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**Papers Day – 16 June 2022**

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**Modification Proposals to be submitted  
by – 9 June 2022**

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**TCMF – 31 May 2022**

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**Close**



**Trisha McAuley**

**Independent Chair, CUSC Panel**