

CUSC Panel

Friday 25 November 2022

Microsoft Teams Meeting

WELCOME



nationalgridESO

Approval of Panel Minutes

Approval of Panel Minutes from the Meeting
held 30 September 2022 & 28 October 2022



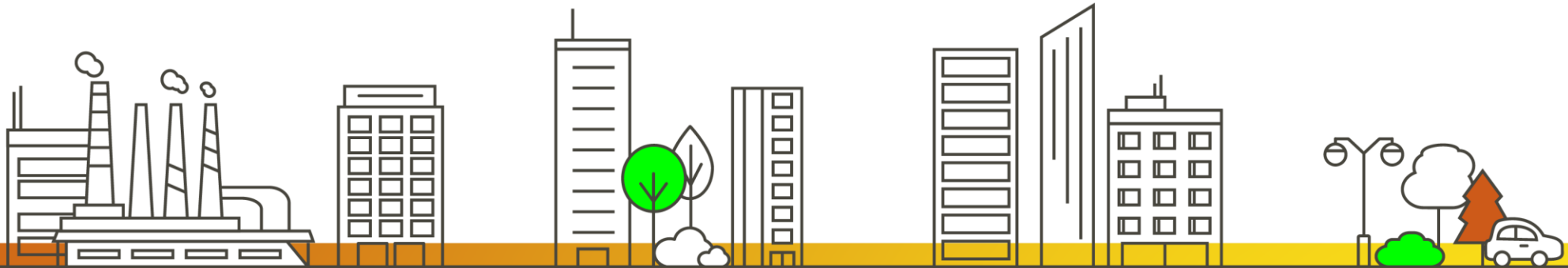
Actions Log

Review of the actions log



Chair's Update

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



Authority Decisions (as at 17 November 2022)



Decisions Received since last Panel meeting

- ☐ None

Decisions Pending

- ☐ **CMP288** (Expected decision date of 30 November 2022)
- ☐ **CMP292** (Expected decision date of 31 October 2023)
- ☐ **CMP298** (Expected decision date of 30 November 2022 - The Final Modification Report for the associated STC change (CM080) was issued to Ofgem on 11 October 2022)
- ☐ **CMP328** (Expected decision date of 30 November 2022 - The Final Modification Report for the associated STC change (CM078) was issued to Ofgem on 7 June 2022)
- ☐ **CMP361/362** (On 15 November 2022, Ofgem published an update to their minded-to position and draft impact assessment. Ofgem noted that they consulted on their minded-to position and draft impact assessment in relation to CMP361 between 21 September 2022 and 20 October 2022 and added there was uncertainty and misunderstanding around the calculation of the size of the BSUoS Fund and its classification and the operation. Therefore, Ofgem have launched a further consultation to address those concerns - this closes 30 November 2022)
- ☐ **CMP363/364** (Expected decision date of 9 December 2022)
- ☐ **CMP384** (Expected decision date of 31 January 2023)
- ☐ **CMP388** (Expected decision date of 16 December 2022)
- ☐ **CMP389** (Expected decision date of 16 December 2022)
- ☐ **CMP390** (Expected decision date of 3 February 2023)

Received Final Modification Reports since last Panel Meeting

6

- ☐ None

New modifications submitted



CMP402 - Introduction of Anticipatory Investment (AI) principles within the User Commitment Arrangements

Dave Witherspoon – National Grid ESO

Critical Friend Feedback – CMP402

Code Administrator comments	Amendments made by the Proposer
Provided timeline following discussions on numbers and content of Workgroups and clarified decision date and Implementation Date <i>(Note there was a lot of pre-engagement with the Code Administrator on content before the Modification was raised)</i>	Proposer accepted all amendments made by the Code Administrator

Background

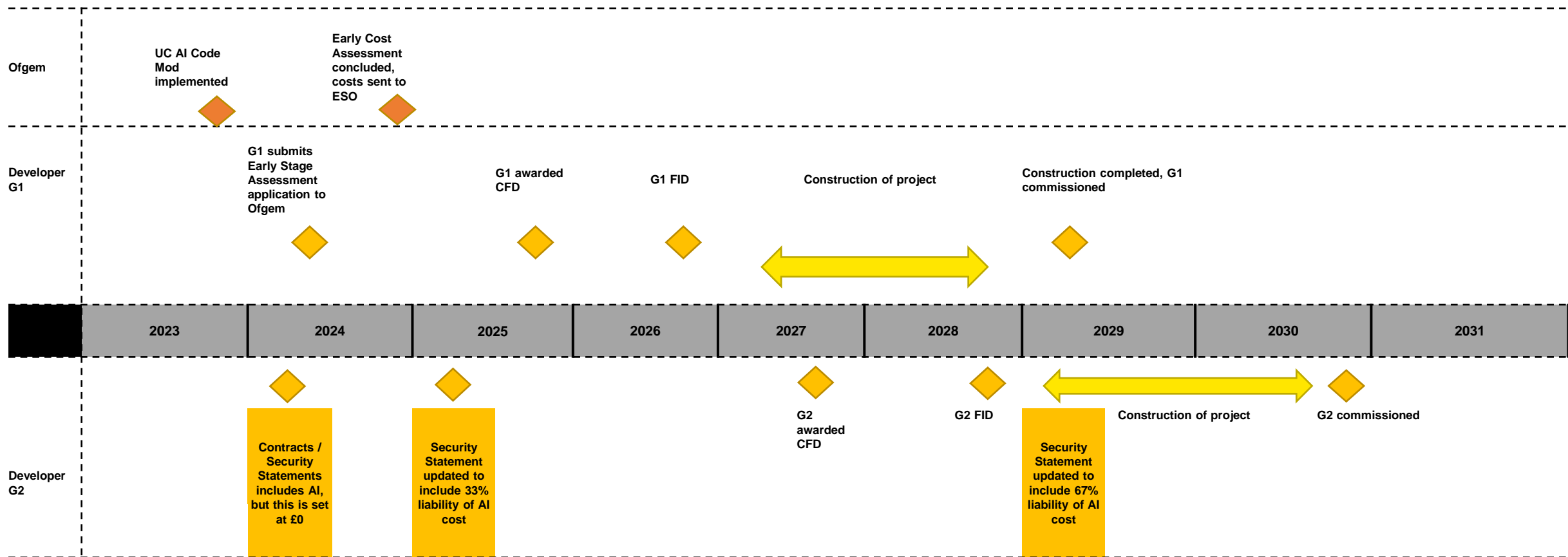
- As part of the Offshore Transmission Network Review, Ofgem reviewed the current Anticipatory Investment (AI) arrangements and recognised that there is a need for change to incentivise AI for further investment in offshore transmission. Specifically, to support the later connection of a specific offshore development or developments, as well as to recognise the fact that two offshore generators will be connecting at different times.
- Ofgem published its final decision on AI on 18 October 2022 and stated that in order to minimise all the risk to consumers, generators should demonstrate project commitment through liabilities. Therefore, User Commitment principles should be extended to offshore non-radial connections which will result in the later generator(s) liable for the AI spend up until the point it connects and starts paying TNUoS charges.
- The AI cost will be calculated by Ofgem as part of an Early Stage cost Assessment process which will be introduced in which it will then pass onto the ESO to produce security statements for the later generator(s).

Proposed changes to CUSC

- To incorporate this decision, CMP402 seeks to update Section 15 of the CUSC to include Anticipatory Investment liabilities for non-radial offshore connections.
- As part of the AI User Commitment CUSC code modification, there are key questions that the working group will need to address. For example:
- What proportion of the AI cost liability should the later user be liable for?
 - *Should the existing User Commitment principles e.g. Local Asset Reuse Factor, Strategic Investment Factor and Distance Factor, be applicable and if so what should these factors be?*
 - *Or should a new, simpler approach instead be developed to calculate the appropriate liability without such factors, and to number below 100%? (We expect our modification to take this approach based on feedback.)*
- Should the current User Commitment principles for secured amounts against liability then apply in the same way for AI liability i.e. 100% pre-trigger, 42% post trigger date and 10% consented?
- If and when should the AI component be eligible for inclusion within a fixed cancellation charge?
- In the potential scenario where some of the AI is considered to be for the purpose of wider system benefit (e.g. to reduce identified boundary constraints) rather than specific to the subsequent developer(s), subsequent developer(s) should only be liable for their proportion of the AI liability.
- What proportion of the AI cost liability should the later user be liable for pre and post Financial Investment Decision (FID)?
 - *Acknowledging that projects could be on different timelines, potentially the AI Cost could be substantial prior to the later user obtaining FID and therefore should liabilities be lower up until the point of FID where the liabilities will increase? A further option to be considered is Ofgem could have the ability to propose a liability percentage through the Early Stage Cost Assessment on a project by project basis*

Proposed AI User Commitment Modification

Example timeline to support the questions that we want the workgroup to address



Recommended Governance Route

- It is proposed that CMP402 is assessed by a Workgroup and follows standard governance (decision on whether this should be implemented to be made by Ofgem)

Timeline for CMP402 – Proposed Timeline – *Workgroup (assuming Medium to High or High in prioritisation stack)*

Milestone	Date	Milestone	Date
Modification presented to Panel	25 November 2022	Workgroup report issued to Panel (5 working days)	20 July 2023
Workgroup Nominations (15 Working Days)	28 November 2022 to 19 December 2022	Panel sign off that Workgroup Report has met its Terms of Reference	28 July 2023
Workgroup 1 - Understanding of overall OTNR landscape, Modification process, Workgroup responsibilities, issue, scope and proposed solution, agree timeline and terms of reference	23 January 2023	Code Administrator Consultation (20 working days)	2 August 2023 to 31 August 2023
Workgroups 2, 3 and 4 – Agree the principles of Anticipatory Investment, consider possible solutions, identify alternatives, consider draft legal text and consider Workgroup Consultation questions,	15 February 2023, 6 March 2023 and 28 March 2023	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	21 September 2023
Workgroup 5 – Finalise Workgroup Consultation	20 April 2023	Panel undertake DFMR recommendation vote	29 September 2023
Workgroup Consultation (15 working days)	2 May 2023 to 24 May 2023	Final Modification Report issued to Panel to check votes recorded correctly	2 October 2023
Workgroup 6 - Review Workgroup Consultation responses, consider new points, review solution and any alternatives	5 June 2023	Final Modification Report issued to Ofgem	10 October 2023
Workgroup 7 - Finalise solutions and legal text and hold vote on which alternative options to be taken forward	27 June 2023	Ofgem decision	By 30 November 2022
Workgroup 8 - Agree Terms of Reference have been met, finalise Workgroup Report and hold Workgroup Vote	12 July 2023	Implementation Date	5 January 2024

CMP402 – the asks of Panel

- **AGREE** that this Modification should follow Standard Governance (Ofgem decision) rather than the Self-Governance Criteria (Panel decision)
- **AGREE** that this Modification should proceed to Workgroup
- **AGREE** Workgroup Terms of Reference
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **NOTE** the proposed timeline

New modifications submitted



CMP403 and CMP404 - Introducing Competitively Appointed Transmission Owners & Transmission Service Providers (Section 14 – CMP403, Section 11 – CMP404)

Gareth Stanley – National Grid ESO

Critical Friend Feedback – CMP403 and CMP404

Code Administrator comments	Amendments made by the Proposer
<ul style="list-style-type: none">• Include level of impact on parties• Remove pronouns/editorial changes to Proposers solution and throughout the body of the text• Added Acronyms	Proposer accepted all amendments made by the Code Administrator

Background

- The **Energy Security Bill** was introduced to Parliament on 6 July, which makes provisions to enable competitive tenders in onshore electricity networks.
- BEIS indicate that, through the introduction of competition, consumers could see savings of up to £1 billion on projects tendered over the next ten years
- This modification aims to introduce the concept of **Competitively Appointed Transmission Owners (CATOs)** to the CUSC for the purposes of introducing Onshore Network Competition for the design, build and ownership of Onshore Transmission assets.
- BEIS have indicated a preference for the ESO to run tenders to appoint a preferred bidder.
- CATOs will be appointed following a tender process and will be financed through a long Tender Revenue Stream.
- To allow **Onshore Network Competition** to be implemented effectively the competition processes, obligations, technical requirements, charges, and remuneration principles need to be embedded within the relevant codes.
- The proposed modifications will enable both early and late competition and are based upon the assumption that CATOs will be granted a Transmission Licence and will be categorised as Onshore Transmission Licensees.
 - Non-Network Solutions will receive a contract and tender revenue stream only (no transmission licence)

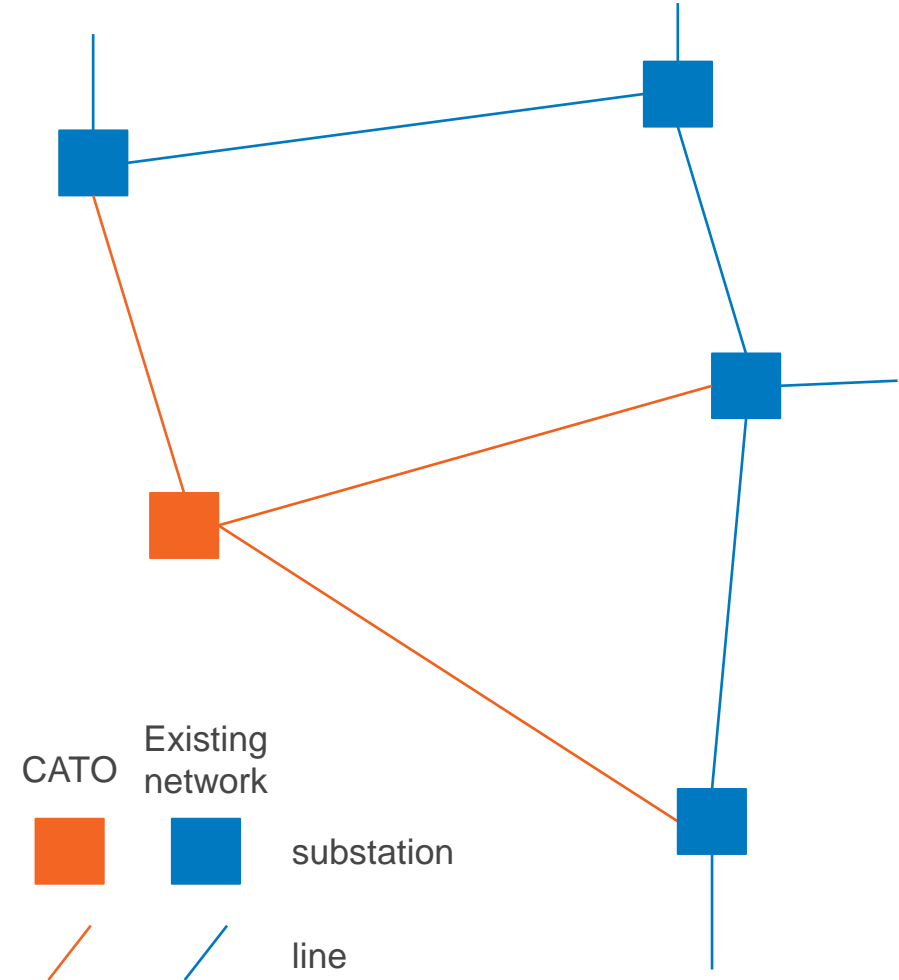
What is a CATO?

A CATO will provide transmission services to meet the network need identified and be competed by the ESO. In doing so it will become part of the onshore GB electricity transmission network.

Key responsibilities include:

- plan, design, build, finance, operate and maintain transmission assets to meet the competed need
- connection to the existing network
- helping facilitate the ongoing development of the network (including user connections and wider works)
- acting on instructions from the control room

Indicative transmission assets



CMP403 & 404 'CATO' Modification

- **The ESO is now raising a new mod** to cover the requirements to facilitate introduction of Competitively Appointed Transmission Owners
- **The legal text changes are to be made in association with changes to other Codes**, including STC, SQSS, Grid Code and BSC
- The changes consist mainly of:
 - Introducing the concept of **Competitively Appointed Transmission Owner** into the Terms and Definitions
 - Specifying that funds for tender revenue payments to a CATO will be recovered from TNUoS
 - Other “Relevant Contracts” costs will be recovered from BSUoS

Legal Text Changes

Note that the objective of this modification is to implement minimum changes to the CUSC to facilitate the introduction of CATOs to ensure continued functional arrangements.

The changes listed below are made on the assumption that CATO will be introduced as a sub-category of Onshore Transmission Licensee.

CMP404

• 11. Interpretations & Definitions

- Introduce- “Competitively Appointed Transmission Owner (CATO)” definition
- Introduce- “Delivery Body”
- Introduce- “Onshore Tender Process”
- Introduce- “Onshore Tender Regulations”
- Insert <Competitively Appointed Transmission Owner> into “Onshore Transmission Licensee” definition
- Introduce- “Relevant Contract”
- Insert <Competitively Appointed Transmission Owner> into “Transmission Licenses”

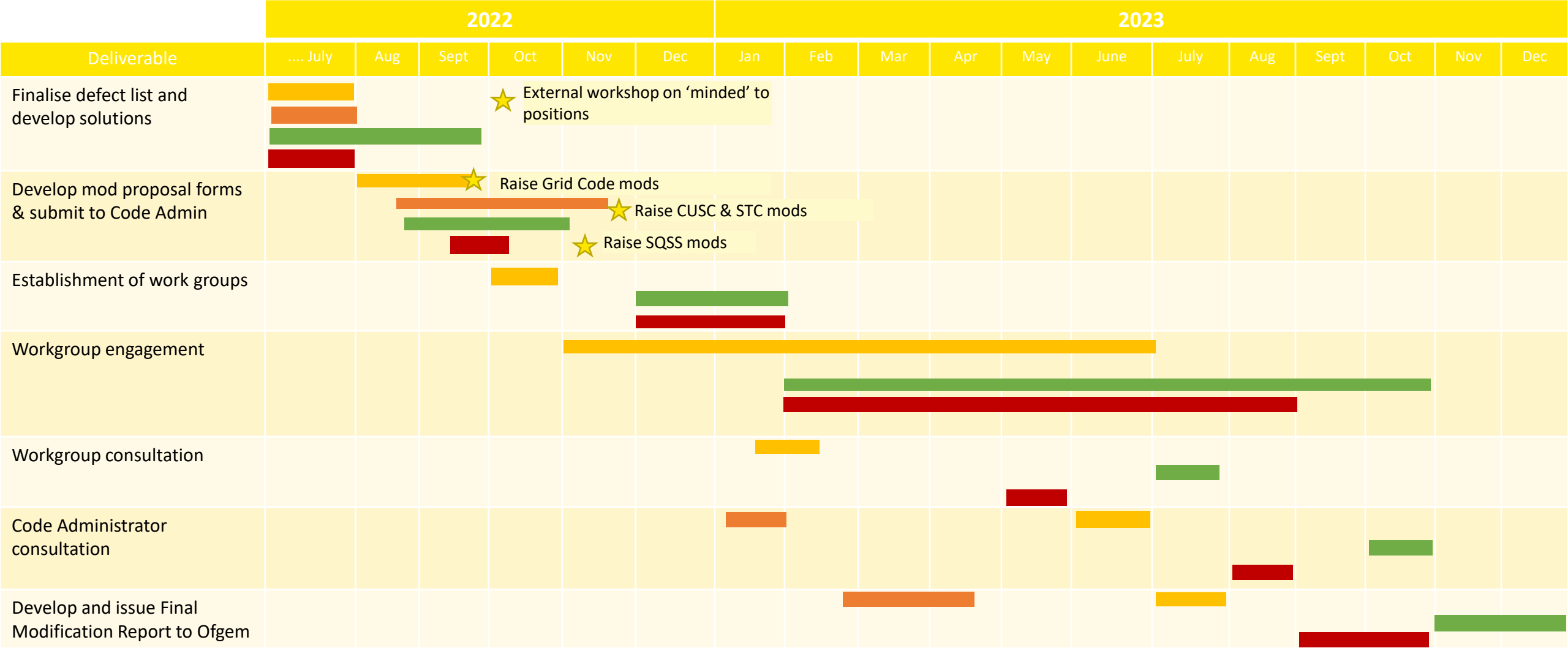
CMP403

• 14. Charging

- Insert <Competitively Appointed Transmission Owner> into 14.14.1
- Add 14.14.2a- Stating how CATO TRS funds will be recovered through TNUoS
- Add x to 14.29.5 BSUoS Charges comprise the following costs-
 - All costs under Relevant Contracts awarded through the Onshore Tender Process

POAP for all CATO mods

Grid code  CUSC  STC  SQSS 



Timeline for CMP403 / CMP404 – Proposed Timeline – Code Administrator Consultation

Milestone	Date
Modification presented to Panel	25 November 2022
Code Administrator Consultation (15 working days)	01 December 2022 – 22 December 2022 (5pm)
Draft Final Modification Report (DFMR) issued to Panel (5 working days)	19 January 2023
Panel undertake DFMR recommendation vote	27 January 2023
Final Modification Report issued to Panel to check votes recorded correctly	31 January 2023 – 07 February 2023 (5pm)
Final Modification Report issued to Ofgem	8 February 2023
Ofgem decision	TBC
Implementation Date	10 Working Days after Ofgem Decision

CMP403 / CMP404 – the asks of Panel

- **AGREE** that these Modifications should follow Standard Governance (Ofgem decision) rather than the Self-Governance Criteria (Panel decision)
- **AGREE** that these Modifications should proceed to Code Administrator Consultation
- **AGREE** that the same Code Administrator Consultation will cover both CMP403 and CMP404
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **NOTE** the proposed timeline

New modifications submitted



**CMP405 - Introducing Competitively Appointed
Transmission Owners & Transmission Service
Providers (Section 14 – CMP403, Section 11 –
CMP404)**

Damian Clough – SSE Generation Ltd.

Critical Friend Feedback – CMP405

Code Administrator comments	Amendments made by the Proposer
<p>Questioned if the defect identified was part of the scope of the TNUoS Taskforce or could be an alternative to the CMP393/CMP394</p> <p>Proposed change to title</p> <p>Clarified governance route</p> <p>Sought confirmation of Implementation Date</p> <p>General formatting and wording changes</p>	<p>Proposer clarified the interactions between CMP405 and TNUoS Taskforce and CMP393/CMP394.</p> <p>Proposer has accepted amendments made by the Code Administrator</p>

CMP405

TNUOS LOCATIONAL DEMAND SIGNALS FOR STORAGE

SSE



For a better
world of energy

RECENT HISTORY

- The application of a de-minimis level demand charge of £0/kW for Half Hourly and £0/kWh for Non Half Hourly metered demand was part of the methodology introduced in 2004. Due to the ever increasing demand residual (cancelled out negative locational signals) did not need to be applied.
- Due to the removal of the demand residual from the final tariff charged based on Triad demand this has exposed negative locational signals
- Ofgem recently approved CMP343 WACM2 to be implemented for April 2023. This floored the forward-looking demand charges at 0.
 - Paying users to increase demand over the Triad periods was a perverse incentive

DEFECT

- The dampening of the locational signals, plus how they are charged currently means there are weak incentives for Storage to locate and connect to parts of the Transmission System where by importing at times of peak Generation output or low demand they provide significant benefits to the System and reduce Transmission investment.
- Demand has traditionally being treated only as a cost and not a benefit hence why the incentive has always being to reduce demand over the Peak periods.
- These defects have being highlighted consistently within the Market Design work

DEMAND LOCATIONAL SIGNALS

- The DCLF Model calculates both a Peak and Year Round Locational signal based on incremental flows under the Peak Security and Year Round Backgrounds
- For Generation Tariffs, different types of Generators pay the Peak tariff, whereas the Year Round locational signal is further split to recognise areas of high concentrations of low carbon technology, which creates a Year Round Shared tariff which is multiplied by $TEC \times \text{Annual Load Factor}$, and a Year Round Not Shared Tariff which is multiplied by either TEC or $TEC \times ALF$ dependent on Generation type.
- However for Demand the Peak and Year Round locational signals are added together and charged based on Triad Demand for HH
- What does the Year Round locational signal show for demand
 - Increasing demand when there is maximum generation, or low demand in the Year Round scenario reduces Transmission Investment

BUILD UP OF DEMAND TARIFFS 22/23

Zone		Peak (£/kW)		Year Round (£/kW)	Residual £/kW	2022/23 Final (£/kW)
1	-	2.178226	-	27.236880	56.861767	27.446662
2	-	2.588187	-	18.807862	56.861767	35.465718
3	-	4.334540	-	7.845295	56.861767	44.681931
4	-	1.522583	-	3.931676	56.861767	51.407508
5	-	3.111358	-	1.910980	56.861767	51.839430
6	-	1.977716	-	1.477330	56.861767	53.406721
7	-	2.753986		1.420681	56.861767	55.528462
8	-	1.348947		1.681051	56.861767	57.193871
9		0.445125		0.646597	56.861767	57.953489
10	-	3.519338		5.119538	56.861767	58.461967
11		3.640164	-	0.302852	56.861767	60.199079
12		4.486793		2.339230	56.861767	63.687789
13		2.537729		2.864165	56.861767	62.263662
14		1.880963		5.004935	56.861767	63.747665

POSSIBLE SOLUTION

- To be determined by the workgroup but initial thoughts
- Similar to how Capacity is determined for Triads but instead of the calculation being based on importing over Triad Periods the calculation will be based on import Capacity over a set number of high Constraint volumes/costs

|| WHY NOW?

- CMP393 and CMP394 are looking at changing TNUoS Generation tariffs for Storage
 - In terms of timing this modification would look at similar rationale to alter TNUoS charging, i.e. Impact on Transmission Investment so would be complimentary
- ESO have called for improved locational signals for Demand. The DCLF provides long term signals to connect demand where the System will benefit

GOVERNANCE

- Not classed as Urgent
- Standard Governance modification with assessment by a Workgroup

CMP405 – the asks of Panel

- **AGREE** that this Modification should follow Standard Governance (Ofgem decision) rather than the Self-Governance Criteria (Panel decision)
- **AGREE** that this Modification should proceed to Workgroup
- **AGREE** Workgroup Terms of Reference
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **NOTE** that this will follow the CMP393/CMP394 timeline and be progressed in parallel with (but not amalgamated at this time with) CMP393/CMP394

BREAK





In Flight Modification Updates

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

Request to change modification timeline

CMP315/CMP375	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	8 December 2022	19 January 2023	8 February 2023
New timeline	19 January 2023	23 March 2023	12 April 2023

Rationale: Workgroup Report was planned to be presented to December 2022 Panel. Workgroups on 11 October 2022 and 8 November 2022 discussed the key components and maths for each solution but need further Workgroups to finalise these, vote on which become formal alternatives, agree the legal text and then produce indicative tariffs for each solution. Therefore, there will be a 1 month delay in getting the Workgroup Report to Panel (i.e. January 2023).

Workgroups Remaining: 2

Ask of Panel: Agree revised timeline?

Request to change modification timeline

CMP330/CMP374	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	20 October 2022	08 December 2022	12 January 2023
New timeline	16 February 2023	20 April 2023	10 May 2023

Rationale: Workgroup agreed that further Workgroups will be needed to review and agree final legal text, review Terms of Reference, hold Workgroup Vote and finalise the Workgroup Report.

Workgroups Remaining: 3

Ask of Panel: Agree revised timeline?

Request to change modification timeline

CMP331	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	19 January 2023	16 March 2023	14 April 2023
New timeline	16 February 2023	20 April 2023	15 May 2023

Rationale: For the Workgroup to prepare the draft legal text, so it can be included in the Workgroup Consultation, as this will provide more clarity to the proposed solution.

Workgroups Remaining: 3

Ask of Panel: Agree revised timeline?

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

None this month



Draft Final Modification Reports

CMP286/CMP287

Solution(s)

Options	Summary of Solution
CMP286/CMP287 Original	<p>Target Revenue to be fixed 15 months ahead of TNUoS tariffs going live (CMP286)</p> <p>Certain parameters that feed into the TNUoS tariff setting process (including the TNUoS fixed charges brought in under CMP343) to be fixed 15 months ahead of tariffs going live (CMP287)</p> <p>Minimal changes to existing tariff setting processes (CMP286 and CMP287)</p>
CMP286/CMP287 WACM1	As per Original but relevant costs borne by The Company as defined in the Transmission Licence” are not locked down 15 months ahead of tariffs

Both solutions have an Effective Date of 1 April 2025 so need to be implemented on 31 December 2023

Code Administrator Consultation Responses

Summary of Code Administrator Consultation Responses :

- Code Administrator Consultation was run from 4 October 2022 to 1 November 2022 and received 4 non-confidential responses. Key points were:
 - 3 respondents were supportive of both the Original and WACM1 and implementation approach as argued this will lower risk premia applied to consumer contracts by extending the stability of certain parameters. 1 respondent sees this as just the start and expects further action re: stability to be taken forward through the TNUoS taskforce as a matter of urgency. and the other 2 respondents both added that Transmission Owners and/or ESO are much better placed to forecast than the Suppliers.
 - The other respondent was not supportive of the change as moves risk from Suppliers to Transmission Owners and no clear benefit has been articulated in doing this and adds that CMP286/287 increases volatility. The respondent also noted a number of additional material risks for the Onshore Transmission Owners' Price Control arrangements agreed with Ofgem, which would have a knock on impact on end consumers including the introduction of entirely new swings in Onshore Transmission Owner revenues. They also believe that implementation should be the 2nd year of the T3 Price Control (if approved) as would provide Ofgem and the transmission licensees suitable time to agree and implement the necessary licence, code and process changes and also avoid adding instability for the Onshore Transmission Owners for the remainder of the T2 Price Control.
 - No legal text issues identified.

CMP286/CMP287 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	25 November 2022
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	29 November 2022
Submission of Final Modification Report to Ofgem	7 December 2022
Ofgem decision date	TBC
Implementation Date	31 December 2023 (Effective Date 1 April 2025)

CMP286/CMP287 - 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 CMP286/CMP287 Original proposal and WACM1 better facilitate the objectives than the current CUSC arrangements?*
- **NOTE** next steps



Draft Final Modification Reports

CMP316

Solution(s)

Solution/summary of solutions:

Original

- Add a new formula to the TNUoS charging methodology to calculate wider locational charges for 'co-located' or Multi-Technology Power Station.
- A proportion of the Power Stations' Transmission Entry Capacity (TEC) will be assigned to each technology type, each with a separate Annual Load Factor (ALF).
- Utilise the current CUSC formula (CUSC 14.15.101) which is based on output per fuel/technology type across a Financial Year divided by the proportion of TEC (to be referred to, in the Original solution as 'MTPSTEC') for each technology type.
- TNUoS charge(s) for each technology type will be calculated for each technology type individually and then summed to provide the total TNUoS charge for the whole (Multi-Technology) power station.

WACM1

- The Peak liability is pro-rated using Peak Installed TEC
- The Not Shared Year Round is pro-rated using the Annual Load Factor (ALF) to give a scaled Not Shared Year Round liability
- 'Scaled' generic ALFs should be used to scale pro-rated TEC for the Shared Year Round charge

Code Administrator Consultation Responses

Summary of Code Administrator Consultation Responses :

- Code Administrator Consultation was run from 5 October 2022 to 1 November 2022 and received 2 non-confidential responses. Key points were:
 - 1 respondent supportive of the change and both options improve cost reflectivity and remove distortions
 - The other respondent not supportive of the changes and argued that SQSSs should be amended first and added that the treatment of co-located sites should be part of the current NETS SQSS Review
 - No legal text issues identified.

CMP316 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	25 November 2022
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	29 November 2022
Submission of Final Modification Report to Ofgem	7 December 2022
Ofgem decision date	TBC
Implementation Date	1 April 2024

CMP316 - 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 CMP316 Original proposal and WACM1 better facilitate the objectives than the current CUSC arrangements?*
- **NOTE** next steps and that this is linked to CMP397



Draft Final Modification Reports

CMP397

Solution

Solution:

- Should CMP316 be approved, CMP397 has been raised to address the necessary changes, (outside of Section 14 of the CUSC), by requiring a change to the information to be collected (Maximum Capacity by technology/BMU) through the Connection process. CMP397 proposes that the request for provision of Maximum Capacity by technology type is included within CUSC Exhibit B and CUSC Exhibit D

Summary of Code Administrator Consultation Responses :

Code Administrator Consultation was run from 5 October 2022 to 1 November 2022 – no responses received

CMP397 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	25 November 2022
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	29 November 2022
Submission of Final Modification Report to Ofgem	7 December 2022
Ofgem decision date	TBC
Implementation Date	1 April 2024

CMP397 - 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 CMP397 Original proposal better facilitate the objectives than the current CUSC arrangements?*
- **NOTE** next steps and that this is linked to CMP316

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)

Governance

Can a Section 14 change be Self-Governance?

Can a Section 14 change be Self-Governance?

- Nothing explicit in CUSC Section 8 preventing this and the key factor when assessing if Self-Governance is whether or not the Modification is unlikely to have a material effect
- Ofgem have the right under CUSC 8.25.2 to change the Self-Governance route (to Standard Governance) by written notice but only until the Panel Determination Vote

8.25.2 The **Authority** may, at any time prior to the **CUSC Modifications Panel's** determination made pursuant to Paragraph 8.25.9, give written notice that it disagrees with the **Self-Governance Statement** and may direct that the **CUSC Modification Proposal** proceeds through the process for **Standard CUSC Modification Proposals** set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.

CUSC Self-Governance Criteria

“Self-Governance Criteria”

a **CUSC Modification Proposal** that, if implemented,

(a) is unlikely to have a material effect on:

(i) existing or future electricity consumers; and

(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity; and

(iii) the operation of the **National Electricity Transmission System**; and

(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and

(v) the **CUSC**'s governance procedures or the **CUSC**'s modification procedures, and

(b) is unlikely to discriminate between different classes of **CUSC Parties**;

c) other than where the modification meets the **Fast Track Criteria** will not constitute an **EBGL Amendment**.



Horizon Scan

(February, May, August, November)

None this month

Horizon Scan

Codes Affected	Change Overview	Published Content	Modifications Expected	Within 1 Year	Within 2 Years
Grid Code, CUSC, and STC	<p>The Offshore Coordination Project has been set up by the ESO with support from Ofgem and the Department for Business, Energy & Industrial Strategy.</p> <p>Offshore wind has been identified as a critical technology in achieving net zero greenhouse gas emissions by 2050. In order to help realise this target, a step-change in both the speed and scale of deployment of offshore wind is required.</p>	ESO Offshore Coordination Project Page	Nov-22		
Grid Code (CUSC for fax instructions)	The Balancing Programme was established to develop the balancing capabilities that the Electricity National Control Centre needs to deliver reliable and secure system operation, facilitate competition everywhere and meet the ESO's ambition for net-zero carbon operability. The following elements are expected to start to land from January BSC Issues Group (relating to Optimisers giving instruction recommendations); Storage and Batteries (MDV and MDP) and the use of Faxes to instruct.	Balancing Programme webpage	Jan-23		
CUSC	One of the key activities within Ofgem's 2021/22 Forward Work Programme is to implement Market-wide Half-Hourly Settlement (MHHS) reform. Market-wide Half-Hourly Settlement (MHHS) is a key enabler of the flexibility to support the transition to Net Zero. The MHHS Programme will contribute to a more cost-effective electricity system, encouraging more flexible use of energy and helping consumers lower their bills.	MHHS webpage	Feb - 23		
Grid Code	Digitalised Whole System Technical Code (dWSTC) will include 3 key workstreams; Alignment, Simplification & Rationalisation; Training and Guidance and the Digitalisation of Grid Code	dWSTC webpage	Apr-23		



Forward Plan Update/Customer Journey)

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

None this month

AOB

1. *None this month*

Next Panel Meeting

10am on 16 December 2022 via Teams

Papers Day – 8 December 2022

**Modification Proposals to be submitted
by – 1 December 2022**

TCMF – Held 24 November 2022

Close



Trisha McAuley

Independent Chair, CUSC Panel

nationalgridESO