

CUSC Panel Minutes: 24 June 2022

CUSC Panel Minutes: Meeting Number 299

Date: 24/06/2022 **Location:** Microsoft Teams

Start: 10:00am **End:** 12:30pm

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
Karen Thompson - Lilley	KTL	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
Paul Jones	PJ	Users' Panel Member
Mark Duffield	MD	Users' Panel Member (Alternate) Observer

Robert Newton	RN	Proposer of CMP393 & CMP394 – Agenda item 6
Semih Oztreves	SO	Proposer of CMP393 & CMP394 – Agenda item 6
Apologies	Initials	Company
Nick Rubin	NR	BSC Representative (Observer)
Ruth Roberts	RR	Authority Observer – Agenda item 10

1. Introductions, Apologies for Absence and declaration of interests

11514. Apologies were received from Nick Rubin. AE advised the Panel that Cornwall Insight commissioned analysis for CMP393 and CMP394; however, he noted that he is acting in the capacity of a Panel member, so there is no conflict of interest.

2. Approval of minutes from previous meetings

11515. The meeting minutes from the CUSC Panels held on 29 April 2022 and 27 May 2022 and the Special CUSC Panel held on 30 May 2022 were approved.

3. Action log

11516. The CUSC Panel reviewed the open actions from the meeting held on 27 May 2022, which can be found on the Actions Log.

4. Chair update

11517. TM had no further updates for the Panel.

5. Authority decisions

11518. NH confirmed that the following decisions on CUSC Modifications had been made since the Panel meeting that was held on 27 May 2022.

Modification	What this seeks to achieve	Decision
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”)	Decision received 24 June 2022 approving CMP300 WACM1, which allows fuelled CfD Balancing Mechanism Units a one-off choice to either set the Response Energy Payment (REP) they face at zero or, alternatively, set the REP at the prevailing Market Index Price. To be implemented on 8 July 2022.
CMP371	Allow Proposers to raise one CUSC Modification Proposal to seek changes to both charging and non-charging provisions within CUSC	Rejected on 10 June 2022 as Ofgem decided that CUSC would less closely align with the ESO’s obligations under their Electricity Transmission Licence if CMP371 is implemented.

CMP391	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 (re: the judicial review proceedings) that was handed down on 11 April 2022 about what is required to achieve compliance.	Decision received 31 May 2022 approving CMP391 Original. Implemented 1 June 2022.
CMP392	Transparency and legal certainty as to the calculation of TNUoS in conformance with the Limiting Regulation	Ofgem (on 7 June 2022) decided that CMP392 should not be progressed on an urgent basis

Awaiting Decisions

11519. 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
CMP292	Introducing a Section 8 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.
CMP298	Process for aggregated assessment of Distributed Generators that impact (or may impact) on the National Electricity Transmission System.	Decision expected 30 November 2022 in accordance with Ofgem's latest published expected decision dates table. Associated STC Modification (CM080) to be presented to July 2022 STC Panel for recommendation vote.
CMP328	Establish the process when any connection triggers a Distribution impact assessment.	Decision expected 30 November 2022 in accordance with Ofgem's latest published expected decision dates table. The Final Modification Report for the associated STC change (CM078) was issued to Ofgem on 7 June 2022.
CMP361/CMP362	Introduce an ex-ante fixed volumetric BSUoS tariff set over a total fix and notice period of 14 months (CMP361) and introduce and update required definitions into CUSC section 11 from CMP308 and CMP361 (CMP362)	Final Modification Report was sent to Ofgem on 8 March 2022. Ofgem's latest expected decision dates table (as at 22 June 2022) indicates a decision date of 26 August 2022 (minded to decision consultation to be raised ahead of this)

6. New modifications

CMP393: Using Imports and Exports to calculate Annual Load Factor for Electricity Storage & CMP394: Removing Generation Charges from Electricity Storage Operators in positive TNUoS zones

11520. RN and SO from Zenobe attended the CUSC Panel to present CMP393 and CMP394. RN advised the Panel that CMP393 seeks to alter the definition of Annual Load Factor with respect to electricity storage, taking into account imports as well as exports.
11521. All storage that has booked TEC (i.e., pumped and battery, as currently defined) would face an ALF calculation based on net system usage, and not export only. Over time, it is anticipated that other storage technologies will also be included.
11522. CMP394 seeks to exempt electricity storage assets in positive Transmission Network Use of System zones from payment of generation charges. RN explained that Transmission-connected storage operators have a net neutral annual load factor. As such, their impact on the system differs from that of exporting generators.
11523. RN stated that current transmission charges are designed to reflect the impacts of exporting generators. They do not register how storage assets interact with the energy system in technologically and locationally specific ways. The current TNUoS regime is therefore resulting in unduly discriminatory conditions for storage operators.
11524. RN added that Storage brings a range of benefits to the transmission system. However, the current charging regime does not incentivise operators to deploy where the system need for storage is strongest: in generation-constrained areas. In fact, transmission charges in positive zones provide a signal that actively disincentivises storage operators from deploying in these zones. CMP394 proposes to incentivise storage operators to locate assets in generation-constrained regions by exempting pumped storage and battery storage assets in positive TNUoS zones from payment of TNUoS charges.
11525. The Panel held discussions on CMP393 & CMP394 and noted that additional analysis will be needed. The Panel unanimously agreed that CMP393 and CMP394 should follow the standard governance route and proceed to a Workgroup, which will be held initially on the same day. However, CMP393 and CMP394 will progress as separate modifications. The Panel discussed the Terms of Reference for CMP393 and CMP394. PM noted that the Terms of Reference needed to be directly related to the issue/defect by the Proposer and Panel suggested a number of Terms of Reference, which will be rationalised and finalised via circulation. ***(Post Meeting Note: Issued to Panel 5 July 2022 with an ask on Panel to review by 5pm on 15 July 2022)***

7. In Flight Modification Updates

11526. 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-16>
11527. 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 the Panel, together with a view of modifications that are likely to be raised in the same period.

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

11528. PM advised the Panel that a Workgroup was held on 25 May 2022 to discuss the Workgroup Consultation responses and agreed that analysis is required as a priority - this will be presented to a Workgroup on 30 June 2022. As a result, the Workgroup Report will be presented to September 2022 rather than July 2022 Panel. The Panel agreed to the revised timeline for CMP315 & CMP375.

[CMP289: Consequential change to support the introduction of explicit charging arrangements for customer delays and backfeeds via CMP288.](#)

11529. PM advised the Panel that CMP289 seeks to recover additional costs incurred by Transmission Owners and TNUoS liable parties as a result of Transmission Owners completing transmission works earlier than the contracted Completion Date or the party connecting initiating a delay to the contracted Completion Date. The changes to the charging element of the CUSC are covered under CMP288.

11530. PM stated that the Proposer formally notified the Code Administrator on 26 May 2022 that they wish to withdraw CMP289 as there is no solution needed for CMP289 following the deliberations on CMP288.

11531. The CUSC 8.16.10 defines the process for withdrawal and industry were notified on 26 May 2022 and had until 5pm on 6 June 2022 to express their wish to become the new Proposer. As no-one expressed a wish to become the new Proposer by 5pm on 6 June 2022, the Panel were asked under CUSC 8.16.10(b) to agree to the withdrawal of CMP289.

11532. The CUSC Panel agreed to the withdrawal of CMP289.

8. Discussions on Prioritisation

11533. The Panel reviewed the Prioritisation Stack and made the following changes:

Modification	What this seeks to achieve	Panel Comments	Position in Prioritisation Stack
CMP392	Transparency and legal certainty as to the calculation of TNUoS in conformance with the Limiting Regulation	Panel prioritised CMP392 as medium noting there is a potential compliance risk, but some Panel Members argued that materiality is low and therefore on balance agreed a "Medium" priority.	Medium
CMP393	Seeks to alter the definition of Annual Load Factor with respect to electricity storage, taking into account imports as well as exports	Panel agreed that CMP393 will be placed as "Medium" in the prioritisation stack as although there could be a high materiality and complexity (given the analysis required), some Panel Members noted it may be prudent to wait for the TNUoS Taskforce to meet and agree high-level principles. On balance, Panel agreed a "Medium" priority.	Medium

CMP394	Seeks to exempt electricity storage* assets in positive Transmission Network Use of System zones from payment of generation charges	Panel agreed that CMP394 will be placed as “Medium” in the prioritisation stack as although there could be a high materiality and complexity (given the analysis required), some Panel Members noted it may be prudent to wait for the TNUoS Taskforce to meet and agree high-level principles. On balance, Panel agreed a "Medium" priority.	Medium
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The updated prioritisation stack can be found via the following link:

<https://www.nationalgrideso.com/calendar/cusc-panel-meeting-16>

11534. The Panel will review this again at their meeting in July 2022.

9. Workgroup Reports

CMP288: Explicit charging arrangements for customer delays and backfeeds

- 11535. PM delivered a presentation on CMP288. PM confirmed that 9 Workgroup meetings were held between May 2018 and December 2019 before the modifications were put on hold due to Panel Prioritisation of other modifications. The CMP288 Proposal was withdrawn by NGET on 22 July 2021, and it was adopted by National Grid ESO.
- 11536. The Proposer withdrew their support for CMP289 on 26 May 2022 following the Workgroup Consultation, as they believed a consequential change was no longer required. There were no requests from industry to adopt support of CMP289 within the withdrawal window and this was withdrawn at CUSC Panel on 24 June 2022.
- 11537. PM advised that the Original solution has gone through a significant change since the modification was originally raised to the Panel in February 2018. In the Workgroup consultation, 10/12 responses did not believe that the Original solution proposal better facilitated the applicable objectives and some respondents to the consultation would prefer the charging methodology to sit within the CUSC under open governance. PM confirmed that this trend was reflected in the Workgroup Vote where only 2 out of 8 voting members voted that the Original better facilitated the applicable objectives than the baseline.
- 11538. An alternative request was raised; however, this was not brought forward by the Workgroup. This alternative sought to impose charges on Users for incremental costs incurred by the Transmission Owner where a User requests a delay to the Completion Date for a connection ('delay charges'). The alternative proposal built on CMP288 to clarify that any work undertaken, and costs incurred by the Transmission Owner prior to the Trigger Date specified in a Bilateral Connection Agreement will not be taken into account when calculating delay charges.
- 11539. The Panel agreed that the Terms of Reference have been met and agreed for CMP288 to proceed to Code Administrator Consultation. ***(Post Meeting Note: The Code Administrator Consultation was published on the 27 June 2022, and this will close at 5pm on 18 July 2022).***

10. Draft Final Modification Reports

CMP388: Transmission Demand Residual (TDR) Minor Clarifications

11540. PM delivered a presentation on CMP388. PM advised the Panel that Ofgem's recent decisions on CUSC modifications CMP335/336 and CMP340/343 contained several small changes/clarifications that would be beneficial in addition to some identified by the ESO. CMP388 seeks to implement these clarifications. The Panel at their meeting on 29 April 2022 agreed that CMP388 should proceed straight to Code Administrator Consultation.
11541. PM confirmed that the Code Administrator Consultation was opened on 6 May 2022 and closed 5pm on 27 May 2022 with 2 non-confidential responses received, both of which were supportive of the change and implementation date. One of these respondents asked that any decision on CMP388 is made at the same time as CMP389.
11542. The Panel held their recommendation vote on CMP388. The Panel unanimously recommended that the CMP388 Original solution should be implemented. **(Post Meeting Note: The CMP388 Final Modification Report was submitted to Ofgem on 6 July 2022).**

CMP389: Transmission Demand Residual (TDR) band boundaries updates

11543. PM delivered a presentation on CMP389. PM advised that CMP389 aims to implement changes related to band boundaries as stated in paragraph 3.12 of Ofgem's recent decision on CUSC modification CMP343. The CMP389 Original seeks to change the boundary between transmission bands 3 and 4 (from the 85th to 93rd percentile). The Panel at their meeting on 29 April 2022 agreed that CMP389 should proceed straight to Code Administrator Consultation.
11544. PM confirmed that the Code Administrator Consultation was opened on 16 May 2022 and closed 5pm on 13 June 2022 with 6 non-confidential responses and 1 confidential response received. 5 of the 6 non-confidential responses were supportive of the change and implementation approach and 2 of these respondents noted that the solution was in line with Ofgem's request in their CMP343 decision. 2 of these respondents noted the need for further change to address current cliff-edges given the difference in TNUoS between Transmission Bands 3 and 4; and the 1 non-confidential response, who did not support the change, argued that this is detrimental to competition and noted that 15 out of the 19 parties that would be impacted by CMP389 would pay more TNUoS than under CMP343. The Proposer had also noted that CMP389 would redistribute a fixed value of charges between users located in transmission bands 3 and 4 resulting in 'winners' and 'losers'. No legal text changes were proposed.
11545. The Panel held their recommendation vote on CMP389. The Panel unanimously recommended that the CMP389 Original solution should be implemented. **(Post Meeting Note: The CMP388 Final Modification Report was submitted to Ofgem on 6 July 2022).**

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

11546. PM delivered a presentation on CMP390. PM advised the Panel that this modification seeks to update Connection application forms to enable disclosure of information to government for purposes of the National Security and Investment (NSI) Act 2021. The Panel met on 29 April 2022 and agreed that CMP390 should proceed straight to Code Administrator Consultation.

11547. PM confirmed that the Code Administrator Consultation was opened on 9 May 2022 and closed 5pm on 30 May 2022 with 1 non-confidential response received, which was from the Proposer, and was supportive of the change and implementation date.

11548. A Panel member highlighted concerns around CMP390, stating that it is difficult to confirm if National Grid ESO's legal interpretation of this is correct, as no detail on how this obligation occurs under the NSI Act has been provided as part of the modification process. The inclusion of the new wording without further explanation may cause some legal uncertainty for future applicants, who may struggle to understand why they are being asked to agree to the release of their confidential information in these circumstances. KTL advised that the ESO needed to raise this modification to be able to provide the information BEIS needed but agreed to provide an update at TCMF to explain further to industry how this change will work in practice. **(Post Meeting Note: To be presented at TCMF on 7 July 2022).**

11549. The Panel held their recommendation vote on CMP390. The Panel unanimously recommended that the CMP390 Original solution should be implemented. **(Post Meeting Note: The CMP390 Final Modification Report was submitted to Ofgem on 6 July 2022).**

11. Standing Groups

Transmission Charging Methodology Forum (TCMF)

11553. KTL advised the Panel that the next TCMF meeting will be held on 7 July 2022. The papers and presentations for this meeting can be found via the following link:

<https://www.nationalgrideso.com/calendar/transmission-19>

Joint European Stakeholder Group (JESG)

11554. GG advised that the JESG meeting was held on 14 June 2022. The papers and presentations for this meeting can be found via the following link:

<https://www.nationalgrideso.com/calendar/jesg-meeting-14-june-2022>

The next JESG meeting will be held on 12 July 2022.

Governance Standing Group

11555. No further updates for the Panel.

EU Codes

11556. No further updates for the Panel.

12. Update on other Industry Codes

11557. No further updates for the Panel.

13. Relevant Interruptions Claim Report

11558. No further updates for the Panel.

14. Governance

11559. No further updates for the Panel.

15. Horizon Scan

11560. No further updates for the Panel.

16. Forward Plan Update

11561. No further updates for the Panel.

17. AOB

11562. The Panel had no AOB to discuss.

The next monthly CUSC Panel meeting will be held on Friday 29 July 2022 at Faraday House, Warwick.