

CUSC Panel Minutes

15 December 2023

CUSC Panel Minutes

Date: 15/12/2023 **Location:** Microsoft Teams Meeting
Start: 10:00 **End:** 11:50

Participants

Attendee	Initials	Representing
Jamie Webb	JW	Acting Independent CUSC Panel Chair
Milly Lewis	ML	Panel Secretary, Code Administrator Representative
Jon Whittaker/Ren Walker	JW/RW	Panel Technical Secretary, Code Administrator
Andrew Enzor	AE	Users' Panel Member
Andy Pace	AP	Consumers' Panel Member
Binoy Dharsi	BD	Users' Panel Member
Claire Huxley	CH	Panel Member, National Grid ESO
Garth Graham	GG	Users' Panel Member
Grace March	GM	Users' Panel Member (Alternate)
Joe Colebrook	JC	Users' Panel Member
Joe Dunn	JD	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Nadir Hafeez	NH	Authority Representative
Rashmi Radhakrishnan	RR	BSC Representative (Observer)

Apologies

Attendee	Initials	Representing
Trisha McAuley	TM	Independent Panel Chair
Kyran Hanks	KH	Users' Panel Member
Camile Gilseman	CG	Panel Member, National Grid ESO

Presenters / Observers

Attendee	Initials	
Nitin Prajapati	NP	CMP426 Proposer - Presenter
Joe Henry	JH	CMP427 Proposer - Presenter
Andy Malley	AM	Authority Representative

1. Introductions and Apologies

12246. Apologies were received from Trisha McAuley and Kyran Hanks.

2. Minutes from previous meetings

12247. The minutes from the CUSC Panel held on 24 November 2023 were approved subject to minor comments from the Panel being incorporated.

3. Review of actions log

ML advised there were no further updates on the below actions.

12248. Action **182** – ML confirmed that this action is ongoing and to remain open.

12249. Action **187** – Action closed

12250. Action **189** – Action closed

12251. Action **190** - Action closed

4. Chair’s update

12252. No further updates for the Panel.

5. Authority Decisions and Updates

Decisions since the last Panel

12253. NH confirmed the following:

Modification	What this seeks to achieve	Decision
CMP425	This modification is to provide clarity within the CUSC on how the residual demand charges should be divided between multiple Suppliers at one Connection Site.	On 13 December 2023, the Authority directed that the Original solution should be made with effect from 01 April 2023 (00:00-00:30) The CUSC was updated on 20 December 2023

Awaiting Decisions

Modification	What this seeks to achieve	Expected Decision Date
CMP298	Process for aggregated assessment of Distributed Generators that impact (or may impact) on the National Electricity Transmission System.	The Authority Representative indicated that due to the publication

		moratorium the approval of WACM3 would be published on 04 January 2024 (previously 12 December 2023)
CMP330&CMP374	To amend the definition of Connection Assets in section 14 of the CUSC to allow cable and overhead line lengths over 2km to be contestable where agreed between the Transmission Owner and the User.	08 March 2024
CMP344	Clarifies that the allowed revenue for Transmission Owners recovered from Transmission Users under the Charging Methodologies is fixed for each onshore price control period for onshore transmission licensees and at the point of asset transfer for OFTOs.	26 January 2024 (previously 08 December 2023)
CMP392	Under CMP391 a definition of “Charges for Physical Assets Required for Connection” which reflects the Limiting Regulation has been added to the CUSC. CMP392 seeks to provide stakeholders with legal certainty and transparency of the methodology including the calculation and the output of the calculation.	31 January 2024
CMP398	GC0156 will place new obligations, within the Grid Code, upon CUSC Parties who are not contracted with the ESO as Restoration Service Providers. CMP398 proposes to introduce a codified cost recovery mechanism to prevent the affected parties being commercially disadvantaged by the implementation of the new obligations	30 January 2024
CMP408	Following the approval of CMP361 WACM3, of an ex-ante fixed BSUoS tariff with a 9-month notice and 6-month fix, this modification seeks to amend the notice period to a 3-month notice period.	To be confirmed
CMP412	Seeks to facilitate the implementation of CMP398 and proposes a small change to Section 14 (BSUoS) to ensure that any validated costs arising via the CMP398 solution are recovered (as happens today with black start costs via BSUoS).	30 January 2024
CMP414	Seeks to enact the Workgroup solution from CMP330/CMP374, by updating Exhibit B, Section 2 and Section 11 of the CUSC	08 March 2024
CMP415	This modification is a consequential modification for CMP408, which looks at a change to a definition in Section 11. Amending the Fixed Price Period from 6 months to 12 months.	To be confirmed

12254. Ofgem publish a table that provides expected decision dates, or dates that they intend to publish an impact assessment or consultation, for code modifications/proposals that are with them for decision. This was last updated on 08 December 2023 and is published [here](#).

Energy Code Reform and Future System Operator Updates

12255. NH had no further updates for the Panel.

6. New Modifications

CMP426: TNUoS charges for transmission circuits identified for the HND as onshore transmission

12256. NP from National Grid ESO delivered a presentation on CMP426. NP explained that this modification proposes to review the cost recovery of HND circuits that are utilised as boundary reinforcement in the HND or future iterations of the HND to ensure they are not predominantly recovered by a specific user, but by wider users of the network.

12257. A number of options have been explored as part of the Offshore Coordination Code Modification Subgroup and the preferred approach is to recover the costs via the wider tariff. To enable this, the circuits utilised for boundary reinforcement would need to be classed as a wider circuit.

12258. To ensure these circuits are classed as a wider circuits, it is proposed that CUSC section 14 is updated to outline that wider charges are based on the current definitions, plus any circuit deemed by the Authority to be 'onshore reinforcement.' This would effectively ensure that any circuit in the HND/HND follow up process that is used as boundary reinforcement would be classed as a wider rather than as a local circuit, therefore its cost would be recovered via wider TNUoS charges.

12259. NP advised that it is proposed the legal text would be outlined between CUSC section 14.15.35 - 14.15.36 to reflect that circuits deemed to be 'onshore reinforcement' would not be subject to a local charge. Through the Workgroup process consideration will also be given to other areas of CUSC section 14 that may need updating to ensure recovery through the wider tariff.

12260. The proposed implementation date is April 2025 to align to a charging year and ensure generators have visibility of the charging methodology to aid investment decisions.

12261. The purpose of the circuit is reflected in the charging methodology, improving cost-reflectivity. This future-proofs the methodology for any additional offshore circuits deemed to be boundary reinforcement and should better incentivise investment by new offshore generators, including in circumstances where a boundary reinforcement might optimally be a feature of network designs, as it removes charging risk.

12262. The Panel held further discussions on CMP426, mainly the title of the modification as it was noted that this could be clearer. This was discussed further offline, and the change agreed with the Proposer.

12263. The Panel unanimously agreed that CMP426 should follow the Standard governance route and proceed to a Workgroup. The Panel agreed the Terms of Reference for the Workgroup.

CMP427: Update to the Transmission Connection Application Process for Onshore Applicants

12264. JH from National Grid ESO delivered a presentation on CMP427. JH explained that this modification proposes that a Letter of Authority (LoA) should be required for new Onshore Transmission Connection Applications.

JH advised the Panel that urgency status is being sought for CMP427 and set out the rationale for Urgency against Ofgem's Urgency criteria (a) **A significant commercial impact on parties, consumers or other stakeholder(s)**. The full rationale can be found within the CMP427 Proposal form.

12265. The Panel considered the request for urgency with reference to [Ofgem Guidance on Code Modification Urgency Criteria](#). The unanimous view of the Panel is that **CMP427 does meet**

Ofgem's Urgency criteria¹. Therefore, the recommendation of the Panel is that **CMP427 should** be treated as an Urgent CUSC Modification Proposal. Panel members set out their rationale behind this decision:

- Panel recognised and agreed with the Proposer's justification for urgency against Ofgem's criteria (a).
- Some Panel members agreed that in light of the position set out on pages 34-36 of the Connection Action Plan they believed that a significant impact to consumers has been identified.
- A Panel member recognised that the solution could have a significant difference on the number of applications submitted to NGENSO, which can have a significant impact on the resourcing and hiring requirements of the business. Therefore, urgency is required to ensure NGENSO has certainty and can budget accordingly.
- A Panel member observed that the Proposer is seeking alignment with the timeline as described in the Connections Action Plan, which requires Urgency and that the Authority clearly believes this is a pressing matter but doesn't detail the nature of material impact to consumers that would result from a delay.

12266. The Panel will write to the Authority outlining the urgency request and recommendation.

(Post Meeting note: The Authority granted urgency for CMP427 on 20 December 2023.)

7. In flight modification updates

12267. ML talked the Panel through the progression of the in-flight modifications. The modification tracker can be found on the National Grid ESO website via the following link:
<https://www.nationalgrideso.com/calendar/cusc-panel-meeting-15122023>

CMP288: Explicit charging arrangements for customer delays and backfeeds

12268. The Panel approved the new timeline and additional Terms of Reference as submitted within the Panel Papers.

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

12269. The Panel approved the new timeline as submitted within the Panel Papers.

CMP405: TNUoS Locational Demand Signals for Storage

12270. The Panel approved the new timeline as submitted within the Panel Papers.

8. Prioritisation Stack / Dashboard

12271. The Panel recognised that there is an expectation that there will be a significant amount of industry resource required for modifications from the beginning of 2024 and in anticipation of this the Panel held a more in-depth review of the in-flight modifications. The latest prioritisation stack can be found [here](#).

¹ Ofgem's current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or
- b) A significant impact on the safety and security of the electricity and/or gas systems; or
- c) A party to be in breach of any relevant legal requirements.

9. Workgroup Reports

12272. No Workgroup Reports were presented to the Panel.

10. Draft Final Modification Reports

CMP396 'Re-introduction Of BSUoS on Interconnector Lead Parties'

12273. ML delivered a presentation on CMP396. Under Section 8.19.2 of the CUSC the modification progressed to Code Administrator Consultation without completing the Workgroup stages. CMP396 seeks to re-introduction of BSUoS on Interconnector Lead Parties to reflect BSUoS is an energy management cost and not a transmission access charge.

12274. ML advised that the Code Administrator Consultation was held from 27/10/2023 to 17/11/2023 and received 7 non-confidential responses and 0 confidential responses. Key points were:

- 6 out of 7 respondents stated that they believed the modification to not better facilitate any of the Applicable CUSC Objectives and that the modification was unlawful.
- The remaining respondent who is the Proposer believed the modification better facilitated all the Applicable CUSC Objectives and that the modification should be implemented in April 2024.

12275. The Panel has recommended unanimously that the Proposer's solution did not better facilitate the CUSC Applicable Objectives. The Final Modification Report will be sent to Ofgem on 05 January 2024.

CMP411: Introduction of Anticipatory Investment (AI) within the Section 14 charging methodologies

12276. ML delivered a presentation on CMP411. ML advised that changes to the CUSC will be required to implement Ofgem's decision in relation to Anticipatory Investment (AI). This Original proposal seeks to introduce AI and a mechanism for the recovery of AI costs within Section 14 charging methodologies subject to Ofgem's final policy decision. Implementation 1 April 2025. After the offshore transmission assets have been transferred to an OFTO and prior to the subsequent Generator(s) connecting, the AI Cost Gap will be recovered from Demand customers via the Transmission Demand Residual. The AI Cost Gap will be repaid to Demand customers by the subsequent Generator(s) either through the AI Cost Gap Tariff or via one payment in the charging year in which the subsequent Generator(s) connects.

12277. ML advised that the Code Administrator Consultation was run from 06/11/2023 to 27/11/2023 and received 2 non-confidential responses and 2 confidential responses. Key points raised by the non-confidential responses were:

- Reduces the risk of the initial generator paying higher TNUoS charges if it were to undertake Anticipatory Investment (AI) and benefits competition by reducing risk and uncertainty for the initial generator.
- Addresses the current barrier to entry, better enables project coordination and reduces long term whole system costs.
- Codifying the principles provides clarity and mitigates any risk of confusion on the treatment of cost recovery to industry.
- Both respondents stated they supported the implementation approach. One respondent noted the date April 2025 should allow sufficient time for implementation. The second respondent felt the use of a new and distinct tariff would ensure the entirety

of the AI Cost Gap is recovered by the Subsequent Generator which is aligned to the AI policy decision by Ofgem.

- One respondent felt, for consistency, CMP411 and CMP402 should progress in parallel to ensure alignment across the charging User Commitment approaches.
- No legal text issues identified.

12278. The Panel has recommended unanimously that the Proposer's solution better facilitated the CUSC Applicable Objectives. The Final Modification Report will be sent to Ofgem on 05 January 2024.

11. Standing Groups

Transmission Charging Methodology Forum (TCMF)

12279. The next TCMF meeting will be held on 04 January 2024.

12. European Updates

Joint European Stakeholder Group (JESG)

12280. The next JESG meeting will be held on 09 January 2024.

European Code Development

12281. There were no updates at this Panel meeting.

13. Updates on other Industry Codes

12282. There were no updates for the Panel.

14. Relevant Interruptions Claim Report

12283. The Panel had no further comments.

15. Governance

12284. There were no updates at this Panel meeting.

16. Horizon Scan

12285. There were no updates at this Panel meeting.

17. Code Administrator Update

12286. There were no updates at this Panel meeting.

18. Any Other Business (AOB)

12287. There was no AOB raised.

19. Close

12289. The Chair thanked the Panel for their time and contribution and brought the meeting to a close.

The next CUSC Panel meeting will be held on 26 January 2024 via Microsoft Teams.

New Modification Proposals are to be submitted by 11 January 2024.

CUSC Panel Papers Day is 18 January 2024.