



Trisha McAuley OBE
Independent Chair
CUSC & Grid Code Panel

Nadir Hafeez
Ofgem
By email

26 February 2024

Dear Nadir

Connection and Use of System Code (CUSC) Modification Panel Request for Urgency and Recommended Timetable for **CMP431: Adjustments to TNUoS Charging from 2025 to support the Market Half Hourly Settlement (MHHS) Programme (Non-Charging)**.

On 16 February 2024, ESO raised **CMP431**. The Proposer sent a request to the CUSC Panel Secretary for this modification to be treated as urgent.

CMP431 seeks to amend the CUSC Section 3 'Use of System' and Section 11 'Interpretations and Definitions' to rectify defects relating to demand locational Transmission Network Use of System (TNUoS) charging that will become apparent during the Migration Phase of the Market Wide Half Hourly Settlement (MHHS) Programme, taking place between April 2025 and October 2026.

All documentation for this modification can be located via the following link:

[CMP431: Adjustments to TNUoS Charging from 2025 to support the Market Half Hourly Settlement \(MHHS\) Programme \(Non-Charging\) | ESO \(nationalgrideso.com\)](https://www.nationalgrideso.com/CMP431: Adjustments to TNUoS Charging from 2025 to support the Market Half Hourly Settlement (MHHS) Programme (Non-Charging) | ESO)

The CUSC ("the Panel") on 23 February 2024, considered **CMP431** and the associated request for urgency. This letter sets out the views of the Panel on the request for urgent treatment and the procedure and timetable that the Panel recommends.

The Proposer set out their rationale for Urgency against Ofgem's Urgency criteria (a), which is as follows:

a) A significant commercial impact on parties, consumers or other stakeholder(s).

ESO is raising as an Urgent Modification along with CMP430. Both Modifications relate to an imminent issue that would begin to impact parties, and therefore potentially consumers, from April 2025.

If the defects are not addressed under urgent timescales:

- Parties will not have adequate notice of charging arrangements and tariff setting for Charging Year 2025 which introduces increased commercial risk

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- There will be a significant increase in the instances of double charging sites under two different methodologies in the same Charging Year, again having a commercial impact on parties and potentially consumers
- Suppliers are not likely to have sufficient time to adjust their MHHS Migration plans under MHHS governance to mitigate double charging risk
- CUSC changes would be misaligned with MHHS Programme Milestones which could introduce a lack of clarity to all MHHS Programme Participants within the timebound, major reform of settlement arrangements
- MHHS is a key enabler for realising demand-shifting benefits for transmission networks. Estimate £1.4bn by 2034. A single year's delay in MHHS would lead to £90m in lost benefits. Both those figures come from DESNZ (BEIS) 2019 smart meter roll out CBA, so if the exercise were repeated today, both figures would likely be higher.¹ There are also unmonetized benefits for the distribution network from demand-shifting that would likely be reduced by any delay.

Panel Consideration of the Request for Urgency

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 **CMP431 does meet** Ofgem's Urgency criteria². Therefore, the recommendation of the Panel is that **CMP431 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).
- Panel acknowledged this modification was being raised alongside, and would be dependent on the outputs of, CMP430.
- A Panel member felt there is a risk of adverse financial impact to consumers and an impact to suppliers finding a workaround solution at such a short timescale to manage this charging change and any delay to the MHHS programme would be financially detrimental.

Procedure and Timetable

The Panel discussed an appropriate timetable for **CMP431** in the instance that urgency is granted.

¹ <https://www.mhhsprogramme.co.uk/api/documentlibrary/Meeting%20Papers/MHHS-DEL770%20PSG%2007%20December%202022%20v1.0.pdf> (slide 21)

² 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.

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The Panel agreed that **CMP431** subject to Ofgem's decision on Urgency should follow the attached Code Administrator's proposed timetable (Appendix 1 **Urgent recommendation**). In Appendix 2 of this letter, the Code Administrator has also provided the timeline if this follows standard timescales with the assumption that Panel prioritise this high in the prioritisation stack.

Panel noted that if urgency is required, there would be;

- A Workgroup Consultation period of less than 15 Business Days
- Code Administrator Consultation period of less than 15 working days;
- There would be less than 5 Business Days between publication of the Draft Final Modification Report and Panel's recommendation; and
- There would be less than 5 Business Days for Panel to check that their Recommendation Vote had been recorded correctly

Under CUSC Section 8.24.4, we are now consulting the Authority as to whether this Modification is an Urgent CUSC Modification Proposal.

Please do not hesitate to contact me if you have any questions on this letter or the proposed process and timetable. I look forward to receiving your response

Yours sincerely



Trisha McAuley OBE
Independent Chair of the CUSC and Grid Code Panel

Appendix 1 – Urgent Timeline

Modification Stage	Date
Modification presented to Panel	23 February 2024
Workgroup Nominations	23 February 2024 – 29 February 2024
Ofgem decision on Urgency	29 February 2024 (5pm)
Workgroup 1	06 March 2024
Workgroup 2	11 March 2024
Workgroup 3	13 March 2024
Workgroup 4	19 March 2024
Workgroup 5	28 March 2024
Workgroup 6	05 April 2024
Workgroup 7	15 April 2024
Workgroup Consultation (5 Business Days)	17 April 2024 – 24 April 2024
Workgroup 8	29 April 2024

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Workgroup 9	03 May 2024
Workgroup 10	08 May 2024
Workgroup 11	14 May 2024
Workgroup 12	20 May 2024
Workgroup 13	24 May 2024
Workgroup 14	30 May 2024
Workgroup report issued to Panel	04 June 2024
Panel sign off that Workgroup Report has met its Terms of Reference	07 June 2024
Code Administrator Consultation (5 Business Days)	10 June 2024 – 14 June 2024
Draft Final Modification Report issued to Panel and Industry	24 June 2024
Draft Final Modification Report presented to Panel / Panel Recommendation Vote	28 June 2024
Final Modification Report issued to Panel to check votes recorded correctly	28 June 2024
Submit Final Modification Report to Authority	28 June 2024 (by 5pm)
Authority Decision	ASAP
Date of Implementation	01 April 2025

Appendix 2 – Standard Timeline

Modification Stage	Date
Modification presented to Panel	23 February 2024
Workgroup Nominations	23 February 2024 to 18 March 2024
Workgroup 1	02 April 2024
Workgroup 2	23 April 2024
Workgroup 3	14 May 2024
Workgroup 4	04 June 2024
Workgroup 5	25 June 2024
Workgroup Consultation (15 working days)	02 July 2024 to 22 July 2024
Workgroup 6	30 July 2024
Workgroup 7	13 August 2024
Workgroup 8	27 August 2024
Workgroup 9	17 September 2024
Workgroup 10	07 October 2024
Workgroup report issued to Panel	17 October 2024
Panel sign off that Workgroup Report has met its Terms of Reference	25 October 2024
Code Administrator Consultation (15 working days)	29 October 2024 to 18 November 2024
Draft Final Modification Report issued to Panel and Industry	21 November 2024
Draft Final Modification Report presented to Panel / Panel Recommendation Vote	29 November 2024

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Final Modification Report issued to Panel to check votes recorded correctly	02 December to 06 December 2024
Submit Final Modification Report to Authority	10 December 2024
Authority Decision	ASAP
Date of Implementation	01 April 2025

Appendix 3 – Panel Urgency Vote

See separate attachment