

Modification proposal:	<b>Connection and Use of System Code (CUSC) CMP412: CMP398 Consequential Charging Modification (CMP412)</b>		
Decision:	The Authority <sup>1</sup> directs that this modification be made <sup>2</sup>		
Target audience:	National Grid Electricity System Owner (NGESO), Parties to the CUSC, the CUSC Panel and other interested parties		
Date of publication:	29 February 2024	Implementation date:	Ten working days after decision

## Background

On 05 February 2024, we approved GC0156 'Facilitating the implementation of the Electricity System Restoration Standard',<sup>3</sup> which was raised by the Electricity System Operator (ESO).<sup>4</sup> This puts an obligation on existing and future CUSC parties who are not contracted with the ESO to provide Restoration Services to have 72 hours resilience onsite for their plant & apparatus. It was noted in the GC0156 workgroups that there was no cost recovery mechanism for CUSC parties who do not hold contracts with the ESO to provide Restoration Services. Therefore, CMP398 was raised in order to solve this problem.<sup>5</sup>

We have decided to approve the Workgroup Alternative CUSC Modification (WACM1) of CMP398 which was proposed by the ESO. Our decision on CMP398 has been published on the same day as this decision on CMP412. The intention of WACM1 is that any validated claims through the cost recovery mechanism will be passed through the Balancing Services Use of System (BSUoS) charge. A small change is required to Section 14 (charging methodologies) of the CUSC to enable this and therefore CMP412 was raised.

<sup>1</sup> References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

<sup>3</sup> <https://www.nationalgrideso.com/industry-information/codes/gc/modifications/gc0156-facilitating-implementation-electricity-system>

<sup>4</sup> <https://www.ofgem.gov.uk/publications/suite-code-modifications-relation-electricity-system-restoration-standard>

<sup>5</sup> <https://www.nationalgrideso.com/industry-information/codes/cusc/modifications/cmp398-gc0156-cost-recovery-mechanism-cusc-parties>

## **The modification proposal**

CMP412 was raised by SSE (the Proposer) on 25 November 2022. It aims to facilitate the implementation of CMP398 WACM1 by making a small amendment to Section 14 of the CUSC. This change is to amend the definition and name of 'Black Start Costs (BSC)' to 'System Restoration Costs (SRC)'. This includes amending the calculation methodology for 'External BSUoS Costs (BSUoS EXT)' to amend BSC to SRC.

There were no workgroup meetings on CMP412 as the CUSC Panel agreed for this to proceed straight to the Code Administrator Consultation stage.

A Code Administrator Consultation ran from 2 May 2023 to 9 June 2023 receiving 3 non-confidential responses. The non-confidential responses can be found in Annex 4 of CMP412 Final Modification Report (FMR).<sup>6</sup>

## **CUSC Panel<sup>7</sup> recommendation**

At the CUSC Panel meeting on 30 June 2023, a majority of the CUSC Panel considered that CMP412 would better facilitate the CUSC charging objectives and the Panel therefore recommended its approval.

## **Our decision**

We have considered the issues raised by the modification proposal and the FMR dated 11 July 2023. We have considered and taken into account the responses to the industry consultation on the modification proposal which are included in the annexes to the FMR.<sup>8</sup> We have concluded that:

- implementation of the CMP412 will better facilitate the achievement of the applicable charging objectives of the CUSC;<sup>9</sup> and
- directing that CMP412 be made is consistent with our principal objective and statutory duties.<sup>10</sup>

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<sup>6</sup> <https://www.nationalgrideso.com/industry-information/codes/cusc/modifications/cmp412-cmp398-consequential-charging-modification>

<sup>7</sup> The CUSC Panel is established and constituted from time to time pursuant to and in accordance with section 8 of the CUSC.

<sup>8</sup> CUSC modification proposals, modification reports and representations can be viewed on NGESO's website at: <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc/modifications>

<sup>9</sup> As set out in Standard Condition C5(5) of NGESO's Transmission Licence, see: [Licences and licence conditions | Ofgem](#)

<sup>10</sup> The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

## **Reasons for our decision**

We consider that the CMP412 would better facilitate CUSC charging objective (a) and (c) and have a neutral impact on CUSC charging objective (b), (d) and (e).

### Dependency on CMP398

We note that CMP412 is required to facilitate the CMP398 solutions and ensure that any validated claims will be recovered via BSUoS charges. Therefore it follows that if one of the CMP398 solutions is implemented, CMP412 must also be implemented.

### ***(a) that compliance with the connection charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;***

We consider that the changes proposed by CMP412 are essential in order to facilitate the benefits that CMP398 will have on effective competition. This will ensure that CUSC parties who are obligated to become 72 hours resilient would be able to have their costs recovered via a claims committee and therefore would reduce any potential negative impacts on competition. Detail on this can be found in our decision letter for CMP398. Approval of this modification allows the costs approved via the claims committee to be recovered by the ESO, alongside the other costs associated with System Restoration, through BSUoS.

We note that a consultation respondent felt that CMP412 was negative against CUSC charging objective (a). This is because no impact assessment had been provided on how the change in definition of 'black start costs' to include CMP398 associated costs would add to BSUoS charges. As outlined in our decision letter for CMP398, suppliers would likely bear the burden of these costs through higher BSUoS costs if CMP398 is approved, or through higher wholesale prices should CMP398 be rejected. We believe that approving WACM1 of CMP398 will be more efficient as the ESO's involvement, alongside a structured claims window, monthly payments and no OPEX allowance, would reduce the unpredictable effects on BSUoS.

### ***(c) that, so far as is consistent with sub-paragraphs (a) and (b), the connection charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;***

We consider that CMP412 is positive against CUSC charging objective (c). This is because the charging methodology for External BSUoS Costs has been updated to reflect the developments of the ESO Special Licence Condition 2.2 (Electricity System Restoration Standard)<sup>11</sup> through the changes made in GC0156 and CMP398.

### ***Ofgem's principal objective and statutory duties***

Finally, we have reviewed the proposals submitted to us with regard to our statutory duties and consider that approval of CMP412 is the course of action which is most consistent with our principal objective and statutory duties.

### **Decision notice**

In accordance with Standard Condition C10 of the Transmission Licence, the Authority, hereby directs that modification proposal CMP412 'CMP398 Consequential Charging Modification' be made.

**Grendon Thompson**

**Acting Deputy Director – Institutions for Net Zero  
Energy Systems Management and Security**

Signed on behalf of the Authority and authorised for that purpose

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<sup>11</sup> <https://www.ofgem.gov.uk/sites/default/files/2023-03/National%20Grid%20Electricity%20System%20Operator%20Consolidated%20Special%20Conditions%20-%20Current.pdf>