

# CUSC Panel Minutes

## 23 February 2024

### CUSC Panel Minutes

---

<b>Date:</b> 23/02/2024	<b>Location:</b> Microsoft Teams Meeting
<b>Start:</b> 10:00	<b>End:</b> 15:00

---

### Participants

---

<b>Attendee</b>	<b>Initials</b>	<b>Representing</b>
Trisha McAuley	TM	Independent CUSC Panel Chair
Milly Lewis	ML	Panel Secretary, Code Administrator Representative
Claire Goult	CG	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, ESO
Garth Graham	GG	Users' Panel Member
Joe Colebrook	JC	Users' Panel Member
Joe Dunn	JD	Users' Panel Member
Kyran Hanks	KH	Users' Panel Member
Mark Duffield	MD	Users' Panel Member - Alternate for Paul Jones
Nadir Hafeez	NH	Authority Representative
Rashmi Radhakrishnan	RR	Elexon - Observer

---

### Apologies

---

<b>Attendee</b>	<b>Initials</b>	<b>Representing</b>
Paul Jones	PJ	Users' Panel Member
Camille Gilsonan	CGi	Panel Member, ESO

---

### Presenters / Observers

---

<b>Attendee</b>	<b>Initials</b>
-----------------	-----------------

---

---

Christian Parsons	CP	ESO - Observer
Colin Down	CD	Authority Representative - Presenter
Deborah Spencer	DS	Code Administrator - Observer
Folashadé Popoola	FP	CMP427 Alternate Proposer - Observer
Harriet Harmon	HH	Authority Representative – CMP344 and CMP428
Hugh Boyle	HB	CMP413 Proposer - Observer
Joe Henry	JH	CMP427 Proposer - Observer
Keren Kelly	KK	CMP430 and CMP431 Proposer - Presenter
Lisa Charlesworth	LC	Authority Representative - Presenter
Nadia Hall	NHI	Authority Representative - Observer
Neil Dewar	ND	CMP430 and CMP431 Proposer - Presenter
Nitin Prajapati	NP	CMP428 Proposer - Presenter
Ren Walker	RW	Code Administrator - Observer
Sean Winchester	SW	Authority Representative - Presenter

---

## 1. Introductions, apologies, and declarations of interest

12274. Apologies for absence were received from Paul Jones.
12275. Declarations of interest were received from Andrew Enzor on CMP344 and Joe Dunn on CMP428.
12276. TM announced this would be the final Panel meeting for Claire Huxley as she is moving roles within the ESO, and that Christian Parsons would be the new ESO Panel Member. TM congratulated Claire Huxley on her new appointment.
12277. TM announced that Ren Walker was starting parental leave on 26 February and that Claire Goult will be standing in as the Panel Technical Secretary in the interim. TM sent best wishes to Ren from the Panel.

## 2. Minutes from previous meetings

12278. The minutes from the CUSC Panel held on 26 January were approved.

## 3. Review of actions log

12279. Action **182** – ML confirmed that this action is ongoing and to remain open.

## 4. Chair's update

12280. TM discussed the ongoing relevant work regarding the Connections Delivery Body (CDB).
12281. TM issued a Panel Governance reminder for Panel Members, reiterating how Panel members should prepare for Panel, ways of working, voting and expectations.

## 5. Authority Decisions and Updates

### Decisions since the last Panel

12282. NH confirmed the following updates to Authority decisions:

Modification	What this seeks to achieve	Decision
<b>CMP344</b>	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.	The Authority sent back on 12 February 2024.

### Awaiting Decisions

Modification	What this seeks to achieve	Expected Decision Date
<b>CMP286</b>	The purpose of this modification proposal is to improve the predictability of TNUoS demand charges by bringing forward the date at which the target revenue used in TNUoS tariff setting is fixed to allow customer prices to more accurately reflect final TNUoS rates.	30/04/2024
<b>CMP315</b> <b>CMP375</b>	This modification proposal would review how the expansion constant is determined such that it best reflects the costs involved. This modification seeks to amend the calculation of the Expansion Constant & Expansion Factors to better reflect the growth of and investment in the National Electricity Transmission System (NETS).	30/09/2024
<b>CMP330</b> <b>CMP374</b>	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.	08/05/2024 (Previously 08/03/2024)
<b>CMP392</b>	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.	30/04/24 (Previously 29/02/2024)
<b>CMP396</b>	Seeks to re-introduce BSUoS on Interconnector Lead Parties to reflect BSUoS is an energy management cost and not a transmission access charge.	31/05/2024 (Previously 16/02/2024)
<b>CMP398</b>	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	29/02/2024 (Previously 30/01/2024)
<b>CMP408</b>	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
<b>CMP411</b>	Seeks to introduce Anticipatory Investment (AI) and a mechanism for the recovery of AI costs within the Section 14 charging methodologies	28/03/2024

<b>CMP412</b>	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).	29/02/2024 (Previously 30/01/2024)
<b>CMP414</b>	Seeks to enact the Workgroup solution from CMP330/CMP374, by updating Exhibit B, Section 2, and Section 11 of the CUSC	08/05/2024 (Previously 08/03/2024)
<b>CMP415</b>	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

12283. NH talked through the Authority decisions outlined above. KH questioned if Ofgem had released a prioritisation letter due to the current high workload. HH informed Panel members that the intention was to send out the letter in the next few weeks and that it will outline the topics most crucial to industry, focusing on CUSC modifications and any consequential Grid Code modifications on transmission charging, at the present time.

12284. 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 23 February 2024 and is published [here](#).

**Energy Code Reform**

12285. LC and SW from Ofgem provided an update on the implementation of Energy Code Reform

12286. LC introduced the key proposals in the consultation on Energy Code Reform and the team involved. LC went on to outline what Ofgem would be consulting on, Ofgem’s approach to selecting Code managers and progress to date.

12287. SW ran through a more detailed summary of the key proposals in the consultation, designation of codes and central systems, code consolidation and transition. SW outlined the rationale behind the proposed new code consolidation options: Electrical Commercial Code (CUSC and DCUSA); Electricity Technical Code (Grid Code, STC, SQSS and Distribution Code) and Unified Gas Network Code (UNC and IGTUNC). SW noted to the Panel that none of the options included a proposal to consolidate the BSC, REC or SEC.

12288. SW confirmed that an impact assessment will be published alongside the consultation and an end of year deadline to form a transitional plan. SW explained that Ofgem are looking to publish the strategic direction next year but confirmed that this would not happen until the appointment of Code Managers. SW outlined how, prior to code consolidation and Code Manager appointment, a proposed workgroup will be established to explore the development of standard prioritisation criteria and processes across codes. SW explained that this would support cross code alignment and look to introduce a potential net zero code objective.

12289. GG questioned how Ofgem view the obligation of stakeholders in the support and delivery of code modifications. GG noted that it is obviously a licence obligation to achieve compliance but questioned how Ofgem would ensure engagement.

12290. LC confirmed that Code Managers would be resourced and empowered to engage with parties and explained that the intent was not to burden parties. LC went on to say that Code modifications require engagement, and everyone has a role to play to push changes through

as Code Managers cannot do it alone. LC reiterated that it is both a licence and a code obligation.

12291. GG raised a query around appeals rights. LC explained how Ofgem were focussed on getting the modification process right in the first instance and that the appeals mechanism will be consulted on later. GG felt that it would be useful to have at the beginning of the process. SW explained that DESNZ had addressed this in their response and had set out a road map to look at it.
12292. TM thanked LC and SW for their presentation and invited them to return to the Panel to discuss key milestones in the future.

## 6. New Modifications

12293. TM informed Panel Members there were two new CUSC Modifications being presented to the Panel to agree Urgency.

### **CMP430: Adjustments to TNUoS Charging from 2025 to support the Market Wide Half Hourly Settlement (MHHS) Programme**

12294. As Proposer, ND from National Grid ESO delivered a presentation on CMP430. ND outlined the background of the modification and informed the Panel that it had been discussed in detail at both the TCMF and TNUoS forums. ND talked through the existing charging methodologies and outlined three different elements to the defect if no action is taken. ND went on to explain the benefits and risks of the proposed solution.
12295. ML outlined the timeline for CMP430. However, Panel members felt that the timeline did not provide enough time for industry to be consulted. HH agreed that meaningful time should be provided for consultation and responses. ML reminded the Panel of the CMP292 outcome and the deadline of 30 September to allow 1 April implementation. HH noted that 30 September was not a target date, but the lead time given to ESO and that she was comfortable that time could be taken off the Authority in this instance.
12296. ML agreed to extend the timeline so that the Final Modification Report would be submitted for the 28 June 2024.
12297. The Panel unanimously recommended that CMP430 met Ofgem's Urgency criteria (a) and therefore recommended urgent treatment. The Panel's recommendation was sent on 26 February 2024, seeking an Ofgem decision by 5pm on 29 February 2024.
12298. The Panel recommended that CMP430 proceed to a Workgroup. The Panel agreed the Terms of Reference for the Workgroup.

*(Post Meeting note: The Authority granted urgency for CMP430 on 29 February 2024)*

### **CMP431: Adjustments to TNUoS Charging from 2025 to support the Market Wide Half Hourly Settlement (MHHS) Programme (Non-Charging)**

12299. As Proposer, ND delivered a presentation on CMP431, explaining the decision to raise a non-charging modification concurrently with CMP430. ND informed the Panel that, with the change proposed to the charging solution in CMP430, the ESO anticipates that new clauses and definitions will be required to ensure that the CUSC is fit for purpose for both non-migrated and migrated MPANS. ND noted that having the two modifications discussed concurrently at Workgroups would aim to optimise efficiency.
12300. AE questioned the logic of having ten Workgroups. KK explained that, based on the conversations with industry parties, there is a potential for multiple alternatives to be raised.

ML confirmed that it was not possible to meet the required timelines under standard governance.

12301. The Panel unanimously recommended that CMP431 met Ofgem's Urgency criteria (a) and therefore recommended urgent treatment. ML explained the intent was to send the urgency letter on Monday 26 February 2024 to seek a decision by 5pm on Friday 29 February 2024.
12302. The Panel recommended that CMP431 proceed to a Workgroup with CMP430 to be responsible for the evaluation of the separate CUSC modification proposals.
12303. The Panel agreed the Terms of Reference for the Workgroup.

*(Post Meeting note: The Authority granted urgency for CMP431 on 29 February 2024)*

## 7. In flight modification updates

12304. 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-26012024>

### **CMP287: Improving TNUoS Predictability Through Increased Notice of Inputs Used in the TNUoS Tariff Setting Process**

12305. ML confirmed that this modification had been withdrawn by the Proposer.

### **CMP288: Explicit charging arrangements for customer delays and backfeeds**

12306. ML advised the Panel that further Workgroups were required to allow actions to be completed ahead of publishing the second Workgroup Consultation.
12307. The Panel agreed the revised timeline.

### **CMP316: TNUoS Arrangements for Co-located Generation Sites**

12308. ML explained to the Panel that further updates had been made to the legal text and worked examples, and she therefore asked for confirmation that a second Code Administrator Consultation (CAC) is necessary.
12309. The Panel agreed that a second CAC was required and agreed the revised timeline.

### **CMP344: Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology**

12310. ML described the background and steps taken since the Authority send back of CMP344 on 12 February 2024. ML asked the Panel to note that Ofgem are asking the Final Modification Report and legal text to be updated.
12311. ML highlighted there was no current timeline recommendation prior to understanding the time taken to return analysis.
12312. HH highlighted that the legal text concerns were surrounding the incorrect Baseline and not the proposed legal text by CMP344.
12313. The Panel agreed CMP344 needs to be assessed by a Workgroup and agreed the proposed Terms of Reference, reflecting the asks from the Ofgem send back letter.

**CMP393: Using Imports and Exports to Calculate Annual Load Factor for Electricity Storage**

12314. ML explained to the Panel that a further Workgroup is required to meet the Terms of Reference and that the timeline will be further delayed if the action is not completed prior to the remaining Workgroup.

12315. The Panel agreed the revised timeline.

**CMP424: Amendments to Scaling Factors used for Year Round TNUoS Charges**

12316. ML highlighted a request by the CMP424 Workgroup to amend their Terms of Reference.

12317. The Panel agreed the amendment and additional point within the Terms of Reference.

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

12318. ML highlighted a request by the CMP426 Workgroup to amend their Terms of Reference.

12319. The Panel discussed the amendments proposed and felt the suggestions might imply that cost reflectivity is not important. Panel members proposed a further alteration to Terms of Reference (b) adding 'whilst ensuring cost reflectivity.'

12320. The Panel agreed the amended points and proposed further alteration within the Terms of Reference.

**CMP428: User Commitment liabilities for Onshore Transmission circuits in the Holistic Network Design**

12321. NP explained that urgency was not requested in January 2024 as the approach of proceeding straight to CAC would have still enabled the implementation date of 14 June 2024 to be achieved.

12322. NP informed the Panel that the scope of CMP428 had been clarified and therefore consideration of Wider Works and application of the Wider Cancellation Charge would be out of scope to enable the defect to be targeted and manage the immediate challenge to an industry party.

12323. NP confirmed that the issue was imminent, but that they were not able to share commercial sensitive information of the impacted project and liabilities associated – but that this had been shared with the Authority. HH agreed with the Proposer and that the Panel should understand that the implementation timeline was not an arbitrary date.

12324. NP detailed the justification for urgency against Ofgem's Urgency Criteria (a), which would ensure the implementation date is achieved, noting that it was not achievable under the standard governance timelines.

12325. NP cited the link between CM094 being granted urgency. NP emphasised that it was important for both modifications to be progressed in tandem for a linked decision.

12326. HH highlighted the primary differences in the approach of both modifications and discussed the impact of approving one modification over the other. They were tackling the same fundamental issues but in separate ways with different effects.

12327. BD asked if there are any consequential impact on distortions as this could cause unintended consequences.

12328. The Panel agreed the proposed timeline and agreed with the Proposers request to remove the existing Terms of Reference b), c) and d).

12329. The Panel, by majority, recommended that CMP428 met Ofgem's Urgency criteria (a) and therefore recommended urgent treatment and that it should proceed to Workgroup so that

stakeholders could fully assess the implications. The Panel's recommendation was sent on 26 February 2024, seeking an Ofgem decision by 5pm on 29 February 2024.

*(Post Meeting note: The Authority granted urgency for CMP428 on 29 February 2024)*

## 8. Workgroup Reports

12330. Two Workgroup Reports were presented to the Panel.

### **CMP413: Rolling 10-year wider TNUoS generation tariffs**

12331. CG presented the Workgroup Report to the Panel and asked the Panel to note that WACM2, raised by RWE in relation to CMP413, was withdrawn after agreement that it had a substantially different effect to the defect and therefore should proceed as a separate modification. CG noted that WACM2 had not yet been raised as a formal modification.

12332. CG summarised the solutions and described how the majority of the Workgroup did not believe that the Original solution or WACM1 better facilitated the CUSC objectives than the Baseline.

12333. The Panel agreed that the Workgroup had met their Terms of Reference and agreed for CMP413 to proceed to Code Administrator Consultation.

*(Post Meeting note: The Code Administrator Consultation published on 26 February 2024)*

### **CMP418: Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer**

12334. CG presented the Workgroup Report to Panel, outlining the solution summary and how the Workgroup had concluded unanimously that the Original better facilitated the Applicable Objectives than the Baseline.

12335. CG highlighted to the Panel that a recent review by the ESO legal team had recommended changes to the CMP418 legal text for clarification purposes and that Workgroup members had agreed to the proposed changes.

12336. The Panel agreed the legal text changes.

12337. The Panel agreed that the Workgroup had met their Terms of Reference and agreed for CMP418 to proceed to Code Administrator Consultation.

*(Post Meeting note: The Code Administrator Consultation published on 29 February 2024)*

## 9. Draft Final Modification Reports

### **Final Modification Reports**

12338. One Draft Final Modification Report was submitted to Panel.

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

12339. ML explained that CMP427 proposes that Users should submit at least one (Letter of Authority) LoA with any new Onshore Transmission Connection Application, in addition to the existing requirements, for that application to be complete. Outlining the differences between the Original solution, WACM1, WACM2 and WACM3.

12340. ML advised that the Code Administrator Consultation (CAC) was run from 12 February 2024 to 16 February 2024 and received 11 non-confidential responses and 1 confidential response. Key points were:



- From the 11 non-confidential responses, respondents saw all solutions as better facilitating against Objectives a, b and d. Two Respondents felt that only the Original and WACM1 better facilitated Objective c.
- 10 non-confidential respondents supported the proposed implementation approach.
- Over half of non-confidential respondents noted that the improvements from the solutions would raise entry requirements and reduce speculative applications (with some detailing better competition and meeting Ofgem/DESNZ CAP objectives as resulting benefits).
- Several Respondents referenced the development of the LoA process from CMP427's 'minimum viable product' via subsequent modification(s) and requested updates/involvement with this as soon as possible.
- Multiple Respondents mentioned the need for clear guidance to industry for effective implementation.
- Several Respondents (other than WACM1's Proposer) noted favour for Template C as a sensible/reasonable/necessary option to allow for compulsory land purchase and not limiting such projects coming to market.

12341. Panel agreed with the ESO legal team that the legal text issues highlight by the Authority (outside of the CAC responses) were typographical and should be incorporated into the legal text.
12342. ML outlined a legal text issue raised by a CAC respondent suggesting that the legal text should feature additional clarification on the categories of Users (and use of 'Users' as a term) requiring an LoA with their application.
12343. ML advised the Panel that the ESO legal team had confirmed that 'User' is the correct term to use in this context and that the Proposer had confirmed that the modification was designed to raise the barrier to entry for all connectees to the NETS, regardless of their categorisation.
12344. Panel discussed the CAC legal text issues raised by the respondent.
12345. Whilst not related to the legal text issue highlighted by the respondent the Panel agreed that solution as outlined in the Draft Final Modification Report (and the preceding CAC document) was not aligned with the solution as written in the legal text.
12346. The Panel concluded that to complete the Panel Recommendation Vote, the timeline would need to be extended to allow the Proposer to update the legal text to align with the solution, gain agreement with the Workgroup ahead of a short Second CAC being issued to industry.

*(Post Meeting note: The request for an extended urgency timeline was approved by the Authority on 26 February 2024 and the Final Modification Report was submitted to the Authority on 06 March 2024)*

## 10. Standing Groups

### Transmission Charging Methodology Forum (TCMF)

12347. CH advised the Panel that the TCMF was held on 1 February 2024. The meeting materials and slides can be found via the following link:

**<https://www.nationalgrideso.com/calendar/transmission-charging-methodologies-forum-tcmf-04012024>**

12348. The next TCMF meeting is an in-person meeting and would be held on 29 February 2024.

## 11. European Updates

### Joint European Stakeholder Group (JESG)

12349. GG advised that the JESG meeting was held on 9 January 2024. The meeting materials and slides can be found via the following link:

<https://www.nationalgrideso.com/calendar/joint-european-stakeholder-group-jesg-09012024>

12350. The next JESG meeting would be held on 12 March 2024.

### European Code Development

12351. There were no updates at this Panel meeting.

## 12. Updates on other Industry Codes

12352. RR gave a BSC update explaining that GC0159 was the only modification currently impacting the BSC. RR confirmed that no CUSC modifications were impacting the BSC at the moment. RR explained how the MHHS SIT functional testing program for the approved market participant group is set to begin in early March. For all Non-System Integration Testing (SIT) Suppliers, Supplier Agents and Meter Equipment Managers, New Entrant LDSO Programme Participants are required to provide a Pre-Qualification Submission for MHHS Qualification. The pre-qualification submission window for Market-wide Half Hourly Settlement (MHHS) participation is now open and final submissions must be provided by 26 April 2024.

12353. GG provided a CPAG update confirming the expected modifications are yet to be submitted. GG clarified there are six topic areas to be addressed and the advice from the Authority was to break them the more complex modifications into multiple simplified modifications.

## 13. Relevant Interruptions Claim Report

12354. There were no updates at this Panel meeting.

## 14. Governance

12355. There were no updates at this Panel meeting.

## 15. Horizon Scan

12356. ML asked whether the Panel saw value in the ESO Connections team attending the March 2024, ahead of expected modifications in April.

12357. Panel members agreed but believed that regular project updates should be at TCMF meetings.

## 16. Code Administrator Update

12358. There were no updates at this Panel meeting.

## 17. Discussion on Prioritisation

12359. The Panel agreed that, as urgency had been requested for CMP431, CMP430 and CMP428, these should be placed as high.

12360. The Panel agreed that CMP344 should be placed as high to support a quick resolution and based on the work required to address the deficiencies within the latest send back.

12361. ML clarified to the Panel that no other proposals for movement within the prioritisation stack had been received.

### **18. Any Other Business (AOB)**

12362. ML confirmed that none submitted.

### **19. Close**

12348. The Chair thanked the Panel for their time and contribution and brought the meeting to close.

**A Special Panel will be held on 6 March to discuss CMP427.**

**The next CUSC Panel meeting will be held on 22 March 2024 on Teams.**

**New Modification Proposals are to be submitted by 7 March 2024.**

**CUSC Panel Papers Day is 14 March 2024.**