



# CUSC Panel

Friday 31 May 2024

Faraday House

# WELCOME



# Approval of Panel Minutes

Approval of Panel Minutes from the Meeting held

26 April 2024



# Action Log





## Chair's Update

# Authority Decisions and Update (as at 02 May 2024)



## Decisions Received since last Panel meeting

Modification	Decision
<a href="#">CMP286</a> Improving TNUoS Predictability Through Increased Notice of the Target Revenue used in the TNUoS Tariff Setting Process.	On 03 May 2024 the Authority rejected the modification proposal
<a href="#">CMP392</a> 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.	On the 01 May 2024 the Authority approved WACM2 to be implemented on the 01 April 2025

Modification	Final Modification Report Received	Expected Decision Date
<a href="#">CMP315</a> 'TNUoS Review of the expansion constant and the elements of the transmission system charged for' and <a href="#">CMP375</a> 'Enduring Expansion Constant & Expansion Factor Review'	07/02/2024	30/09/2024
<a href="#">CMP330&amp;CMP374</a> 'Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length and Extending contestability for Transmission Connections'	10/08/2023	08/07/2024 (Previously 08/05/2024)
<a href="#">CMP396</a> 'Re-introduction Of BSUoS on Interconnector Lead Parties'	05/01/2024	31/05/2024
<a href="#">CMP408</a> 'Allowing consideration of a different notice period for BSUoS tariff settings'	13/10/2023	09/09/2024 (Previously TBC)
<a href="#">CMP414</a> 'CMP330/CMP374 Consequential Modification'	10/08/2023	08/07/2024 (Previously 08/05/2024)
<a href="#">CMP415</a> 'Amending the Fixed Price Period from 6 to 12 months'	13/10/2023	09/09/2024 (Previously TBC)

## Received Final Modification Reports since last Panel Meeting

Modification	Final Modification Report Received	Expected Decision Date
<a href="#">CMP413</a> 'Rolling 10-year wider TNUoS generation tariffs'	08/05/2024	TBC
<a href="#">CMP418</a> 'Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer'	08/05/2024	TBC

The Authority's publication on decisions can be found on their website below:

<https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>



# New modifications submitted

**CMP436 Update CUSC arrangements to replace the Electricity Arbitration Association with the London Court of International Arbitration (LCIA) (Non Charging)**

**CMP437: Update CUSC arrangements to replace the Electricity Arbitration Association with the London Court of International Arbitration (LCIA) (Charging)**

**Joe Henry, ESO**



# Critical Friend Feedback – CMP436 – LCIA Non Charging

Code Administrator comments	Amendments made by the Proposer
Suggested minor typographical and formatting changes.	Mostly accepted
Asked for clarification on the Decision date	Clarified and amended
Added wording to the Implementation Approach section	Accepted
Highlighted EBR implication	Accepted
Expanded acronyms within the document.	Agreed
Added acronym to the table	Agreed
Added Annex 1 – Legal text	Agreed



# Critical Friend Feedback – CMP437 – LCIA Charging

Code Administrator comments	Amendments made by the Proposer
Suggested minor typographical and formatting changes.	Mostly accepted
Asked for clarification on the Implementation date	Clarified and amended
Updated Decision required by as it is a Charging Modification	Confirmed it needs to be before April and in line with CMP398
Move wording from Implementation Approach to Implementation date and added wording to the Implementation Approach section	Accepted
Suggested a different governance	Decided to proceed with the Proposer's governance route
Expanded acronyms within the document.	Agreed
Added Annex 1 – Legal text	Agreed

# CMP436/437



The Electricity Arbitration Association (EAA) is now defunct. This modification looks to replace the EAA and replace them with the London Court of International Arbitration from both Charging sections of the codes.



This arrangement will mirror BSC arrangements brought about in P457



We aim to bring this modifications forwards in May 2024



These modifications are proposed to be straight to Code Admin Consultation with Authority Decision

## Why Change?

Throughout the CUSC, instances where arbitration or dispute resolution are outlined. Since 1993, the CUSC has used the Electricity Arbitration Association (EAA) as its official arbitration provider for any arbitration/disputes.

In BSC modification P457, it was highlighted that *“the EAA has not been used by a Market Participant since its inception in 1993 and does not provide good value for money for BSC Parties as monthly payments are required, irrespective of whether there are any disputes to consider. Moreover, the EAA is rarely used in commercial agreements, does not maintain its website and requires monthly payment, irrespective of whether their services are used. This therefore does not offer good value for money for BSC Parties”*.

We aim to align the CUSC, Grid Code and STC with BSC arrangements by using the London Court of International Arbitration as our arbitration provider.

The need for arbitration increases under [CMP398](#).

## Governance Routes

2 Separate Modifications raised – one for charging and non charging. There are also modifications to the Grid Code and STC.

Following precedent set by [P457](#), an authority decision on this would be sought.

Implementation needed by September 2024 to align with [CMP398](#) implementation and potential for increase need for Arbitration.

# CMP436 – the asks of Panel

- **AGREE** that this Modification has a clearly defined defect, scope and solution
- **AGREE** that this Modification should follow Standard Governance (Ofgem decision) rather than the Self-Governance Criteria (Panel decision)
- **AGREE** that this Modification should proceed to Code Administrator Consultation
- **NOTE** that there appear to be an impact on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **NOTE** the proposed timeline

## Timeline for CMP436 (Non Charging) – Proposed Timeline – *Code Administrator Consultation*

Milestone	Date
Modification presented to Panel	31 May 2024
Code Administrator Consultation (1 month due to EBR implications)	10 June 2024 to 10 July 2024
Draft Final Modification Report (DFMR) issued to Panel	18 July 2024
Panel undertake DFMR recommendation vote	26 July 2024
Final Modification Report issued to Panel to check votes recorded correctly	30 July 2024 to 06 August 2024
Final Modification Report issued to Ofgem	07 August 2024
Ofgem decision	Required by 15 August 2024
Implementation Date	30 August 2024

# CMP437 – the asks of Panel

- **AGREE** that this Modification has a clearly defined defect, scope and solution
- **AGREE** that this Modification should follow Standard Governance (Ofgem decision) rather than the Self-Governance Criteria (Panel decision)
- **AGREE** that this Modification should proceed to Code Administrator Consultation
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **NOTE** the proposed timeline



## Timeline for CMP437 (Charging) – Proposed Timeline – Code Administrator Consultation

Milestone	Date
Modification presented to Panel	31 May 2024
Code Administrator Consultation (15 Business Days)	10 June 2024 to 28 June 2024
Draft Final Modification Report (DFMR) issued to Panel	18 July 2024
Panel undertake DFMR recommendation vote	26 July 2024
Final Modification Report issued to Panel to check votes recorded correctly	30 July 2024 to 06 August 2024
Final Modification Report issued to Ofgem	07 August 2024
Ofgem decision	15 August 2024
Implementation Date	30 August 2024



# Inflight Modification Updates

Claire Goult, Code Administrator

# CMP420 Withdrawal

## Treatment of BSUoS Revenue Recovery and creation of a BSUoS Fund

The Proposer withdrew their support for CMP420 on 07 May 2024. A withdrawal window was opened up for 5 business days from this date.

**Justification:** The intention of the Proposer is to raise a modification, hopefully straight to CAC and Self Governance which will put the forecasting requirements into Section 3. Parts of the original solution have been superseded by other Industry developments so were deemed unnecessary by the Proposer and the Workgroup.

No parties came forward to become the Proposer for this Modification.

## CMP420 - the asks of Panel

- **AGREE** that the Modification can be withdrawn as per CUSC Section 8.16.10 (c)

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

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem	Implementation Date
Previous timeline	07 June 2024	28 June 2024	28 June 2024	01 April 2025
New timeline	18 July 2024	23 August 2024	30 August 2024	01 April 2025

**Rationale:** Dates amended to allow further legal text amendments and review to take place

**Workgroups Remaining:** 5

**Update:** Ofgem approved revised timeline on 20 May 2024.

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

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem	Implementation Date
Previous timeline	07 June 2024	28 June 2024	28 June 2024	01 April 2025
New timeline	18 July 2024	23 August 2024	30 August 2024	01 April 2025

**Rationale:** Dates amended to allow further legal text amendments and review to take place

**Workgroups Remaining: 5**

**Update:** Ofgem approved revised timeline on 20 May 2024.

# CMP434 Implementing Connections Reform Request to change Terms of Reference

The Workgroup would like to reflect the following within their Terms of Reference:

Workgroup Term of Reference
a) Consider the implementation and transitional arrangements
b) Review and support the legal text drafting;
c) Consider the cross Code impacts this modification has, in particular the STC and distribution arrangements (e.g. DCUSA)
d) Consider any potential licence changes which may be required, liaising with the Authority as required to discuss them.
e) Consider the scope of application for the proposed solution by technology/project type including changes to existing connected Users and any acceptable criteria for any exclusions or alternative approaches which may be needed.
f) Consider the interactions between the proposed solution(s) and distribution connection processes.
g) Consider the accessibility and transparency of new processes for Users as much as possible, particularly new entrants.
h) Briefly consider any future policy development which may be beneficial to enhance the proposed 'minimum viable product' solutions.
i) Consider Electricity Balancing Regulation implications.
j) Consider mechanisms to ensure projects progress from Gate 1 to Gate 2 including financial instruments
k) Consider the impact of NESO designation of Gate 2 status, and ways to make this non discriminatory.
l) Consider how the solution(s) conforms with the statutory rights with respect to terms and conditions for connection.
m) Consider the relevant content of Annex B of the Open letter on connections reform publication.

## CMP434 - the asks of Panel

- **AGREE** the amended and additional points within Terms of Reference

# CMP435 Application of Gate 2 Criteria to existing contracted background Request to change Terms of Reference

The Workgroup would like to reflect the following within their Terms of Reference:

## Workgroup Term of Reference

- a) Consider Electricity Balancing Regulation implications.
- b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter.
- c) Consider what types of existing contracts that CMP435 should apply to, and what exemptions are required (if any).
- d) Consider changes to the contractual arrangements for those existing contracted parties that have not met the Gate 2 criteria by the Go-Live Date of 1 January 2025.
- e) Review the transitional arrangements in relation to changes to the contractual arrangements and any associated costs.
- f) Consider the application of the User Commitment methodology to projects in Gate 1 and Gate 2 and the transitional arrangements that may be required for existing connections contracts.
- g) Consider how any new financial instruments associated with connections are cost reflective and predictable.
- h) Consider how the solution(s) conforms with the statutory rights in respect of terms and conditions for connection.
- i) Consider the impact of NESO designation of Gate 2 status, and ways to make this non-discriminatory.
- j) Consider the cross Code impacts this modification has, in particular the STC and distribution arrangements (e.g. DCUSA).
- k) Consider the relevant content of Annex B of the Ofgem Open letter on connections reform publication.

## CMP435 - the asks of Panel

- **AGREE** the amended points within Terms of Reference





# Second Draft Final Modification Report

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

Claire Goult

# Summary of Solutions

## **Proposer's solution:**

This modification propose adding a new formula to the TNUoS methodology to calculate wider locational charges proportionally by technology type to the Power Station's Transmission Entry Capacity (TEC).

## **WACM1 solution:**

There are three differences to the original:

- i) The Peak liability is pro-rated using Peak Installed TEC
- ii) The Not Shared Year Round is pro-rated using the ALF to give a scaled Not Shared Year Round liability
- iii) 'Scaled' generic ALFs should be used to scale pro-rated TEC for the Shared Year Round charge

## **Implementation date:**

01 April 2025

# Second Code Administrator Consultation Responses

## Summary of the Second Code Administrator Consultation Responses:

The Second Code Administrator Consultation was run from 25/03/2024 to 24/04/2024 and received 4 non-confidential responses and 0 confidential responses.

Key points were:

- Three out of the four respondents agreed that the legal text updates to CMP316 WACM1 and updates to Annex 8 reflect the intent of CMP316 WACM1 giving the following reasons:
  - Revised approach ensures individual sites' characteristics are recognised and charged consistently.
  - The inclusion of additional worked examples supports the intent.
- One respondent stated the legal text updates did not reflect the intent of CMP316 WACM1 adding the additional complexity introduced would outweigh the proposed benefits to CUSC parties. The same respondent noted the current methodology calculates the co-located site's TNUoS charge based on the predominant technology. The respondent felt this would lead to co-located sites at risk of being charged higher than single type assets and therefore not cost reflective.

# CMP316 - the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps

# CMP316 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	31 May 2024
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	04 June 2024 to 11 June 2024
Submission of Final Modification Report to Ofgem	12 June 2024
Ofgem decision date	By 30 September 2024 as this is a Charging Modification
Implementation Date	01 April 2025



# Second Draft Final Modification Report

**CMP397: Consequential changes required to CUSC  
Exhibits B and D to reflect CMP316 (Co-Located  
Generation Sites)**

Claire Goult

# Solution

## **Proposer's solution:**

In the Proposer's view CMP316 seeks to add a new formula, within Section 14 of the CUSC to the TNUoS methodology to calculate wider locational charges proportionally by technology type to the Power Station's Transmission Entry Capacity (TEC) using Maximum Capacity (as defined in the Grid Code) for each technology type Balancing Mechanism Unit (BMU) – the aim being to further improve cost reflectivity in charges.

Should CMP316 be approved, the Proposer has raised CMP397 to address the necessary changes, (outside of Section 14 of the CUSC), by requiring a change to the information to be collected (Maximum Capacity by technology/BMU) through the Connection process. Therefore, CMP397 proposes that the request for provision of Maximum Capacity by technology type to be included within CUSC Exhibit B and CUSC Exhibit D.

## **Implementation date:**

01 April 2025

# Code Administrator Consultation Responses

## **Summary of Code Administrator Consultation Responses :**

The Code Administrator Consultation was issued on the 04 October 2022 and closed on 01 November 2022 and did not receive any responses.



# CMP397 - the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps

# CMP397 – Next Steps

Milestone	Date
Second Draft Final Modification Report presented to Panel	31 May 2024
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	04 June 2024 to 11 June 2024
Submission of Final Modification Report to Ofgem	12 June 2024
Ofgem decision date	By 30 September 2024 to align with decision date for CMP316
Implementation Date	01 April 2025 only if CMP316 is approved



# Draft Final Modification Report

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

Claire Goult

# Solution

## Proposer's solution:

This modification proposes to alter the definition of ALFs with respect to storage. All storage that has booked TEC would face a bespoke Storage ALF calculation, considering imports as well as exports. As other storage technologies connect to the NETS, they too will be included.

It is proposed that the tariff will read:  $\text{peak} + (\text{Storage ALF} \times \text{Year Round Shared}) + (\text{Storage ALF} \times \text{Year Round Not Shared}) + \text{residual}$ . The Storage ALF will be floored at zero.

## Implementation date:

01 April 2025

# Code Administrator Consultation Responses

## Summary of Code Administrator Consultation Responses :

The Code Administrator Consultation was issued on the 03 April 2024 closed on 01 May 2024 and received 6 non-confidential responses.

- Three Respondents support the Original Proposal, with two Respondents believing it better facilitates applicable CUSC objectives a), b) and c) and one Respondent believing it better facilitates only applicable objectives a) and b).
- One Respondent not supportive of the proposal advised that the Original Proposal will have a negative impact on objectives a), b) and c).
- There was a split in responses, with 3 Respondents supporting the implementation approach and 3 Respondents not supporting.
  - Reasons given for supporting the Proposal include an improvement to the current TNUoS methodology which unduly penalise storage and as the deployment of storage increases, it is essential that the charging methodology adapts accordingly.
  - Reasons for not supporting the Proposal include no justification for cost increases being imposed on this class of users as their location is likely to reduce network size and hence investment. The Proposal seeks to reward storage for demand activity where charges are highest bringing in the prospect of discrimination between classes of demand.

# CMP393 - the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps

# CMP393 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	31 May 2024
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	05 June 2024 to 12 June 2024
Submission of Final Modification Report to Ofgem	17 June 2024
Ofgem decision date	By 30 September 2024 as this is a Charging Modification
Implementation Date	01 April 2025



# Draft Final Modification Report

**CMP403: Introducing Competitively Appointed  
Transmission Owners & Transmission Service Providers  
(Section 14)**

Claire Gault



# Solution

## **Proposer's solution:**

Amendments to CUSC Section 14 required to ensure that payments made through the Onshore Tender Process are recovered from TNUoS and BSUoS.

## **Implementation date:**

10 Business Days after the Authority decision.

# Code Administrator Consultation Response

## **Summary of Code Administrator Consultation Response:**

The Code Administrator Consultation was issued on the 28 March 2024, closed on 29 April 2024, and received 1 response.

- The respondent stated the Original Proposal better facilitates objectives (c) and (e).
- The respondent preferred the original proposed solution and supported the implementation approach.
- The respondent commented that this modification forms part of a suite of modifications across the Codes to enable implementation of Early Competition through the CATO regime.

# CMP403 Amended Legal Text

The following suggested changes have been made to the legal text following feedback from a Panel member:

Before

14.14.2 ~~A Maximum~~The Allowed Revenue (MAR) defined for these activities ~~and those associated with pre-vesting connections is set by~~agreed with the Authority at the time of the Transmission Owners' price control review for the succeeding price control period. ~~—The Allowed Revenue can be adjusted during the Price Control period.~~ Transmission Network Use of System Charges are set to recover the ~~Maximum~~ Allowed Revenue as set by the Price Control (where necessary, allowing for any  $K_t$  adjustment for under or over recovery in a previous year net of the income recovered through pre-vesting connection charges).

Recommended change

14.14.2 ~~A Maximum~~The aAllowed rRevenue (MAR) defined for these activities ~~and those associated with pre-vesting connections is set by~~agreed with the Authority at the time of the Transmission Owners' price control review for the succeeding price control period. ~~—The Allowed Revenue can be adjusted during the Price Control period.~~ Transmission Network Use of System Charges are set to recover the ~~Maximum~~aAllowed rRevenue as set by the pPrice cControl (where necessary, allowing for any  $K_t$  adjustment for under or over recovery in a previous year net of the income recovered through pre-vesting connection charges).

# CMP403 - the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **AGREE** whether or not the proposed changes to the legal text are typographical
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps

# CMP403 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	31 May 2024
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	03 June 2024 to 10 June 2024
Submission of Final Modification Report to Ofgem	11 June 2024
Ofgem decision date	TBC
Implementation Date	10 Business Days after the Authority Decision



# Draft Final Modification Report

**CMP404: Introducing Competitively Appointed  
Transmission Owners & Transmission Service Providers  
(Section 11)**

Claire Gault

# Solution

**Proposer's solution:** Amendments to CUSC Section 14 required to ensure that payments made through the Onshore Tender Process are recovered from TNUoS and BSUoS.

**Implementation date:** 10 Business Days after the Authority decision.

## Code Administrator Consultation Response

### Summary of Code Administrator Consultation Response:

The Code Administrator Consultation was issued on the 28 March 2024, closed on 29 April 2024, and received 1 response.

- The respondent stated that the Original Proposal better facilitates the applicable CUSC objectives (a) and (d).
- The respondent preferred the original proposed solution and supports the implementation approach.
- The respondent commented that this modification forms part of a suite of modifications across the Codes to enable implementation of Early Competition through the CATO regime.

# CMP404 - the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps

# CMP404 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	31 May 2024
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days )	03 June 2024 to 10 June 2024
Submission of Final Modification Report to Ofgem	11 June 2024
Ofgem decision date	TBC
Implementation Date	10 Business Days after the Authority Decision





## **Discussions on Prioritisation**

- **AGREE any movements in the current prioritisation stack**



**Standing Groups - *Updates on all standing groups relevant to CUSC panel e.g. potential for future governance changes or modifications***

~~Governance Standing Group – Garth Graham~~

TCMF – ESO Panel Member



**European Updates** - *Updates on all European developments relevant to CUSC panel e.g. potential for future governance changes or modifications*

European Code Development – Nadir Hafeez

Joint European Stakeholder Group – Garth Graham



## Updates on other industry codes

24 April 2024 STC [Panel Papers and Headline Report](#)

25 April 2024 Grid Code [Panel Papers and Headline Report](#)

# Horizon Scan

(February, May, August, November)

Codes Affected	Legislative, Regulatory or Industry Change Overview	Published Content	Key Contact
Grid Code, CUSC, SQSS and STC	<p>The Offshore Coordination Project has been set up by the ESO with support from Ofgem and the Department for Business, Energy &amp; Industrial Strategy.</p> <p>Offshore wind has been identified as a critical technology in achieving net zero greenhouse gas emissions by 2050. In order to help realise this target, a step-change in both the speed and scale of deployment of offshore wind is required.</p>	<p><a href="#">ESO Offshore Coordination Project Page</a></p>	<p><a href="mailto:box.OffshoreCoord@nationalgridESO.com">box.OffshoreCoord@nationalgridESO.com</a></p>



**Any Other Business**

# Activities ahead of the next Panel Meeting

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<b>Transmission Charging Methodologies Forum</b>	06 June 2024
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<b>Modification Proposal Deadline for June Panel</b>	13 June 2024
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<b>Papers Day</b>	20 June 2024
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<b>Panel Meeting</b>	28 June 2024 Teams
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**Close**



**Trisha McAuley OBE**

**Independent Chair, CUSC Panel**