

CUSC Panel

27 September 2024

CUSC Panel Minutes

Date: 27/09/2024	Location: Microsoft Teams
Start: 10:00 AM	End: 1:40 PM

Participants

Attendee	Initials	Representing
Trisha McAuley	TM	Independent Panel Chair
Milly Lewis	ML	ESO (Industry Code Governance Manager)
Catia Gomes	CCG	Panel Technical Secretary, Code Administrator
Andrew Enzor	AE	Users' Panel Member
Binoy Dharsi	BD	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Joe Colebrook	JC	Users' Panel Member
Kyran Hanks	KH	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Mark Duffield	MD	Users' Panel Member (Alternate for Joe Dunn)
Andy Pace	AP	Consumers' Panel Member
Daniel Arrowsmith	NH	National Grid ESO Panel Member
Nadir Hafeez	NH	Authority Representative
Harriet Harmon	HH	Authority Representative

Apologies

Attendee	Initials	Representing
Joe Dunn	JD	Users' Panel Member
Camille Gilsenan	CGi	National Grid ESO Panel Member

Presenters

Attendee	Initials	Representing
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Rashmi Radhakrishnan	RR	BSC Observer
Lauren Jauss	LJ	CMP440 Presenter
Dan Brimelow	DB	CMP441 Presenter

1. Introductions, Apologies and Declarations of Interest

- 12610. Apologies were received from Joe Dunn and Camille Gilsean.
- 12611. No declarations of interest were received.

2. Minutes from previous meeting

- 12612. The meeting minutes from the CUSC Panel meetings held on 12 July 2024, 26 July 2024, 23 August 2024, and 09 September 2024 were approved.

3. Review of actions log

- 12613. ML updated the Panel on the two outstanding Actions. Action 182 will be picked up once the FSO and the CUSC audit work are complete, and Action 183 will be presented at the October CUSC Panel.

4. Chair's update

- 12614. TM advised that the Connections Delivery Board (CDB) had met on the day before the Panel meeting and explained that, in relation to the connections reform process methodologies, the ESO had put forward a paper on options to align the Connections Reform process with the emerging Strategic Energy Plans, especially the CP2030 and the Future Strategic Spatial Energy Plan.
- 12615. JC noted that the minutes of the previous CDB meeting had not yet been published and ML undertook to feed this back appropriately.

5. Authority Decisions

- 12616. Ofgem provided an update on Modifications that have been decided upon, together with those currently awaiting their decision.

Decisions since last CUSC Panel

Modification	Decision	Implementation Date
<u>CMP424 'Amendments to Scaling Factors used for Year-Round TNUoS Charges'</u>	On 06 September 2024 <u>the Authority approved</u> the original solution.	01 April 2025
<u>CMP430 'Adjustments to TNUoS Charging from 2025 to support the Market Wide Half Hourly Settlement (MHHS) Programme'</u>	On 26 September 2024 <u>the Authority approved</u> the original solution.	01 April 2025

Awaiting Decisions

Modification	FMR submitted	Expected Decision Date
<u>CMP315</u> 'TNUoS Review of the expansion constant and the elements of the transmission system charged for' and <u>CMP375</u> 'Enduring Expansion Constant & Expansion Factor Review'	07/02/2024	05/02/2025 (previously 29/11/2024)
<u>CMP316</u> 'TNUoS Arrangements for Co-located Generation Sites'	12/06/2024	30/09/2024
<u>CMP330&CMP374</u> 'Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length and Extending contestability for Transmission Connections'	10/08/2023	TBC (Subject to CMP414 send back)
<u>CMP393</u> 'Using Imports and Exports to Calculate Annual Load Factor for Electricity Storage'	17/06/2024	30/09/2024
<u>CMP397</u> 'Consequential changes required to CUSC Exhibits B and D to reflect CMP316 (Co-Located Generation Sites)'	12/06/2024	30/09/2024
<u>CMP403</u> 'Introducing Competitively Appointed Transmission Owners & Transmission Service Providers (Section 14)'	11/06/2024	31/01/2025 (previously 30/09/2024)
<u>CMP404</u> 'Introducing Competitively Appointed Transmission Owners & Transmission Service Providers (Section 11)'	11/06/2024	31/01/2025 (previously 30/09/2024)
<u>CMP408</u> 'Allowing consideration of a different notice period for BSUoS tariff settings'	13/10/2023	TBC (previously 30/09/2024)
<u>CMP413</u> 'Rolling 10-year wider TNUoS generation tariffs'	08/05/2024	30/09/2024
<u>CMP415</u> 'Amending the Fixed Price Period from 6 to 12 months'	13/10/2023	TBC (previously 30/09/2024)
<u>CMP418</u> 'Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer'	08/05/2024	30/09/2024
<u>CMP436</u> 'Update CUSC arrangements to replace the Electricity Arbitration Association with the London Court of International Arbitration (LCIA) (non-Charging)'	07/08/2024	06/12/2024
<u>CMP437</u> 'Update CUSC arrangements to replace the Electricity Arbitration Association with the London Court of International Arbitration (LCIA) (Charging)'	07/08/2024	06/12/2024

Other Updates

12617. In relation to Energy Codes Reform, NH updated the Panel on the Final Modification Process Workgroup meeting held on the 17 September 2024, explaining that the discussion included the new direct Code Change power and how the Code Modification Process might need to change to accommodate the Ofgem views on the process. NH advised that the Code Manager roles and how transitioning into Code Manager would impact the process and the roles (including Ofgem, Panel and Code Manager) were also discussed.
12618. NH advised the Panel on the Ofgem publishing moratorium for the Christmas holidays, explaining that the last publishing day will be Thursday 12 December 2024 and that Ofgem will begin to publish again on Friday 3 January 2025. He explained that Ofgem won't be publishing on any Code Modification due in the Christmas period unless there is a legal requirement.

6. New modifications

12619. The following new modifications were presented to the Panel:

CMP440 – Reintroduction of Demand TNUoS locational signals by removal of the zero-price floor

12620. LJ delivered a presentation on CMP440, which aims to remove the current zero price floor from the Transmission Network Use of System (TNUoS) locational demand tariff for Final Demand, thereby re-introducing a locational investment price signal across all of Great Britain (GB).
12621. LJ explained that the potential for negative prices and the perverse incentive for users to consume is removed by widening the period over which consumption is measured for charging against negative tariffs.
12622. LJ advised that the Proposal form states that Suppliers, Generators and Aggregators are impacted, explaining that this is not correct, and that the Proposal impacts Suppliers only.
12623. As a member of the TNUoS Task Force, LJ reported that the Task Force had examined this issue and concluded that, ideally, Generation and Demand locational signals should be equal and opposite and that there was a high priority case for change to remove the Demand locational tariff floor.
12624. LJ explained that the Proposed Solution is to remove the zero-price floor for Final Demand only, and only in those zones where there are negative tariffs both for Peak and Year-Round.
12625. KH asked if the Ofgem letter stated that TNUoS Task Force Proposals have a high priority? HH advised that it doesn't mean that all the of the Proposals will be high priority, but it means that there was a lot of interest in them. Therefore, Ofgem considered that is where the attention should be.
12626. RR mentioned that, with the MHH Programme being implemented in 2025/2026, is this going to impact the Proposal or vice-versa? LJ explained that the key to this Proposal is the negative charging changes and that will treat HH and Non-HH the same, therefore no impact is expected.
12627. AP asked if the Proposal only includes Final Demand and if Storage is not to be included? LJ confirmed that this is correct because Storage Demand tends to not be during the Peak and this Proposal focus on consumption over the Peak.
12628. The Panel agreed unanimously that CMP440 should follow the Standard Governance Route and proceed to Workgroup.
12629. The Panel agreed Terms of Reference for the Workgroup.

CMP441 – Reducing the credit risk of supplying non-embedded hydrogen electrolysers

12630. DB delivered a presentation on CMP441, which aims to address a discrepancy in the timing in de-energising a non-embedded hydrogen electrolyser verses an embedded hydrogen electrolyse.
12631. DB advised that there is a discrepancy between the DCUSA and the CUSC on the time that takes to de-energise hydrogen electrolysers.
12632. DB explained that the hydrogen industry is at the early stages and hydrogen electrolyser projects present a significant higher credit risk to Suppliers than the traditional large I&C

supply customer. The additional time acts as a barrier and prevents deployment of non-embedded hydrogen electrolyzers.

12633. DB explained that the solution is to mirror the DCUSA, for hydrogen electrolyzers, and disapply the requirement to consult on non-contractual parties where the Supplier is contracting with a hydrogen electrolyser.
12634. JC asked if thoughts were given to make the Proposal more general and if it should apply to other use cases rather than to hydrogen electrolyzers only? And if hydrogen electrolyser should be a defined term? DB advised that, intentionally, the Proposal focuses on the hydrogen electrolyzers in order to meet timelines and advised that it could be a defined term but is not necessary.
12635. DA raised a point about the Proposal potentially being discriminatory as it only mentions hydrogen electrolyzers and is seeking to treat one set of customers different to others. DA also advised that he thinks that this modification should proceed to Workgroup rather than going straight to CAC so that further thought can be given to this point. DB stated that his perspective is that this is a different use case than traditional I&C, with different risks, so is not discriminatory.
12636. AP pointed that, in the modification Proposal, disconnection and de-energisation are used interchangeably, advising that in the DCUSA they mean different things, suggesting that it might need further clarification in the Proposal form. DB clarified that the Proposal means to refer to de-energisation.
12637. On the point about use cases, BD stated that the Proposal could be widened to incorporate everything from a certain date and that might be a way forward.
12638. The Panel discussed the Proposal and the benefit of going to Workgroup instead of straight to CAC and the possibility of achieving a more robust solution.
12639. The Panel agreed unanimously that CMP441 should follow the Standard Governance Route and proceed to Workgroup.
12640. The Panel agreed Terms of Reference for the Workgroup.
12641. The Panel noted that BD, if he wishes he can ask for the Urgency route and explained to BD that he would need to assess the Proposal against the Ofgem Urgency criteria.

7. In flight modification updates

12642. ML gave an update to the Panel on the Urgent Connections modifications (CMP434 and CMP435). ML advised on the number of WACMs voted on for each modification and explained that Code Admin was still waiting on the Authority decision on the timeline extension. ML explained that, as part of the Prioritisation Stack deep dive for the October CUSC Panel meeting, all Proposers of the in-flight modifications will be contacted and asked to feedback on their position in the Prioritisation Stack.
12643. TM advised the Panel that this information will be shared with Panel members ahead of the October CUSC Panel meeting and the ask is for Panel members to consider it and to comeback with comments before the Panel meeting in order that fully informed discussion and decisions could be made on the day.
12644. ML explained to the Panel the detail of the work that has happened on the modifications impacted by the workgroup meeting hiatus and what progress has been achieved.

12645. HH confirmed that several industry parties have approached the Authority questioning the hiatus and asking for the Workgroup meetings to restart, ensuring that there is availability in the industry to attend those meetings.
12646. The Panel had a discussion around the hiatus and some similar concerns were shared. Several Panel members believed the hiatus should be lifted but that there would need to be a carefully managed process to support the restarting of the Workgroup meetings in a way that was practically achievable for all parties. Concerns were also shared around the work still left to be completed in the Urgent Connections modifications and the impact of further urgent modifications being raised in the future.
12647. Panel members agreed that, on this basis, the hiatus should be lifted, and that more information should be available for the October CUSC Panel to aid in the Prioritisation deep dive ahead of Workgroup meetings restarting.
12648. The in-flight modifications can be found within the CUSC Panel papers pack on the National Grid ESO website via the following link: [Modification Tracker](#).
12649. The next Modification Tracker will be published on 07 October 2024.

8. Workgroup Reports

12650. No Workgroup Reports were presented to the Panel.

9. Draft Final Modification Reports

12651. No Draft Final Modification Reports were presented to the Panel.

10. Discussion on Prioritisation

12652. The Panel agreed to have a more informed conversation and review the Prioritisation Stack in the October Panel, CMP440 and CMP441 will be reviewed at that stage.
12653. The updated Prioritisation Stack can be found via the following link: ([link](#))

11. Standing Groups

Transmission Charging Methodology Forum (TCMF)

12505. DA confirmed that the next TCMF meeting will be held on 03 October 2024. The meeting materials and slides can be found via the following link: [Transmission Charging Methodologies Forum](#)

12. European Updates

Joint European Stakeholder Group (JESG)

12506. GG confirmed that the next JESG meeting is planned for the 08 October 2024. The meeting materials can be found via the following link: [JESG meeting](#)

13. Update on other Industry Codes

12507. The Panel papers and Headline Report for the following meetings can be found at the below links:
- 22 August 2024 Grid Code Review [Panel Papers and Headline Report](#)
 - 31 July 2024 STC [Panel Papers and Headline Report](#)
 - 11 September 2024 SQSS [Panel Papers and Headline Report](#)

12508. In relation to the establishment of NESO, ML advised that the legal text developed by the Cross Code Workgroup will be applied to every Code that NESO interacts with from the Go-Live date on the 01 October 2024.
12509. RR advised that the BSC modification P480 (consequential modification for CMP398 and GC0156) had been presented to the BSC Panel this month and the Panel had suggested a few updates to the modification report.
12510. RR explained that, in the MHH programme, the progress of the system integration testing has been slow and the MHH programme has submitted a request to postpone the MHH go live from March 2025 to August 2025.
12511. RR advised, with regards to the Market Facilitator role, that Elexon will be the delivery body and that there is a BSC modification to enable this, confirming that there aren't any impacts to CUSC.

14. Relevant Interruptions Claim Report

12512. There were no further updates for the Panel.

15. Governance

12513. There were no further updates for the Panel.

16. Horizon Scan

12514. There were no further updates for the Panel.

17. Code Administrator Update

12515. There were no further updates for the Panel.

18. Any Other Business (AOB)

NESO Day 1

12516. ML Provided an update on the progress towards the establishment of NESO on 1 October.

19. Close

12517. 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 25 October 2024 at Faraday House.

New Modification Proposals to be submitted by 10 October 2024.

CUSC Panel Papers Day is 17 October 2024.