

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	213
<b>Date of meeting</b>	25 August 2017
<b>Location</b>	Teleconference

## Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
John Martin	JM	Code Administrator (Alternate)
Heena Chauhan	HC	Panel Secretary
Louise Schmitz	LS	National Grid Panel Member
Cem Suleyman	CS	Users' Panel Member
James Anderson	JA	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Kyle Martin	KM	Users' Panel Member
Simon Lord	SL	Users' Panel Member
Robert Longden	RL	Consumer Panel Member (alternate)
Nadir Hafeez	NH	Authority Representative
Nicholas Rubin	NR	ELEXON
Charlie Friel	CF	Authority (Presentation on SCR)
John Tindal	JTi	CMP268 Proposer
John Twomey	JTw	Code Administrator Senior Manager

## 1 Introductions and Apologies for Absence

Apologies were provided by Caroline Wright (CW), Andy Pace (AP) and Paul Jones (PJ). John Martin (JM) attended the Panel as CW's alternate and Robert Longden (RL) attended the Panel as AP's alternate. PJ provided his voting rights to Simon Lord (SL). John Tindal (JTi) joined the teleconference to discuss the CMP268 CUSC Panel Recommendation vote only. John Twomey (JTw) is the Senior Code Administrator Team Manager and joined the teleconference to provide an update on the CUSC Panel Chair process.

All presentations given at this CUSC Modifications Panel meeting can be found in the CUSC Panel area on the National Grid website:

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Panel-information/>

## 2 Approval of previous meeting Minutes

6709. The minutes from the CUSC Panel meeting held on the 28 July 2017 were approved subject to comments received and are available on the National Grid website. Comments were received PJ and GG. The minutes from the Special CUSC Panel meeting on 17 August will be published on the website subject to comments received by 1 September 2017.

### 3 Targeted Charging Review SCR and the Charging Futures Forum

6710. CF joined the Panel to provide an update on the Targeted Charging Review SCR and the Charging Futures Forum. This had also been presented at the last TCMF on 9 August 2017.

6711. CF highlighted that this presentation would provide an overview of the scope of the SCR and that a more detailed paper will be provided to the industry later on in the year.

6712. MT asked CF if she expected new modifications to be raised by licensees in Q3 2018 to be relatively simple noting that these should also be well defined in their intent. LS highlighted that it would be useful if the Authority could provide these as clearly articulated as possible so as to avoid any ambiguity and unnecessary multiple WACMs. CF confirmed she would refer this concern back to the Authority team responsible for the work.

6713. NR noted that the same presentation had been delivered to the BSC Panel earlier on in the month and from this he had been under the impression that the Charging Futures Forum (CFF) would not have any decision making powers.

6714. Clarification was sought regarding the roles and responsibilities of CFF and also the Task Force groups. CF confirmed that the Task Force would develop specific solutions that could be relayed back to forums such as TCMF. LS noted that National Grid and the Code Administrator have had limited success with encouraging parties to come to TCMF before a modification is raised and that there remains the likelihood that code modifications would continue to be raised in addition to the scope of the SCR. LS also highlighted that National Grid have limited amounts of expert resource to support the development of proposals.

6715. RL considered how the interaction of the new model would work in relation to existing forums and how duplication of activities could be avoided. CF noted that this was a straw man. PM asked how people would be appointed to a Task Force.

6716. GG noted for all forums to work effectively with one another, timelines would need to be realistic, with minutes and updates delivered in a timely manner, GG particularly was keen that lessons learnt in the past be considered, i.e. Project TransmiT which was initially anticipated to be delivered in April 2012 but in practice this proved to be an unrealistic timescale. CF noted that these lessons learnt would be taken on board.

6717. MT noted that the timetable was ambitious and that it would be important to ensure that there was clarity in the relationships between the different forums. MT asked that regular updates should be fed back to the Panel either via NH or CF directly in a timely manner.

6718. SL joined the call at this point. MT provided SL with an update of the discussion that had taken place so far and asked if he had any further questions. SL confirmed that he did not have any questions but noted that it was unclear how this model would work in practice, echoing the concerns already raised by other Panel members. SL also noted that the forums would require strong chairmanship to ensure the groups are clearly steered.

#### 4 Review of Actions

6719. **Minute 6607:** NH to confirm if CMP276 and CMP284 could be assessed independently by the Authority.

6720. NH confirmed that these would be assessed independently as Ofgem considered that although there is a link between these two proposals they could be assessed separately. This action is complete.

6721. **Minute 6615:** HC to reword and republish slides to reflect the pre-work carried out by the Code Administrator and Proposer would be developing the Proposal.

6722. HC confirmed that the slides had been updated and re-published. This action is complete.

6723. **Minute 6622:** HC to ensure that the CMP285 slides are updated and re-published.

6724. HC confirmed that the slides had been updated and re-published. This action is complete.

6725. **Minute 6629:** NR to circulate guidance from BSC to show clarify how trading parties are determined.

NR has provided links to the Panel to review this information. This action is complete.

#### 4 Workgroups/Standing Groups & Review of Plan on a Page

6726. The Panel reviewed the CUSC Plan on a Page. HC noted that the Future Work Plan will be provided at the next CUSC Panel meeting.

6727. **CMP250 'Stabilising BSUoS with at least a twelve month notice period'**. CMP250 aims to eliminate BSUoS volatility and unpredictability by proposing to fix the value of BSUoS over the course of a season, with a notice period for fixing this value being at least 12 months ahead of the charging season.

6728. HC noted that this Workgroup Report is due to be presented to the Panel in October 2017. HC confirmed to the Panel that there are delays with National Grid in confirming position with future financing of the SO. The Proposer is aware of the situation and the Workgroup will be contacted shortly to arrange the next Workgroup meeting for this Proposal.

6729. **CMP271 'Improving the cost reflectivity of demand transmission charges'**. This CUSC modification proposal aims to improve the cost reflectivity of demand transmission charges.

**And**

6730. **CMP274 'Winter TNUoS Time of Use Tariff (TToUT) for Demand TNUoS'**. This CUSC modification proposal aims to improve the cost reflectivity of demand transmission charges.

**And**

6731. **CMP276 Socialising TO costs associated with "green policies"**. CMP276 proposes a reduction in the demand residual element of the TNUoS £/kW ("Triad") charge by creating two new charge lines for all demand offtakes:

- (i) with the level of charge based on a fixed charge per MPAN (or alternatively the import meter size of each consumer) and;
- (ii) a simple per kWh charge on all consumers.

6732. JM noted that this Workgroup Report is due to be presented to the Panel in April 2018. Following the launch of the TCR, the Code Administrator is speaking to the Proposers of CMP271/274/276 to seek their position on their modification since the launch. NR asked HC that Kevin Spencer from ELEXON is copied in on any future correspondence.

6733. **CMP275 'Transmission generator benefits in the provision of ancillary and balancing services – levelling the playing field'**. CMP275 seeks that a principle of financial mutual exclusivity is introduced to prevent BM units from accessing multiple sources of duplicate and overlapping revenue from ancillary services on the same asset.

6734. HC noted that this proposal is on track. At their last meeting, the Workgroup discussed the impact of CMP275 in relation to Ofgem's recent publication on its Call for Evidence on flexibility and how CMP275 could be seen as running contrary to this. The Workgroup also discussed the legal text changes required. The Workgroup Report is with the Workgroup for them to review and update and the next Workgroup meeting scheduled for 13 September to finalise legal text, vote and agree Workgroup Report.

6735. **CMP280 'Creation of a New Generator TNUoS Demand Tariff which Removes Liability for TNUoS Demand Residual Charges from Generation and Storage Users'**. CMP280 aims to remove liability from Generator and Storage Parties for the Demand Residual element of the TNUoS tariff.

**and**

**CMP281 'Removal of BSUoS Charges From Energy Taken From the National Grid System by Storage Facilities'**. CMP281 aims to remove liability from storage facilities for Balancing Services Use of System (BSUoS) charges on imports.

6736. This Workgroup is on track. The Workgroup held their first Workgroup meeting on 4 August 2017 and the next meeting is scheduled for 7 September 2017. The Workgroup have positively fed back on the pre-work that has taken place to develop the Proposal with the Proposer prior to the first Workgroup meeting taking place.
6737. **CMP282 'The effect Negative Demand has on Zonal Locational Demand Tariffs'**. CMP282 seeks to amend how the DCLF model calculates Zonal Locational Demand tariffs so that the final locational zonal demand tariffs accurately reflect the underlying locational signals.
6738. This Workgroup is on track. The Workgroup met on 16 August 2017 to review the six responses received to the Workgroup Consultation. There are no alternatives being proposed to this Proposal. The Workgroup are finalising their Workgroup Report and legal text and are due to vote on the Proposal on 6 September 2017 in readiness for the September 2017 CUSC Panel meeting.
6739. **CMP283 'Consequential Changes to enable the Interconnector Cap and Floor regime'**. CMP283 aims to facilitate the Interconnector Cap and Floor regime through creating the process for data provision between Interconnectors and National Grid within the CUSC.
6740. HC noted that the Code Administrator Consultation was due to close on 30 August 2017 and the Panel are due to provide their recommendation vote for this Proposal at their meeting in September 2017.
6741. **CMP284 'Improving TNUoS cost reflectivity (Reference Node)'**. CMP284 seeks to make the TNUoS charge more cost reflective resulting in a reduction of the magnitude of both the generation and demand residual charges.
6742. HC noted that the Code Administrator have been working with the Proposer to further scope out the requirements of this Proposal. A first Workgroup meeting date is yet to be confirmed. It is likely that this Proposal will run in alignment with CMP271/274/276.
6743. **CMP285 'CUSC Governance Reform – Levelling the Playing Field'**. CMP285 seeks to reform CUSC governance to enhance the independence and diversity of Panel members and ensure wider engagement from CUSC signatories.
6744. HC noted that the Code Administrator have been working with the Proposer to further scope out the requirements of this Proposal. A first Workgroup meeting date is yet to be confirmed.
6745. **Governance Standing Group (GSG).**
6746. GG noted that the GSG had met on 1 August 2017. At this meeting the GSG reviewed and prioritised the activities within their Forward Work Plan.

**6747. Transmission Charging Methodologies Forum (TCMF) and CUSC Issues Steering Group (CISG).**

6748. LS confirmed that the TCMF and CISG had taken place 9 August 2017. A number of issues had been presented at the forum including a Transmission Charging Review update from Ofgem.

## **5 CUSC Panel recommendation vote confirmation**

6749. **CMP268 ‘Recognition of sharing by Conventional Carbon plant of Not-Shared Year-Round circuits’.** CMP268 aims to change the charging methodology to more appropriately recognise that the different types of “Conventional” generation do cause different transmission network investment costs, which should be reflected in the TNUoS charges that the different types of “Conventional” generation pays. The change to the charging methodology would take the form that for generators which are classed as Conventional Carbon, the generator’s ALF should be applied to both its Not-Shared Year-Round as well as its Shared Year-Round tariff elements.

6750. HC provided the CUSC Panel with a summary of the Code Administrator Consultation responses noting that three responses had been received. One response was sent to the Code Administrator as a confidential response; this will be submitted to the Authority separately and is not contained within DFMR document. The Panel agreed that late responses received to this Consultation would be sent Authority separately and would not be included within the Final Modification Report.

6751. LS noted that following the Code Administration Consultation, two amendments had been suggested by the Proposer in their response to the Consultation. LS proposed that only one amendment should be completed which looked to update the numbering within the legal text. The Panel confirmed that they also supported this view.

6752. JTi joined the call at this point. MT asked JTi if he supported the changes proposed. JTi confirmed that he was happy with the updates proposed.

6753. NH confirmed to MT and the Panel that so long as the Panel and the Proposer are happy with legal text changes then the Authority had no further comments at this point.

6754. MT asked the Panel if any Panel members wished, in light of the update arising from the legal text send back work, to amend their previous 4 July 2017 Panel recommendation vote. The Panel confirmed that they stood by their original vote. HC noted that the Final Modification Report was due to be issued to the Authority on 1 September 2017 but that she would endeavour to issue this out earlier if possible.

## **5 European Code Development**

6755. NH did not have an update to provide to the Panel this month.

**6756. Joint European Stakeholder Group (JESG)**

6757. GG confirmed that the last JESG meeting had been held via WebEx and National Grid had provided useful updates.
6758. NR queried if the Authority would be expecting CUSC modification proposals supporting Project TERRE to be provided at the same time as other code modifications in February 2018. LS confirmed that her team were monitoring the developments of Project TERRE.

## **7 Authority Decisions as at 17 August 2017**

6759. NH noted that the Authority expected to announce their decision on CMP251 and CMP261 in October 2017.

## **8 Update on Industry Codes/General Industry Updates relevant to the CUSC**

### **6760. CUSC Panel Chair and CUSC Panel Election Update**

6761. JTw joined the meeting to provide an update on the CUSC Panel Chair recruitment process.
6762. JM confirmed that the deadline to submit voting papers would be 1 September 2017 for the CUSC Panel Election and that new members would be welcomed to observe the September 2017 Panel meeting. JA noted that this would be useful for new members.
6763. JTw noted that the interview process for the Panel Chair had completed on 31 July 2017 and that the interview panel had been unanimous in its agreement of the recommended candidate. The candidate will be chairing both the CUSC and Grid Code Panels and the Code Administrators were currently awaiting Ofgem approval before a formal announcement can be made.
6764. MT asked the Panel for their views.
6765. RL asked if it would be fair to assume that there would be no delays in Ofgem approving this post. NH confirmed that they were looking to come back shortly with a response.
6766. GG highlighted that in previous years the CUSC Panel would have been asked their opinion prior to the candidate name(s) going forward to Ofgem and noted that he did not support the process that had been followed on this occasion. GG confirmed that he did not feel that there had been any continuity from the previous CUSC Panel Chair recruitment processes and questioned the lack of experienced CUSC Panel members input in the recruitment process. GG noted that neither of the National Grid members of the interview panel had any experience of meetings of the CUSC or Grid Code Panels.
6767. LS noted that it was unfortunate that AP had had to send his apologies for this Panel meeting as it would have been useful to hear his views on the recruitment process as he had been on the interview panel. JTw confirmed that the interview Panel had been made up of a Panel member from both the Grid Code and the CUSC and also two

experienced senior managers from National Grid. JTw also noted that AP had played an active role in the interviews and had asked some very good questions and that he did not echo GG's view on the lack of CUSC Panel experience of the interview panel. RL questioned if a post process review would be carried and if that may lead to the process being managed differently in the future. JTw confirmed that he would be happy to gather feedback if required, however from his perspective, the process had been thorough and had ran successfully which was a view shared by the CUSC and Grid Code Panel representatives within the interview process.

6768. JTw confirmed that the new chair would be announced next month.

## 9 AOB

### 6769. **Website**

6770. JM noted that a new website would be launched in September 2017 and that for a period of time both the old and new website will run in parallel. JM highlighted that the navigation and readability of the website had been addressed in the latest release and Panel would be contacted in September as the Code Administrator would be actively looking to get feedback.

6771. GG asked if material considered to be archive-able would be fully transferred over to the new website. JM confirmed that this was being addressed and possibly some material may be archived as there was presently a lot of information on the website. GG highlighted this would concern him as this historic material would still be relevant for the industry, even if the number of 'hits' was low, as the importance could be high if a new or existing party was seeking to understand, from this historical record, why (and how) a previous CUSC change was made.

### 6772. **Code Administrator's Terms of Reference**

6773. JM provided an update on the Code Administrators Terms of Reference noting that it was the Code Administrators aim to meet every two months. The purpose of this meeting was to discuss cross code working and share best practice. JM asked the Panel to review the Terms of Reference which would be issued after the Panel meeting and to provide feedback.

**ACTION: All Panel members to review the Code Administrator's Term of Reference and to provide feedback to the JM.**

6774. GG noted that it was not transparent to stakeholders the work carried out by Code Administrators. JM confirmed that he was aware of this and that this was being addressed.

6775. GG asked that in terms of EU legislation, which CUSC modifications were National Grid likely to raise in the future. LS confirmed this would be addressed at the next RfG meeting on 6 September 2017. GG confirmed that following on from comments raised by NR, time was of the essence and this would need to be address as soon as possible.



6776. HC confirmed that the forthcoming Panel dinner would take place at the Rose and Crown in Warwick with new Panel members and the new independent Chair being invited as well. Further details would be provided in due course.

## **10 Next meeting**

6777. The next normal Panel meeting will take place on 29 September 2017 at National Grid House.