

Minutes

Meeting name CUSC Modifications Panel

Meeting number 215

Date of meeting 20 October 2017

Location National Grid House

Attendees

Name	Initials	Position
Trisha McAuley	TM	Panel Chair
Caroline Wright	CW	Code Administrator
Heena Chauhan	HC	Panel Secretary
Nadir Hafeez (dial-in)	NH	Authority Representative
Louise Schmitz	LS	National Grid Panel Member
James Anderson (dial-in)	JA	Users' Panel Member
Laurence Barrett	LB	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Simon Lord (dial-in)	SL	Users' Panel Member
Paul Mott (dial-in)	PM	Users' Panel Member
Kate Dooley (dial-in)	KD	Users' Panel Alternate
Michael Jenner	MJ	Users' Panel Alternate
Trevor Rhodes (dial-in)	TR	Users' Panel Alternate
Nicholas Rubin	NR	ELEXON
David Wildash	DW	National Grid (FSO/SCR Update)
Daniel Hickman	DH	Npower (CMP286/CMP297 Proposer)

1 Introductions and Apologies for Absence

Apologies were provided by Robert Longden (RL), Andy Pace (AP) to this meeting. AP did not arrange for an alternate for this meeting. RL provided a late notification of his absence and an alternate was not appointed in time for the Panel vote.

Daniel Hickman of npower joined the Panel to present two new modification proposals, CMP286 and CMP287.

David Wildash of National Grid joined the Panel meeting to provide an update on the Future of the System Operator (FSO) programme and SCR.

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

6841. The minutes from the CUSC Panel meeting held on the 29 September 2017 were approved subject to comments received and are available on the National Grid website. Comments were received from PJ, GG and PM.

3 Review of Actions

Minute 6797: CW and HC to ensure that the Code Administrator provides an update summarising the key points of the CMP271, CMP274 and CMP276 discussions to Ofgem ahead of Ofgem issuing its letter in October 2017.

6842. The Code Administrator has provided a summary to Ofgem. This action will remain open until Ofgem have confirmed that they are happy with this summary and the summary is shared with the Panel and the Workgroups.

Minute 6814: HC to issue the GSG Forward Work Plan for the GSG to CUSC Panel for information.

6843. This Forward Work Plan was issued to the Panel along with the Panel Presentations on 19 October 2017. This action is complete.

Minute 6818: LS to provide an update to Panel regarding the Queue Management Proposal and the Harmonisation of Application Fees Proposal.

6844. LS provided an update to the Panel noting that Queue Management had been presented at the last TCMF. This Proposal is being further developed with the Industry and is expected to come to the November STC and CUSC Panel meetings.

6845. LS confirmed that the issue highlighted by GG regarding Application Fees would not be part of the Queue Management Modification Proposal. LS confirmed that the issue raised by GG regarding Application Fees are a part of the Charging Statement and any subsequent issues would be resolved through bilateral discussions. This action is closed.

4 New Proposals

6846. **CMP286 'Improving TNUoS Predictability through Increased Notice of the Target Revenue used in the TNUoS Tariff Setting Process'**. 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.

And

6847. **CMP287 'Improving TNUoS Predictability through Increased Notice of Inputs Used in the TNUoS Tariff Setting Process'**. The purpose of this modification

proposal is to improve the predictability of TNUoS demand charges by bringing forward the date at which certain parameters used in TNUoS tariff setting (such as demand forecasts) are fixed to allow customer prices to more accurately reflect final TNUoS rates.

6848. DH joined the Panel to present his two new Proposals confirmed that although the two Proposals were similar, they addressed different issue. DH also highlighted that both Proposals better facilitated CUSC Charging Objectives a) and b).
6849. HC confirmed that the Code Administrator will confirm the Workgroup membership for CMP286 and CMP287 at the November Panel.
6850. MJ queried the justification of these proposals and asked how this would reduce distortion within the market. DH highlighted that by providing greater certainty this would assist the market.
6851. LB asked how these Proposals were different to CMP244 as they appeared to be addressing the same issue. DH noted that his Proposal was focusing on much more specific elements.
6852. SL noted that the CMP244 decision letter provided good feedback. DH agreed and noted that one of the main reasons for why CMP244 had not been approved was that the benefit to consumers had not been sufficiently clarified in the report.
6853. LS noted that there is a risk with the timing of the Proposals as changes are requested to take place within the current Price Control period. DH noted that he did recognise that this may not be implemented within this current Price Control period and that a Licence change may be required but that this could be considered under the transitional arrangements. LS also noted a change to the STC may also be required. GG agreed with these points and also noted that the Workgroup would need to refer to Ofgem rejection letter of CMP244 and address significant benefits for the consumer.
6854. The Panel noted that the Code Administrator had suggested a draft implementation date of April 2019 and noted that DH would prefer an implementation date of 1 December 2018. The Panel noted that CMP244 had taken approximately a year to develop.
6855. The Panel considered the Terms of Reference for both Proposals and identified the following areas they would like the Workgroup to address:
- Workgroup to consider the decision rationale for rejecting CMP244 and how CMP286 and CMP287 will address these.
 - Understand the level of fixing in the market place and identify those consumers that would benefit and those that would end up paying more.
 - Consider any consequential impacts on other Codes.
 - Consider any if there are any wider issues to consider e.g. any potential Licence changes.
6856. Additionally for CMP287, the Panel also asked that the Workgroup also consider the following:

- Consider the impacts on the outcome of the SCR and what the impacts may be in the way that demand is charged and this needs to be factored in and how fits into the TCR and the wider Charging Futures Forum.

6857. The Code Administrator confirmed that both Proposals would be developed on the same day. The Panel agreed that the Code Administrator should endeavour to reach out to additional parties and suggested AP and KD highlight these proposals through their respective distribution lists.

6858. DH left the meeting after this agenda item had been concluded by the Panel.

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

6859. The Panel reviewed the CUSC Plan on a Page and the Future Work Plan.

6860. **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.

6861. HC noted that the Workgroup had met on 3 October 2017 where the National Grid Representative had provided the Workgroup with an update on the National Grid position regarding the future funding of the SO in relation to this Proposal. The Workgroup had reviewed the legal text at this meeting and agreed next steps. The Workgroup are requesting a one month extension to November 2017. The Panel approved this extension request.

6862. **CMP271 ‘Improving the cost reflectivity of demand transmission charges’**. This CUSC modification Proposal aims to improve the cost reflectivity of demand transmission charges.

And

6863. **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

6864. **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.

6865. CW noted that a summary of the key points for these Proposals had been provided to the Ofgem. The Workgroup are due to meet in November 2017 following the update from Ofgem to agree next steps.

6866. **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.
6867. CW noted that the Workgroup were reviewing the options for alternatives for this Proposal and National Grid was working with the Proposer and the Workgroup to identify all viable options. The Workgroup requested a three month extension to carry out these works. The Panel approved this extension.
6868. **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.

6869. HC noted that these Workgroups are progressing and as indicated at the last Panel meeting, the Workgroup have reviewed their workload and are requesting a 3 month extension. The Panel approved this extension request.
6870. **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.
6871. CW noted that the teach-in session for this Proposal is yet to be arranged with the Proposer.
6872. LS queried if the Panel would need to support the Code Administrator to re-prioritise in-flight proposals to ensure focus is placed on the right areas. LS highlighted there is a lot of change taking place within the industry and that currently, the National Grid Code Administrator have limited resources supporting the CUSC, Grid Code, STC and SQSS. LS suggested it may be useful for the CUSC Panel to fully understand the overall activities managed by the Code Administrator and understand how CUSC modifications should be assessed against this backdrop. SL agreed with LS and suggested it would be useful if the Code Administrator could initially come back to the Panel with a Proposal of how these modifications should be prioritised.
6873. However, the Panel expressed concern about the principle of prioritising code modifications across the codes under the open code governance process when all parties are free to raise proposals and have them progress through the assessment process.
6874. PJ noted that to support the Code Administrator in progressing modifications, focus should be placed in addressing if the National Grid Code Administrator was resourced enough to meet the increasing demands of the Industry.

ACTION: CW took an action to come back to the November 2017 CUSC Panel meeting with a strawman on priorities of modifications and resource constraints.

6875. **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.

6876. HC noted that this Workgroup is on track.

6877. **Governance Standing Group (GSG).**

6878. GG noted that the next GSG meeting is due to take place in November 2017.

6879. **Transmission Charging Methodologies Forum (TCMF) and CUSC Issues Steering Group (CISG).**

6880. LS noted that the last TCMF and CISG took place in London. An update was provided on current CUSC modifications and also Queue Management. Ofgem provided an update on the Future Charges Forum.

6881. LS also noted recent developments regarding CMP264 and CMP265 and had asked Ofgem if any further information could be provided at this stage. NR confirmed that from a BSC perspective, they had started to investigate alternative implementation dates for their corresponding BSC proposals. LS queried if there was a means to do this in the BSC as this was not evident within the CUSC. GG did not consider any Code had the ability to do this. NR confirmed that under BSC they have had the right to amend the implementation dates in the past. LS noted the CUSC modifications could not be implemented and have practical effect without the BSC modifications.

6882. TM asked the Panel if further information could be shared with the Panel on this matter. GG clarified to TM and other Panel members that Ofgem had received a Judicial Review claim by seven parties and that Ofgem aimed to defend their decision and that this decision stood unless overturned by court. A court decision is expected mid-2018.

6883. TM noted that this would mean business as usual unless the Panel was to hear otherwise.

5 CUSC Panel recommendation vote

6884. **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.

6885. HC noted that as AP and RL were not in attendance at this meeting; their voting rights could not be exercised. AP had not arranged for an alternate to attend the Panel meeting to vote on his behalf and RL had sent his apologies in late to the Code Administrator and as such an alternate was not arranged in prior to the meeting.

6886. HC presented the voting slides to the Panel and CW clarified the votes with Panel member.

6887. **CMP282 Vote 1** – Does the Original facilitate the objectives better than the Baseline?

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Better facilitates ACO (e)?	Overall (Y/N)
Louise Schmitz	Yes	Yes	Neutral	Neutral	Neutral	Yes
Andy Pace	Not at Panel meeting therefore unable to vote.					
James Anderson	Yes	Yes	Neutral	Neutral	Neutral	Yes
Laurence Barrett	Yes	Yes	Neutral	Neutral	Neutral	Yes
Garth Graham	Yes	Yes	Neutral	Neutral	Neutral	Yes
Paul Jones	Yes	Yes	Neutral	Neutral	Neutral	Yes
Robert Longden	Not at Panel meeting therefore unable to vote.					
Simon Lord	Yes	Yes	Neutral	Neutral	Yes	Yes
Paul Mott	Yes	Yes	Neutral	Neutral	Neutral	Yes

6888. **CMP282 Vote 2** – Which option is the best?

Panel Member	BEST Option?
Louise Schmitz	Original
Andy Pace	Not at Panel meeting therefore unable to vote.
James Anderson	Original
Laurence Barrett	Original
Garth Graham	Original
Paul Jones	Original
Robert Longden	Not at Panel meeting therefore unable to vote.
Simon Lord	Original
Paul Mott	Original

6889. NH did not have an update to provide to the Panel this month.

6890. **Joint European Stakeholder Group (JESG)**

6891. GG confirmed that the last JESG meeting had been held in London and an update had been provided on CACM and FCA and an update on Intra-day Capacity Pricing including a regulatory assessment on the methodology.

7 Authority Decisions as at 12 October 2017

6892. NH reported that the Authority expected to announce their decision on CMP251 and CMP261 at the end of October 2017 and confirmed that the Authority were on track to deliver a decision for CMP283 in November 2017.

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

6893. NR highlighted to the CUSC Panel that at the last BSC Panel, ELEXON had presented on a BSC Regulatory Sandbox initiative. The BSC are planning to raise a modification to grant the Panel with powers to derogate. GG noted that it is the role of the Authority to provide derogations and not the Panels and noted that he would not support such a proposal.

6894. HC highlighted to the Panel that the CACOP Annual Review is going to be run shortly and that this year's review is going to be run by the ENA (as Code Administrator for the D Code). An open letter will be issued shortly and any feedback should be sent be sent through to David Spillet at the ENA.

6895. HC highlighted that the Relevant Interruptions had been published on the website.

6896. **Future SO Programme.** DW joined the Panel to provide an overview to the Panel on the Future SO Programme.

6897. GG asked whether NG ESO was the right name for the newly forming business unit and whether it could be renamed. DW confirmed that if relevant, changes to the company name could be considered in the future. DW also clarified that the focus of the programme was about 'how' the SO is legally separated but also about 'what' the Future SO will deliver for the industry going forward. . GG highlighted the importance on focussing on the branding of SO.

6898. MJ asked about the separation of shares. DW confirmed that as the SO would still be part of the Group, employees may not be exempt of things such as share save. GG asked about the remuneration package and TM noted that based on previous experiences there would be a requirement for the company to demonstrate

transparency. DW confirmed that these issues were being addressed but that these were within early stages of discussions.

6899. MJ asked DW about the relationship between Charging Futures Forum (CFF) and the SCR. DW confirmed that these were separate. LB asked if the Task Forces had been set up yet. DW confirmed information relating to Task Force would be issued shortly. DW also clarified that Ofgem would decide who attends the Charging Futures Forum and that attendance would likely be limited to one person per organisation. . DW noted that anyone could sign up to a generic mailing list to gain more information. DW confirmed Observers may be given permission to attend the Charging Delivery Body meetings and comment on the minutes. Observers would only be allowed to comment at the meeting with the permission of the Chair.

6900. NR noted that material should be published in a timely manner. GG highlighted that it would be important to encourage early involvement and engagement and that material should be relevant. PJ noted that it was a good idea to have a portal and asked if all material would be visible. LS confirmed that everything would be visible.

6901. DW left the meeting after his presentation.

9 AOB

6902. NH noted National Grid's presentation on the new System Operator, included a useful update on Charging Futures Forum. He reported that a web portal would be launched end of October to disseminate Charging Futures Forum (and associated bodies) documents, decisions and membership information.

6903. GG highlighted that following the recent National Grid website changes, could the Code Administrator ensure that all existing material was not lost in transition to new website.

10 Next meeting

6904. It was confirmed to the Panel that the next normal Panel meeting will be held on 24 November 2017 at National Grid House.