

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	216
<b>Date of meeting</b>	24 November 2017
<b>Location</b>	National Grid House

## Attendees

Name	Initials	Position
Trisha McAuley	TM	Panel Chair
Caroline Wright	CW	Code Administrator
Heena Chauhan	HC	Panel Secretary
Nadir Hafeez	NH	Authority Representative
Louise Schmitz	LS	National Grid Panel Member
James Anderson	JA	Users' Panel Member
Laurence Barrett	LB	Users' Panel Member
Garth Graham (dial-in)	GG	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Simon Lord (dial-in)	SL	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Michael Jenner	MJ	Users' Panel Alternate
Andy Pace	AP	Consumers' Panel Member
Trevor Rhodes (dial-in)	TR	Users' Panel Alternate
Nicholas Rubin(dial-in)	NR	ELEXON
Teresa Thompson	TT	Code Administrator (Observer)

## 1 Introductions and Apologies for Absence

The Alternate Panel members Cem Suleyman (CS) and Kate Dooley (KD) did not join this meeting.

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

<https://www.nationalgrid.com/uk/electricity/codes/connection-and-use-system-code?meeting-docs>

## 2 Approval of previous meeting Minutes

6905. The minutes from the CUSC Panel meeting held on the 20 October 2017 were approved subject to comments received and are available on the National Grid website. Comments were received from LB, PM, LS, NH, PJ and TM.

### 3 Review of Actions

6906. **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.

CW confirmed that a summary had been provided to the Panel on the work performed to date on CMP271, CMP274 and CMP276. The Panel confirmed that this action could be closed.

6907. **Minute 6874:** CW took an action to come back to the November 2017 CUSC Panel meeting with a strawman on priorities of modifications and resource constraints.

6908. CW presented the Code Administrator's view regarding the prioritisation of current CUSC modifications setting out the principles that would be used to manage and schedule meetings to make optimal use of Industry time. CW clarified that Workgroup meetings and actions would be prioritised based on the following:

- Desired approval/ charging year implementation
- Proposer engagement
- Facilitating best use of industry time
- Support on the governance process to ensure changes are considered & implemented for the appropriate Charging Year

6909. TM sought clarification to confirm if the Panel could support these principles and if Ofgem could challenge this. CW confirmed that they could and that this was highlighted within CUSC Section 8.19.1 (e) with the Authority's powers clarified within CUSC Section 8.14.3.

6910. LB noted that during the course of a normal prioritisation exercise, consideration would be given to the urgency and importance of an issue, however in this case, the Panel would be emitting from providing a view on importance. CW confirmed that this was deliberate. GG also noted that the Authority could challenge Urgency and this could then be referred back to the Panel.

6911. NR considered that it would be worth getting a view from Ofgem in terms of how they would approach prioritisation suggesting this could form part at pre-meetings the Code Administrator ahead of the Panel meeting. NH confirmed that this engagement is already taking place.

6912. PJ and LB agreed that when prioritising, the importance of the Proposal will need to be considered. LB noted it would be worth getting a view from Ofgem considering their strategic view on Code Governance. JA highlighted that the role of Consultative Board had been published 22 November 2017. PJ highlighted that the Panel would need to ensure decisions are recorded and need to be open and transparent.

6913. LS pointed out to the Panel that this exercise was about helping the Code Governance team in dealing with their role on a day to day basis and about being practical.

6914. TM agreed and noted that clear principles will be set by Ofgem when they set their strategic direction and this issue should be addressed at a future meeting. PJ agreed

with this approach, highlighting this would come from the CMA process at which point the Panel and Code Governance team would need to fit in with this direction.

6915. GG noted that in the interim there is the role of Ofgem in terms of vetoing a decision of the Panel, the Authority can always disagree with the Panel's view and this should be seen as a useful check and balance.
6916. The Panel accepted the principles presented and agreed that they would reserve their right to re-prioritise as appropriate and reconvene their discussions once more information was available on Ofgem's strategic direction. PJ noted he would like to see an escalation process that can be directed back to the Panel. The Panel confirmed that this action could be closed.

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

6917. The Panel reviewed the CUSC Plan on a Page.
6918. **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.
6919. HC presented an overview of the CMP250 Workgroup Report. The Panel agreed that the Workgroup had met its Terms of Reference and could be discharged.
6920. LB requested that the Appendices containing the Workgroup Consultation Responses should be reviewed before the Consultation is issued to the Industry.
6921. GG noted the complexity of the proposal and the length of the documentation and requested that the proposed timetable be reviewed and possibly adjusted to provide a slightly longer window for the Industry to respond to the Consultation given that it was not due to return to the Panel till the (end) January meeting. CW and HC reviewed the Code Governance activity timetable and recommended that the timetable should remain as proposed to assist the Code Administrator in managing its currently increased workload. It was also noted that any extension to the proposed timetable would then fall into the Christmas holiday period which may not be of any benefit to the Industry. The Panel accepted that this adheres to standard timescales and accepted the timetable proposed by the Code Administrator.
6922. HC confirmed that the Code Administrator Consultation would be issued to the Industry after the Panel meeting for fifteen working days. The Draft Final Modification Report will be presented back to the Panel for their Recommendation vote in January 2018.
6923. NR brought to the attention of the Panel the analysis in Annex 4 which demonstrated an example of how BSUoS is calculated and that this appeared to be out of date as it did not reflect P305 which had been implemented in November 2015. LS confirmed that this analysis had been provided ahead of the Workgroup Consultation. Following this Consultation the Workgroup had agreed that this did not have a material impact on the Proposal and would not be taken forward by the Workgroup but should be retained within the report for completeness to reflect that this had been assessed by

the Workgroup. HC agreed to clarify this position within Annex 4 before the Consultation is issued to the Industry.

6924. **CMP271 'Improving the cost reflectivity of demand transmission charges'**. This CUSC modification Proposal aims to improve the cost reflectivity of demand transmission charges.

**And**

6925. **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**

6926. **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.

CW provided confirmation that Ofgem had published further clarity to the industry on the scope of the SCR/TCR on 6 November 2017 in a document entitled "Targeted Charging Review: update on approach to reviewing residual charging arrangements." CW noted that the Code Administrator has discussed impact of this with the Proposers and the Workgroup to discuss the options of:

- The Proposer withdrawing the modification;
- The Workgroup could, as part of the Workgroup Consultation, consult on whether the scope of the modification is part of the SCR/TCR. However this requires that the Workgroup Report is ready to be consulted on; or
- Request an extension to the timetable.

6927. CW advised that at the Workgroup meeting on 23 November 2017, the Workgroup agreed to recommend to the Panel that a further extension is granted to the point that Ofgem issues its SCR minded-to position.

6928. The Panel agreed to provide an extension subject to further information from Ofgem regarding their "minded to" position statement or should any developments be announced by the Authority then the Workgroup would reconvene. The Code Administrator will continue to update the Panel on any progress in this area.

6929. **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.

6930. CW noted work is still progressing on the legal text and from this whether any alternative options should be considered by the Workgroup. The date of the next meeting has not been arranged as is dependent on further clarity from National Grid's

legal team. The current timetable has that the Panel at its January 2018 meeting will be asked to approve that the report is issued for Code Admin Consultation. No extension requested this month but this date is at risk and the Code Administrator may come back to the December Panel meeting with a request for an extension.

6931. GG noted that as a Workgroup member he did not consider a delay would be required given that the legal text for the Original was agreed. CW confirmed that the current version of legal text was still draft and requires clarification by the Proposer and Workgroup. As a result a finalised version of this cannot be put forward by the National Grid representative until this has been agreed. Additionally, following this, additional alternatives may be raised by the Workgroup. GG highlighted that this should be addressed as soon as possible and that the National Grid legal team should also be engaged with as the Proposal, in legal text terms, is straightforward. LS highlighted to the Panel that the National Grid Representative has had some difficulties engaging with the Proposer, but that they were trying to drive this forward.

6932. AP asked if the Workgroup are interacting with National Grid's SNAPs initiative. LS confirmed that the Workgroup is working with someone who is close to SNAPs but noted that it is the role of any Workgroup to assess any Proposal against the current baseline.

6933. **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.

6934. CW noted that these Workgroups are continuing to develop the Proposal and had originally planned to meet again on 6 December 2017. CW confirmed that this meeting would need to be moved to the end of December and the timetable may be at risk. The Workgroup may request an extension at the December Panel meeting.

6935. **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.

6936. CW noted that this Proposal had been withdrawn by the Proposer and that the Industry would have a window of five working days to come forward to support it.

6937. CW confirmed to the Panel that the Proposer was not required to provide a reason for why they wished to withdraw their Proposal.

6938. GG clarified that the Proposal would need to be adopted by a CUSC Party. The Panel also noted that in the case of a Proposal being withdrawn by the Proposer, it was unlikely that a Materially Affected Party could support such a withdrawn proposal as

they would be unlikely to be granted designation by the Authority within the required timescales.

6939. **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.
6940. CW noted that this Workgroup is continuing to develop the Proposal and the next meeting due to be held 27 November 2017. CW confirmed that the Workgroup Consultation is due to be issued at the start of January 2018, however this date may be at risk and that following the next Workgroup meeting an extension may be requested at the December Panel meeting.
6941. SL asked how the Workgroup was working and whether common views had been formed by the Workgroup and had any contentious issues been raised. JA confirmed that the Workgroup had expanded existing options which they had then tapered down. RL noted that it this approach had been helpful for the Workgroup in their thinking and development of the Proposal. MJ noted that as the Proposer he would try to further narrow this scope at the next meeting. CW confirmed that the Workgroup was progressing in a helpful and pragmatic manner and nothing as yet had been contentious.
6942. RL highlighted to the developments for this Proposal were being progressed very well.
6943. CW confirmed to TM that his Proposal in particular was focussing on the composition of the Panel and was not impacted by the work being led by Ofgem.
6944. **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**

6945. **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.
6946. HC noted that the deadline for Workgroup nominations was 8 November 2017 and ten nominations had been received. CW confirmed a date had not yet has been agreed to hold the first Workgroup meeting and was unlikely to be until the start of next year.
6947. AP noted that he had made consumer groups aware of these modifications but no consumer parties had come forward.
6948. **Governance Standing Group (GSG).**

6949. GG noted that the last GSG meeting took place on 3 November 2017. At this meeting the GSG reviewed the Forward Work Plan priorities.

**ACTION: HC to circulate to circulate the latest Forward Work Plan to the Panel.**

6950. **Transmission Charging Methodologies Forum (TCMF) and CUSC Issues Steering Group (CISG).**

6951. LS noted that the last TCMF and CISG took place via Webinar on 8 November 2017. The next TCMF and CISG will take place 13 December 2017 in Warwick.

## 5 European Code Development

6952. NH did not have an update to provide to the Panel this month.

6953. GG noted that following changes to the Grid Code for Article 71, subsequent changes would be required to Connection Agreements, which are exhibits / schedules to the CUSC. This led to an obligation on Ofgem to ensure that these changes were made to the CUSC to support this requirement.

**ACTION: NH to provide an update regarding Ofgem's view on changes to the CUSC following the changes made to Article 71 at the next Panel meeting**

6954. **Joint European Stakeholder Group (JESG)**

6955. GG confirmed that the last JESG meeting had been held in London on 21 November 2017 and an update had been provided on Intraday Cross Zonal Gate Times (IDCZGT) and Cross Zonal Intraday Capacity Pricing (CZIDCP) by Ofgem and National Grid provided an update on CACM and SOGL. The JESG meeting dates were also agreed at this meeting for 2018. The JESG also discussed potential changes to the frequency of the JESG newsletter.

## 7 Authority Decisions as at 24 November 2017

6956. NH noted that the Authority had announced its decision to approve CMP283 on 10 November and reject CMP261 on 16 November 2017 as they did not consider a breach had taken place based on a broad interpretation. A decision for CMP251 is expected before Christmas and ahead of Ofgem's moratorium period and the decision for CMP282 is expected 28 November 2017.

6957. NH also confirmed that the Ofgem moratorium period, during which Ofgem do not publish any decisions, would run from 20 December 2017 to 2 January 2018.

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

**ELEXON Sandbox**



6958. NR noted ELEXON had received approval at the last BSC Panel for Proposal to develop a trial Sandbox approach within the BSC. The purpose of this Proposal would be to allow parties and non-parties to experiment with existing business processes to gain derogations from these processes. The discussion at the BSC Panel regarding this Proposal had been viewed as positive; however the Panel recognised that this would require coordination across different codes to understand how their process would work end to end. ELEXON would be arranging a workshop in the near future to understand how an industry Sandbox may work in practice.

**ACTION: NR to circulate details of the ELEXON Sandbox workshops to the Panel.**

6959. TM confirmed to the Panel that she had attended last BSC Panel as an Observer and that following this Panel meeting she had also attended Ofgem's Smart Energy Workshop Panel on innovation. The key message from this Workshop had been that the Industry underestimated the powers of the Codes as opposed to the Authority. Additionally following a meeting with Lesley Nugent of Ofgem where the Consultative Board and its strategic direction had been reviewed, innovation may also be included in the future within the scope of the Consultative Board.

6960. NR confirmed to PM that the mechanics of how derogations would be granted had not been decided upon yet and that this would be up to the Workgroup to follow through with a number of options and confirmed that risk management would be a key element of this proposal.

6961. PJ asked NR why ELEXON had decided to trial this Proposal and not change the rules within the BSC as it would seem this is difficult to apply on a trial basis. AP confirmed that the BSC Panel supported that this run as a trial ahead of implementing an enduring solution. LS highlighted her personal view that she has reservations on how this may impact on commerciality and although she appreciated the innovation slant to this proposal decisions need to be taken very carefully. MJ confirmed that Ofgem has its own Sandbox and GG noted it may be better for the GB industry Codes to use the Ofgem Sandbox as they are the highest authoritative body providing them with unique visibility of all the potential impacts as well as the powers in terms of the potential 'relaxation' of Licence or cross code obligations.

6962. LS highlighted that CUSC is a commercial contract in relation to Connections and Charges for the transmission system and the Panel cannot derogate parties from their obligations as any such derogations would also have commercial impacts on others. It would be preferable to see how other trials work, ideally with the Authority taking a lead on this.

6963. NH noted that Ofgem welcomes the idea of a Sandbox and have asked Parties and Codes to adopt this and are looking for cross code support. GG highlighted that the Code Panels and Authority would need to be mindful of the European Network Codes, in terms of granting derogations etc., as there is a lot of change to the GB industry codes from the Network Codes that cannot be considered and supported within this Sandbox approach.

6964. RL noted that Charging and Connections are well defined and questioned the value of a CUSC Sandbox as there are currently forums such as TCMF to refer to. LS agreed that there are many routes already available.



6965. TM noted it would be worth the Innovation Lead at Ofgem attending a future Panel meeting

**ACTION: NH to arrange for the Ofgem Innovation Lead to attend a future meeting**

### **Charging Futures Forum**

6966. LS highlighted Charging Futures and recommend looking at Ofgem's guidance for raising modifications.

6967. LS highlighted to the Panel that in relation to Project TERRE, and following changes to the BSC, there may be some consequential changes required to the CUSC resulting in new Proposals.

6968. The Panel noted that the Charging Futures Forum Web Portal was now active with National Grid acting as the lead Secretariat for this forum. PJ highlighted that a Task Force meeting had been arranged but that this has not been communicated well to the Industry. NH confirmed that this should have been on the Web Portal. RL asked if these notifications could this be included within the Ofgem Daily update. NH confirmed notification of these meeting would be the responsibility of the Lead Secretariat. GG suggested a weekly newsletter approach similar to the JESG may be useful for stakeholders. The Panel supported this approach.

**ACTION: LS to relay feedback from the Panel around the requirement of regular communications regarding Charging Futures Forum updates and meetings to the Future Role of the SO team**

## **9 AOB**

6969. The Panel noted the 2018 meeting dates and agreed that the December CUSC Panel meeting was likely to take place as a face to face meeting rather than via teleconference/ WebEx as in previous years as there may be proposers raised but this will be confirmed as part of papers day .

6970. The Panel noted that HC would be moving onto a new role and no longer be supporting them at the CUSC Panel Secretary.

## **10 Next meeting**

6971. It was confirmed to the Panel that the next normal Panel meeting will be held on 15 December 2017 at National Grid House.