








Stage 05 Draft CUSC Modification	At what stage is this document in the process?												
<p>CMP297: Aligning CUSC and BSC post-TERRE (Section 11) – consequential modification to introduce definition of Virtual Lead Party</p>	<table border="1"> <tr> <td data-bbox="1145 331 1217 409">01</td> <td data-bbox="1217 331 1441 409">Initial Written Assessment</td> </tr> <tr> <td data-bbox="1145 421 1217 499">02</td> <td data-bbox="1217 421 1441 499">Workgroup Consultation</td> </tr> <tr> <td data-bbox="1145 510 1217 589">03</td> <td data-bbox="1217 510 1441 589">Workgroup Report</td> </tr> <tr> <td data-bbox="1145 600 1217 678">04</td> <td data-bbox="1217 600 1441 678">Code Administrator Consultation</td> </tr> <tr> <td data-bbox="1145 689 1217 768">05</td> <td data-bbox="1217 689 1441 768">Draft CUSC Modification</td> </tr> <tr> <td data-bbox="1145 779 1217 857">06</td> <td data-bbox="1217 779 1441 857">Final CUSC Modification Report</td> </tr> </table>	01	Initial Written Assessment	02	Workgroup Consultation	03	Workgroup Report	04	Code Administrator Consultation	05	Draft CUSC Modification	06	Final CUSC Modification Report
01	Initial Written Assessment												
02	Workgroup Consultation												
03	Workgroup Report												
04	Code Administrator Consultation												
05	Draft CUSC Modification												
06	Final CUSC Modification Report												
<p>Purpose of Modification: The Company has raised a CMP to alter Section 14 of the CUSC such that the extant BSUoS exemption which applies to Interconnector BMUs can be expanded to cover Virtual Lead Parties. This consequential CMP seeks to amend Section 11 to introduce a definition of ‘Virtual Lead Party’</p>													
	<p>This Draft Final Modification Report has been prepared in accordance with the terms of the CUSC. An electronic version of this document and all other CMP297 related documentation can be found on the National Grid website via the following link:</p> <p>https://www.nationalgrid.com/uk/electricity/codes/connection-and-use-system-code/modifications/aligning-cusc-and-bsc-post-terre</p> <p>The purpose of this document is to assist the CUSC Panel in making its recommendation on whether to implement CMP297.</p>												
	<p>Low Impact: BSUoS Chargeable Parties</p>												

Contents		 Any questions?
1	About this document	3
2	Original Proposal	3
3	Proposer's solution	4
4	CMP297: Relevant Objectives	4
5	Implementation	5
6	Code Administrator Consultation Response Summary	6
7	Legal Text	8
8	Impacts	8
9	Annex 1: CMP297 Terms of Reference	9
10	Annex 2: Code Administrator Consultation Responses	10
Timetable		 telephone: 07970673220
The CUSC Panel have agreed the following timetable:		Proposer: Harriet Harmon (National Grid)
Proposal presented to Panel	27 April 2018	 joseph.henry 2@nationalgrid.c om
Code Administration Consultation Report issued to the Industry (15WDs)	22 May 2018	 harriet.harmon@ nationalgrid.com
Draft Final Modification Report presented to Panel	21 June 2018	 telephone: 07970458456
Modification Panel decision	29 June 2018	National Grid contact: Harriet Harmon
Final Modification Report issued to Authority (25 WD)	12 July 2018	
Indicative Decision Date	16 August 2018	
Decision implemented in CUSC (2WD after determination)	01 April 2019	

1 About this document

This document is the Draft Final CUSC Modification Report document that contains the responses received from the Code Administrator Consultation which closed on 13 June 2018.

CMP297 was proposed by National Grid and was submitted to the CUSC Modifications Panel for its consideration on 19 April 2018. The Panel decided to send the Proposal to a Code Administrator Consultation to be developed and assessed against the CUSC Applicable Objectives

CMP297 aims to alter Section 14 of the CUSC such that the extant BSUoS exemption which applies to Interconnector BMUs can be expanded to cover Virtual Lead Parties. This consequential CMP seeks to amend Section 11 to introduce a definition of 'Virtual Lead Party'.

Code Administrator Consultation Responses

1 response was received to the Code Administrator Consultation. A summary of the responses can be found in Section XX of this document.

This Draft Final Modification Report has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid Website:

<https://www.nationalgrid.com/uk/electricity/codes/connection-and-use-system-code/modifications/aligning-cusc-and-bsc-post-terre>

2 Original Proposal

Section 2 (Original Proposal) are sourced directly from the Proposer and any statements or assertions have not been altered or substantiated/supported or refuted by the Workgroup.

Defect

The CUSC does not currently recognise Virtual Lead Parties and should be updated in Section 11 to do so, in order to facilitate delivery of the CMP raised by The Company which seeks to exclude Virtual Lead Parties from BSUoS liabilities ("the Charging CMP", for ease of reference).

The rationale for such exclusion is outlined in CMP296.

What

Section 11 of the CUSC should be updated to include a definition of 'Virtual Lead Party'

Why

BSC P344 and GC0097 will enable Virtual Lead Parties to participate as BMUs – the CUSC currently does not recognise Virtual Lead Parties as a category of Market Participant

How

Update Section 11 only, to state that Virtual Lead Party is defined within the Balancing and Settlement Code.

3 Proposer's solution

Section 3 (Proposer's solution) are sourced directly from the Proposer and any statements or assertions have not been altered or substantiated/supported or refuted by the Workgroup. Section 7 of the Workgroup contains the discussion by the Workgroup on the Proposal and the potential solution.

It is suggested that the following is inserted into Section 11 of the CUSC:

'Virtual Lead Party – as defined in the Balancing and Settlement Code'.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

It is resultant from BSC Modification P344

Consumer Impacts

As Per CMP296 modification, which was also issued to Code Administrator consultation in May 2018.

4 CMP297: Relevant Objectives

Impact of the modification on the Applicable CUSC Objectives (Standard):	
Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	None
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;	Positive – recognises the new Market Participant, thereby enabling the exemption from BSUoS liability
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European	Positive – required to implement Project

Commission and/or the Agency *; and	TERRE appropriately
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive – enables Section 14 to be updated without creating an undefined term within CUSC
*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).	

5 Implementation

Proposer's initial view:

The view of the Proposer was that CMP297 should be implemented on 1 April 2019.

6 Code Administrator Consultation Response Summary

The Code Administrator Consultation was issued on 22 May 2018 for 15 Working Days, with a close date of 13 June 2018.

1 response were received to the Code Administrator Consultation and are detailed in the table below

Respondent	Do you believe that CMP282 better facilitates the Applicable CUSC objectives?	Do you support the proposed implementation approach?	Do you have any other comments?
Joshua Logan, Drax Power Limited	<p>We believe that the Proposed solution better facilitates the Applicable CUSC Objectives.</p> <p>Applicable Objective (b) – Positive This change recognises the introduction of a new Market Participant into the CUSC. This is required to facilitate the introduction of project TERRE which should stimulate more competition in the BM and will introduce a pan-European replacement reserve market.</p> <p>Applicable Objective (c) – Positive The implementation of Project TERRE will ensure compliance with the European Balancing Guideline (EB GL). This is a consequential CUSC change that is required and</p>	Yes we support the implementation approach	No

	<p>therefore better facilitates compliance with the regulation.</p> <p>Applicable Objective (d) – Positive Including the definition of a Virtual Lead Party (VLP) in the CUSC will add clarity and promote efficiency in the implementation and administration of the CUSC arrangements.</p>		
--	--	--	--

7 Legal Text

Text Commentary

As outlined in 'Solution' – insert Virtual Lead Party into Section 11 and confirm that it is defined within the BSC.

Secondary BM Unit as defined in the Balancing and Settlement Code

8 Impacts

Costs

Code administration costs	
Resource costs	£0.00 - 0 Workgroup meetings £0.00 - Catering
Total Code Administrator costs	£0.00

Industry costs (Standard CMP)	
Resource costs	£0.00 - 0 Workgroup meetings £908.00 – 1 Consultations <ul style="list-style-type: none">• 0 Workgroup meetings• 0 Workgroup members• 1.5 man days effort per meeting• 1.5 man days effort per consultation response• 1 consultation respondents
Total Code Administrator costs	£0.00
Total Industry Costs	£908.00



Workgroup Terms of Reference and Membership

TERMS OF REFERENCE FOR CMP297 WORKGROUP

Balancing and Settlement Code modification P344 (Project TERRE) introduces a new class of Balancing Mechanism Unit (BMU), and a new class of BMU registrant to the BSC (“Virtual Lead Parties” or “VLPs”). As these changes are facilitated by P344, it is necessary to amend the CUSC to expand the pre-existing BSUoS exemption to these Virtual Lead Parties. In order to facilitate P344 and consequential changes, CMP297 looks to introduce the definition of “Virtual Lead Party” into the CUSC, more specifically Section 11.

Responsibilities

1. The Workgroup is responsible for assisting the CUSC Modifications Panel in the evaluation of CUSC Modification Proposal **CMP297** Aligning CUSC and BSC post-TERRE (Section 11) – consequential modification to introduce definition of Virtual Lead Party.
2. The proposal must be evaluated to consider whether it better facilitates achievement of the Applicable CUSC Objectives. These can be summarised as follows:

Standard Objectives

- (a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;
 - (b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;
 - (c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency; and
 - (d) Promoting efficiency in the implementation and administration of the CUSC arrangements.
3. It should be noted that additional provisions apply where it is proposed to modify the CUSC Modification provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

Scope of work

4. The Workgroup must consider the issues raised by the Modification Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.

5. In addition to the overriding requirement of paragraph 4, the Workgroup shall consider and report on the following specific issues:
6. The Workgroup is responsible for the formulation and evaluation of any Workgroup Alternative CUSC Modifications (WACMs) arising from Group discussions which would, as compared with the Modification Proposal or the current version of the CUSC, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified.
7. The Workgroup should become conversant with the definition of Workgroup Alternative CUSC Modification which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the Group and/or an individual member of the Workgroup to put forward a WACM if the member(s) genuinely believes the WACM would better facilitate the achievement of the Applicable CUSC Objectives, as compared with the Modification Proposal or the current version of the CUSC. The extent of the support for the Modification Proposal or any WACM arising from the Workgroup's discussions should be clearly described in the final Workgroup Report to the CUSC Modifications Panel.
8. Workgroup members should be mindful of efficiency and propose the fewest number of WACMs possible.
9. All proposed WACMs should include the Proposer(s)'s details within the final Workgroup report, for the avoidance of doubt this includes WACMs which are proposed by the entire Workgroup or subset of members.
10. There is an obligation on the Workgroup to undertake a period of Consultation in accordance with CUSC 8.20. The Workgroup Consultation period shall be for a period of **15 working days** as determined by the Modifications Panel.
11. Following the Consultation period the Workgroup is required to consider all responses including any WG Consultation Alternative Requests. In undertaking an assessment of any WG Consultation Alternative Request, the Workgroup should consider whether it better facilitates the Applicable CUSC Objectives than the current version of the CUSC.

As appropriate, the Workgroup will be required to undertake any further analysis and update the original Modification Proposal and/or WACMs. All responses including any WG Consultation Alternative Requests shall be included within the final report including a summary of the Workgroup's deliberations and conclusions. The report should make it clear where and why the Workgroup chairman has exercised his right under the CUSC to progress a WG Consultation Alternative Request or a WACM against the majority views of Workgroup members. It should also be explicitly stated where, under these circumstances, the Workgroup chairman is employed by the same organisation who submitted the WG Consultation Alternative Request.

12. The Workgroup is to submit its final report to the Modifications Panel Secretary on **TBC** for circulation to Panel Members. The final report conclusions will be presented to the CUSC Modifications Panel meeting on **TBC**.

Membership

13. It is recommended that the Workgroup has the following members:

Role	Name	Representing
Chairman	NAME	National Grid
National Grid Representative	NAME	National Grid
Industry Representatives	NAME NAME	Company (Proposer) Company
Authority Representatives	NAME	OFGEM
Technical secretary	NAME	National Grid
Observers	NAME	Company

NB: A Workgroup must comprise at least 5 members (who may be Panel Members). The roles identified with an asterisk in the table above contribute toward the required quorum, determined in accordance with paragraph 14 below.

14. The chairman of the Workgroup and the Modifications Panel Chairman must agree a number that will be quorum for each Workgroup meeting. The agreed figure for CMP297 is that at least 5 Workgroup members must participate in a meeting for quorum to be met.
15. A vote is to take place by all eligible Workgroup members on the Modification Proposal and each WACM. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference). The Workgroup chairman shall not have a vote, casting or otherwise]. There may be up to three rounds of voting, as follows:
- Vote 1: whether each proposal better facilitates the Applicable CUSC Objectives;
 - Vote 2: where one or more WACMs exist, whether each WACM better facilitates the Applicable CUSC Objectives than the original Modification Proposal;
 - Vote 3: which option is considered to BEST facilitate achievement of the Applicable CUSC Objectives. For the avoidance of doubt, this vote should include the existing CUSC baseline as an option.

The results from the vote and the reasons for such voting shall be recorded in the Workgroup report in as much detail as practicable.

16. It is expected that Workgroup members would only abstain from voting under limited circumstances, for example where a member feels that a proposal has been insufficiently developed. Where a member has such concerns, they should raise these with the Workgroup chairman at the earliest possible opportunity and certainly before the Workgroup vote takes place. Where abstention occurs, the reason should be recorded in the Workgroup report.

17. Workgroup members or their appointed alternate are required to attend a minimum of 50% of the Workgroup meetings to be eligible to participate in the Workgroup vote.
18. The Technical Secretary shall keep an Attendance Record for the Workgroup meetings and circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the final Workgroup report.
19. The Workgroup membership can be amended from time to time by the CUSC Modifications Panel.

Appendix 1

Proposed CMP297 Timetable

The Code Administrator recommends the following timetable:	
Initial consideration by Workgroup	TBC
Workgroup Consultation issued to the Industry	TBC
Modification concluded by Workgroup	TBC
Workgroup Report presented to Panel	TBC
Code Administration Consultation Report issued to the Industry	TBC
Draft Final Modification Report presented to Panel	TBC
Modification Panel decision	TBC
Final Modification Report issued the Authority	TBC
Decision implemented in CUSC	TBC

CMP297 – Aligning CUSC and BSC post-TERRE (Section 11) – consequential modification to introduce definition of Virtual Lead Party.

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **13 June 2018** to cusc.team@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its final determination.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

<p>Respondent:</p>	<p><i>Joshua Logan</i> Joshua.logan@drax.com 01757 612736</p>
<p>Company Name:</p>	<p><i>Drax Power Ltd</i></p>
<p>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</p>	<p>For reference, the Applicable CUSC objectives are:</p> <ul style="list-style-type: none"> (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity. (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. (d) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. <p><u>Response</u></p> <p>We believe that the Proposed solution better facilitates the Applicable CUSC Objectives.</p> <p>Applicable Objective (b) – Positive</p> <p>This change recognises the introduction of a new Market Participant into the CUSC. This is required to facilitate the introduction of project TERRE which should stimulate more competition in the BM and will introduce a pan-European</p>

	<p>replacement reserve market.</p> <p>Applicable Objective (c) – Positive</p> <p>The implementation of Project TERRE will ensure compliance with the European Balancing Guideline (EB GL). This is a consequential CUSC change that is required and therefore better facilitates compliance with the regulation.</p> <p>Applicable Objective (d) – Positive</p> <p>Including the definition of a Virtual Lead Party (VLP) in the CUSC will add clarity and promote efficiency in the implementation and administration of the CUSC arrangements.</p>
<p>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</p>	<p>Yes, we support the implementation approach.</p>
<p>Do you have any other comments?</p>	<p>No.</p>