








Draft Final Modification Report	At what stage is this document in the process?
<h1>CMP305:</h1> <h2>Removal of the Enhanced Reactive Power Service (ERPS)</h2>	<div>01 Proposal Form</div> <div>02 Code Administrator Consultation</div> <div>03 Draft CUSC Modification Report</div> <div>04 Final CUSC Modification Report</div>
<p>Purpose of Modification: The aim of this modification is to remove references to the Enhanced Reactive Power Service (ERPS) from the CUSC. This is an opt-in tendered commercial service for which no tenders have been submitted in seven and a half years, and no contracts have been agreed in nine years. There is an ongoing obligation for NG ESO to issue a request for tenders every six months. Given the administrative burden of running a tender exercise with no participants, the period for which no tenders have been received, and customer feedback, it is proposed that this obligation should be removed from the CUSC.</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 CMP305 related documentation can be found on the National Grid ESO website via the following link:</p> <p>https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/removal-enhanced-reactive-power-service</p> <p>The purpose of this document is to assist the CUSC Panel in making its recommendation on whether to implement CMP305.</p>
	<p>Low Impact</p> <p>This proposal has low impact on industry and providers of balancing services. No tenders have been received for this service since January 2011, and there have been no new contracts signed since October 2009.</p>

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Timetable		 Lurrentia.Walker@nationalgrid.com
		 07976 940 855
		Proposer: Urmi Mistry, National Grid
		 urmi.mistry@nationalgrid.com
		 07814 792971
		National Grid Representative: Urmi Mistry
The Code Administrator recommends the following timetable:		
Code Administration Consultation Report issued to the Industry		05 October 2018
Draft Final Modification Report presented to Panel		30 November 2018
Modification Panel decision		30 November 2018
Final Modification Report issued the Authority		12 December 2018
Decision implemented in CUSC		January 2019

Proposer Details

Details of Proposer: (Organisation Name)	National Grid Electricity System Operator
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Urmi Mistry National Grid 07814 792971 Urmi.mistry@nationalgrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Patrick Cassels National Grid 07766 778645 patrick.cassels@nationalgrid.com
Attachments (Yes/No): No	
If Yes, Title and No. of pages of each Attachment: N/A	

Impact on Core Industry Documentation.

No impact on other core industry documentation.

1 About this document

This document is the Draft Final CUSC Modification Report and contains the responses to the Code Administration Consultation which closed on 26 October 2018.

CMP305 was proposed by National Grid ESO and was submitted to the CUSC Modifications Panel for its consideration on 31 August 2018. The Panel decided to send the proposal to Code Administrator Consultation.

CMP305 aims to remove references to the Enhanced Reactive Power Service (ERPS) from the CUSC. This is an opt-in tendered commercial service for which no tenders have been submitted in seven and a half years, and no contracts have been agreed in nine years. There is an ongoing obligation for NG ESO to issue a request for tenders every six months. Given the administrative burden of running a tender exercise with no participants, the period for which no tenders have been received, and customer feedback, it is proposed that this obligation should be removed from the CUSC.

Code Administrator Consultation Responses

5 responses were received to the Code Administrator Consultation. A summary of the responses can be found in Section 10 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 ESO Website:

<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/removal-enhanced-reactive-power-service>

2 Original Proposal

Defect

The CUSC contains obligations for NG ESO to tender for the Enhanced Reactive Power Service (henceforth referred to as ERPS). This is an opt-in commercial service for reactive power that NG ESO is required to tender for every six months. ERPS was intended for providers who can exceed the requirements of the Obligatory Reactive Power Service (ORPS), or for providers who are not required to offer ORPS but can meet or exceed the performance standard.

NG ESO has not received a tender submission for this service since January 2011. We have not entered a contract for this service since October 2009. NG ESO has continued to tender for this service every six months with no submissions received.

This CUSC modification proposal is to remove the ERPS from the CUSC, including all obligations with running the six-monthly tender. ERPS is currently the only opt-in commercial ancillary service where the requirement to tender and the method for doing so are prescribed in the CUSC. In removing ERPS, any future needs for a reactive power services can be addressed in a transparent and competitive manner, as per all other commercial ancillary services, under the Procurement Guidelines and associated governance arrangements.

What

The proposal is to remove all references to the Enhanced Reactive Power Service from the CUSC, including the obligation for NG ESO to tender for the service every six months.

Why

NG ESO has consulted widely with industry on making reforms to our balancing services to deliver improved transparency, competition and fit-for-purpose arrangements via our System Needs and Product Strategy consultation. In response to this consultation, numerous stakeholders informed us that a more flexible set of arrangements is needed, and that the current methods for reactive power procurement do not meet their needs. This code modification aims to remove the redundant ERPS service, as set out in the Reactive Power Product Roadmap. This was identified as the first step in creating new opportunities under more flexible arrangements in line with levelling the playing field and delivering benefit to consumers.

The obligation to tender for ERPS as specified in the CUSC is no longer appropriate given the overwhelming evidence that this market is not functional. Removing this obligation will alleviate an administrative burden on the ESO and enable internal resource to focus on value-add activities, such as developing better functioning, more competitive service solutions.

The codified arrangements for ERPS presently stifle the potential for alternative, more flexible arrangements to be considered under the Procurement Guidelines, which could deliver a more functional market and a better outcome for the end consumer. If this change is not made, it will act as a barrier to the development of more competitive solutions for reactive power, and there will be a continued resource impact on NG ESO to conduct the six-monthly tenders.

How

There is currently no participation in this service and consequently a low impact on industry and balancing service participants in removing references to this service. We therefore propose that this modification progress directly to Code Administrator Consultation. We intend to reallocate the resource associated with running the tenders for this service on the development of more functional, transparent and competitive markets that offer better value for the end consumer.

3 Governance

This modification was raised on the **23 August 2018** by **National Grid** and was presented by the Proposer to the Panel on **31 August 2018**. The Panel agreed that the modification should proceed directly to Code Administrator Consultation due to the low impact on industry and balancing services participants.

4 Why Change?

The GB electricity system is continuing to evolve at pace. The way in which we administer ancillary service markets must increasingly be focussed on efficient use of all available resource and maximising value-add activities that deliver clear benefits for the

end consumer. In this world of change, NG ESO aims to deliver balancing services markets that can adapt to the challenges of the future and are open to the widest possible pool of market participants, thereby achieving the most economic outcome for the end consumer. Our intent is to foster transparent and competitive service markets approaches that enable all technology types and electricity system users to compete on a level playing field.

This change to CUSC will remove the requirement for NG ESO to run a tender every six months for ERPS. The current set of arrangements placing restrictions on the procurement methods for a commercially tendered ancillary service which limits our ability to adapt to the changing needs of the system and market participants.

Rationalising this service will provide an additional benefit by removing an administrative burden on NG ESO, enabling internal resource to focus on the development of functioning and competitive service solutions. This modification will have minimal impact on providers of balancing services and wider industry as there is currently no participation in ERPS tenders.

The intent to raise to raise this modification to remove ERPS was the first action outlined in the Reactive Power Product Roadmap, published May 2018. This is part of a series of commitments to work with industry to determine a suitable set of market arrangements for reactive power.

The codified implementation of ERPS stifles potential for alternative, more flexible market arrangements to be considered under the Procurement Guidelines, as deprecated ERPS arrangements would presently exist in parallel. This modification would deliver a more functional market and a better outcome for the end consumer. If this change is not made, it will act as a barrier to the development of more competitive solutions for reactive power, and there will be a continued resource impact on NG ESO to conduct the six-monthly tenders.

5 Code Specific Matters

Reference Documents

This modification relates to the Connection and Use of System Code (CUSC) only.

Link to the [Reactive Power Product Roadmap](#).

6 Solution

The proposed solution is to remove the references to Enhanced Reactive Power Service as they appear throughout the CUSC. These references occur specifically in:

- Section 11
- Section 4
- Schedule 2
- Schedule 3

The modification proposes removal only, and no additions to be made to the CUSC.

7 Impacts & Other Considerations

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

No impact.

Consumer Impacts

There will be a beneficial impact to consumers, as we propose to remove a service for which there is no longer an active market. This will enable resource to focus on developing more competitive and efficient approaches to balancing services procurement via market-based mechanisms. Our Reactive Power Product Roadmap sets out a plan for how we will engage with industry to consult on alternative approaches that better meet the needs of the system and market participants to deliver a positive impact for consumers.

Costs

Industry costs (Standard CMP)	
Resource costs	£4,538.00 – 1 Code Consultation <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 • 5 consultation respondents
Total Code Administrator costs	£4,538.00
Total Industry Costs	£4,538.00

8 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;	Positive
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith)	Positive

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	None
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive
*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).	

Evidence for the impact of the modification is as follows:

- (a) Removing ERPS from the CUSC will enable NG ESO to conduct our duties in a more economic and efficient manner by focussing on value-add activities that deliver clear benefits to the consumer and removing the inefficiencies associated with tendering for a deprecated service.
- (b) The developments set out in the Reactive Power Roadmap, of which this modification is the first step, are necessary to ensure that more liquid, flexible and transparent market-based mechanisms facilitate economic outcomes and a level playing field for providers of services.
- (d) Removing an outdated set of obligations from the CUSC will help to streamline the code, and ensure that commercial opt-in services are implemented efficiently and flexibly via the Procurement Guidelines rather than continuing to codify commercial tendered services.

9 Implementation

This change should be implemented as soon as practicable following approval to maximise the benefits of no longer tendering for the service. The next tender for ERPS is due in January 2019 therefore provisional on approval of this modification, the intent is to not run this tender.

10 Code Administration Consultation Response Summary

The Code Administrator Consultation was issued on 5 October 2018 for 15 Working Days, with a close date of 26 October 2018.

5 responses were received to the Code Administrator Consultation and are detailed in the table below:

Respondent	Do you believe that CMP305 better facilitates the Applicable CUSC objectives?	Do you support the proposed implementation approach?	Do you have any other comments?
Joshua Logan, Drax	No, overall we consider that CMP305 is neutral against the	If Ofgem approve this modification, then it	Yes, we support a review of the ERPS

	<p>Applicable CUSC objectives.</p> <p>Applicable Objective (b) - Negative</p> <p>Whilst we realise there has been no tenders submitted for the past seven years, removing the opportunity for parties to do so cannot be seen as promoting competition. We believe that a better approach would be reviewing the Enhanced Reactive Power Service (ERPS) and making it fit for purpose.</p> <p>Applicable Objective (d) - Positive</p> <p>Removing the requirement for National Grid to run tenders when there are no submissions will marginally facilitate efficiency in administering the CUSC.</p>	<p>should be implemented in the usual way. However, we would urge Ofgem to consider that modification CMP304 is looking to make the ERPS fit for purpose and will be developing this through a workgroup, it would be prudent to hold off making a decision on CMP305 until they have received and reviewed the final modification report for CMP304.</p>	<p>and changes being made to make it fit for purpose and enable the development of the market. CMP304 will do this in an open, transparent manner through engagement with industry to develop the right solution. As such, we support the approach taken by CMP304 and believe this is the best way to tackle existing issues with the ERPS, rather than its removal as proposed by this modification.</p>
James Anderson, Scottish Power	<p>Overall, we believe CMP305 will better achieve the Applicable CUSC Objectives (ACOs).</p> <p>The Proposal will better facilitate competition through removing an obstacle to the development of a more relevant service and tender process through the SNAPS process and governed under the Procurement Guidelines (ACO (b)).</p> <p>By removing the requirement to conduct a tender process for a service which market participants do not appear to wish to participate, the Proposal will better promote efficiency in the implementation and administration of the CUSC arrangements (ACO (d)).</p> <p>The Proposal is neutral against the other ACOs.</p>	<p>WE agree that the Proposal should be implemented as soon as practicable in order to remove the need to hold further tender processes.</p>	<p>No.</p>

Jack Abbott Centrica,	<p>Yes.</p> <p>We believe that the proposal within CMP305 to remove ERPS will help improve efficiency of the CUSC arrangements.</p> <p>It will also improve competition, on the proviso that National Grid ESO commits to its proposals laid out in Reactive Power roadmap as part of the System Needs and Product Strategy reform work. New Reactive Power products are needed, which will need to be appropriately designed to ensure that there is as much competition from a range of assets – notably those technologies that have not previously participated in Reactive Power.</p>	<p>Yes, we support the proposed implementation approach of CMP305. We agree that it would be preferable to have the commercial procurement of Reactive Power removed from the CUSC; such procurement processes and criteria, as well as the Standard Contract Terms will need to be clearly defined by the ESO.</p>	No
Paul Jones, Uniper UK Ltd	<p>Yes. If the Enhanced Reactive Power Service is not being used then it doesn't seem efficient to retain obligations to tender for it. Therefore, this modification would better meet objective d).</p>	<p>Yes, in so much as it would remove an obligation to carry out an unnecessary six monthly tender.</p>	<p>Yes. The views expressed above do not mean that we agree that balancing services should not be defined in the CUSC. It is not clear that solely setting out arrangements in the procurement guidelines is the best approach. Balancing services terms and conditions affect those providing the services as much as National Grid as the party procuring them. Therefore, it seems appropriate to bring such services under the open governance arrangements of the CUSC.</p>
Laurence Barrett, E.ON	<p>E.ON believes CMP305 better facilitates the Applicable CUSC Objectives. The EPRS is clearly an</p>	<p>E.ON agrees with the implementation approach that EPRS</p>	<p>E.ON believes that the best approach to reform reactive</p>

	<p>obsolete service that neither the ESO nor industry wish to participate in. E.ON has been supportive of the SNaPS process that has been run by the ESO and agrees with the approach set out under this and the subsequent Product Roadmaps. E.ON therefore believes that removing the ERPS from the CUSC will allow a more efficient and competitive reactive power market to be developed outside of the CUSC. Therefore, CMP305 is better against the Standard CUSC Objectives (a) and (b).</p> <p>In addition, removal of the ERPS will remove the administrative burden of running unnecessary tenders for the redundant ERPS and hence CMP305 is better against the Standard CUSC Objective (d).</p>	<p>should be removed from the CUSC as soon as practicable to avoid running another unnecessary tender.</p>	<p>power service is along the lines set out in the Reactive Power Roadmap published by the ESO which requires CMP305.</p> <p>E.ON notes another modification, CMP304 has been raised which seeks to improve the EPRS within the CUSC. Whilst the CUSC modification process is effective for narrowly defined defects with clear solutions, E.ON does not believe it is well suited to broader issues with less clear solutions such as is the case for reactive power reform.</p> <p>It is clearly inefficient to run a separate process in the same area through a CUSC modification and therefore E.ON believes Ofgem should provide direction to halt CMP304 before duplication of works starts to take place.</p>
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11 Legal Text

Text Commentary

The legal text for this modification can be found via the following link:

<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/removal-enhanced-reactive-power-service>

Please note the legal text does not include any additions to the CUSC, as the proposal is for removal of references to ERPS only.

12 Annex 1- Code Admin Consultation Responses

CUSC Code Administrator Consultation Response Proforma

CMP305 - Removal of the Enhanced Reactive Power Service (ERPS)

Industry parties are invited to respond to this Code Administrator 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 **5:00pm** on **26 October 2018** to cusc.team@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not be included within the Final Modification Report to the Authority.

Any queries on the content of the consultation should be addressed to Ren Walker at Lurrentia.Walker@nationalgrid.com

These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

Respondent:	<i>Joshua Logan</i> Joshua.logan@drax.com 01757 612736
Company Name:	<i>Drax Power Ltd</i>
Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries)	<i>For reference, the Applicable Standard (non-charging) CUSC objectives are:</i> (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) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses; (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.

*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).

Code Administrator Consultation questions

Q	Question	Response
1	Do you believe that CMP305 better facilitates the Applicable CUSC objectives? Please include your reasoning.	<p>No, overall we consider that CMP305 is neutral against the Applicable CUSC objectives.</p> <p>Applicable Objective (b) – Negative</p> <p>Whilst we realise there has been no tenders submitted for the past seven years, removing the opportunity for parties to do so cannot be seen as promoting competition. We believe that a better approach would be reviewing the Enhanced Reactive Power Service (ERPS) and making it fit for purpose.</p> <p>Applicable Objective (d) – Positive</p> <p>Removing the requirement for National Grid to run tenders when there are no submissions will marginally facilitate efficiency in administering the CUSC.</p>
2	Do you support the proposed implementation approach?	<p>If Ofgem approve this modification then it should be implemented in the usual way. However, we would urge Ofgem to consider that modification CMP304 is looking to make the ERPS fit for purpose and will be developing this through a workgroup, it would be prudent to hold off making a decision on CMP305 until they have received and reviewed the final modification report for CMP304.</p>
3	Do you have any other comments in relation to CMP305?	<p>Yes, we support a review of the ERPS and changes being made to make it fit for purpose and enable the development of the market. CMP304 will do this in an open, transparent manner through engagement with industry to develop the right solution. As such, we support the approach taken by CMP304 and believe this is the best way to tackle existing issues with the ERPS, rather than its removal as proposed by this modification.</p>

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Any queries on the content of the consultation should be addressed to Ren Walker at Lurrentia.Walker@nationalgrid.com

These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

Respondent:	<i>James Anderson</i> <i>James.anderson@scottishpower.com</i>
Company Name:	<i>ScottishPower Energy Management Limited</i>
Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries)	<i>For reference, the Applicable Standard (non-charging) CUSC objectives are:</i> (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) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses; (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.

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Code Administrator Consultation questions

Q	Question	Response
1	<p>Do you believe that CMP305 better facilitates the Applicable CUSC objectives? Please include your reasoning.</p>	<p>Overall, we believe CMP305 will better achieve the Applicable CUSC Objectives (ACOs). The Proposal will better facilitate competition through removing an obstacle to the development of a more relevant service and tender process through the SNAPS process and governed under the Procurement Guidelines (ACO (b)). By removing the requirement to conduct a tender process for a service which market participants do not appear to wish to participate, the Proposal will better promote efficiency in the implementation and administration of the CUSC arrangements (ACO (d)). The Proposal is neutral against the other ACOs.</p>
2	<p>Do you support the proposed implementation approach?</p>	<p>WE agree that the Proposal should be implemented as soon as practicable in order to remove the need to hold further tender processes.</p>
3	<p>Do you have any other comments in relation to CMP305?</p>	<p>No.</p>

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These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

Respondent:	Jack Abbott (jack.abbott@centrica.com ; 07557615587)
Company Name:	Centrica
Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries)	<p><i>For reference, the Applicable Standard (non-charging) CUSC objectives are:</i></p> <ul style="list-style-type: none">(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) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;(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.

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Code Administrator Consultation questions

Q	Question	Response
1	Do you believe that CMP305 better facilitates the Applicable CUSC objectives? Please include your reasoning.	<p>Yes.</p> <p>We believe that the proposal within CMP305 to remove ERPS will help improve efficiency of the CUSC arrangements.</p> <p>It will also improve competition, on the proviso that National Grid ESO commits to its proposals laid out in Reactive Power roadmap as part of the System Needs and Product Strategy reform work. New Reactive Power products are needed, which will need to be appropriately designed to ensure that there is as much competition from a range of assets – notably those technologies that have not previously participated in Reactive Power.</p>
2	Do you support the proposed implementation approach?	<p>Yes, we support the proposed implementation approach of CMP305. We agree that it would be preferable to have the commercial procurement of Reactive Power removed from the CUSC; such procurement processes and criteria, as well as the Standard Contract Terms will need to be clearly defined by the ESO.</p>
3	Do you have any other comments in relation to CMP305?	<p>No.</p>

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These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

Respondent:	Paul Jones paul.jones@uniper.energy
Company Name:	Uniper UK Ltd
Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries)	<p><i>For reference, the Applicable Standard (non-charging) CUSC objectives are:</i></p> <ul style="list-style-type: none">(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) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;(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.

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Code Administrator Consultation questions

Q	Question	Response
1	<p>Do you believe that CMP305 better facilitates the Applicable CUSC objectives? Please include your reasoning.</p>	<p>Yes. If the Enhanced Reactive Power Service is not being used then it doesn't seem efficient to retain obligations to tender for it. Therefore, this modification would better meet objective d).</p>
2	<p>Do you support the proposed implementation approach?</p>	<p>Yes, in so much as it would remove an obligation to carry out an unnecessary six monthly tender.</p>
3	<p>Do you have any other comments in relation to CMP305?</p>	<p>Yes. The views expressed above do not mean that we agree that balancing services should not be defined in the CUSC. It is not clear that solely setting out arrangements in the procurement guidelines is the best approach. Balancing services terms and conditions affect those providing the services as much as National Grid as the party procuring them. Therefore, it seems appropriate to bring such services under the open governance arrangements of the CUSC.</p>

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These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

Respondent:	Laurence Barrett Laurence.Barrett@eon-uk.com
Company Name:	E.ON
Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries)	<p><i>For reference, the Applicable Standard (non-charging) CUSC objectives are:</i></p> <ul style="list-style-type: none">(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) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;(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.

*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).

Code Administrator Consultation questions

Q	Question	Response
1	<p>Do you believe that CMP305 better facilitates the Applicable CUSC objectives? Please include your reasoning.</p>	<p>E.ON agrees that CMP305 better facilitates the Applicable CUSC objectives.</p> <p>The ERPS is clearly an obsolete service that neither the ESO nor industry wish to participate in. E.ON has been supportive of the SNaPS process that has been run by the ESO and agrees with the approach set out under this and the subsequent Product Roadmaps. E.ON therefore believes that removing the ERPS from the CUSC will allow a more efficient and competitive reactive power market to be developed outside of the CUSC. Therefore, CMP305 is better against the Standard CUSC Objectives (a) and (b).</p> <p>In addition, removal of the ERPS will remove the administrative burden of running unnecessary tenders for the redundant ERPS and hence CMP305 is better against the Standard CUSC Objective (d).</p>
2	<p>Do you support the proposed implementation approach?</p>	<p>E.ON agrees with the implementation approach that ERPS should be removed from the CUSC as soon as practicable to avoid running another unnecessary tender.</p>

Q	Question	Response
3	Do you have any other comments in relation to CMP305?	<p>E.ON believes that the best approach to reform reactive power services is along the lines set out in the Reactive Power Roadmap published by the ESO which requires CMP305.</p> <p>E.ON notes another modification, CMP304, has been raised which seeks to improve the ERPS within the CUSC. Whilst the CUSC modification process is effective for narrowly defined defects with clear solutions, E.ON does not believe it is well suited to broader issues with less clear solutions such as is the case for reactive power reform.</p> <p>It is clearly inefficient to run a separate process in the same area through a CUSC modification and therefore E.ON believes Ofgem should provide direction to halt CMP304 before duplication of works starts to take place.</p>