









| Stage 2: Code Administrator Consultation | | At what stage is this document in the process? | | | | | | | | |
|---|---|--|----|---------------|----|---------------------------------|----|--|----|--|
| <h1>CMP310: CUSC section 14 changes in the event the UK leaves the EU without an agreement</h1> | <table border="1"> <tr> <td>01</td> <td>Proposal Form</td> </tr> <tr> <td>02</td> <td>Code Administrator Consultation</td> </tr> <tr> <td>03</td> <td>Draft self-governance CUSC Modification Report</td> </tr> <tr> <td>04</td> <td>Final self-governance CUSC Modification Report</td> </tr> </table> | | 01 | Proposal Form | 02 | Code Administrator Consultation | 03 | Draft self-governance CUSC Modification Report | 04 | Final self-governance CUSC Modification Report |
| 01 | Proposal Form | | | | | | | | | |
| 02 | Code Administrator Consultation | | | | | | | | | |
| 03 | Draft self-governance CUSC Modification Report | | | | | | | | | |
| 04 | Final self-governance CUSC Modification Report | | | | | | | | | |
| <p>Purpose of Modification: The proposed modification aims to ensure that retained EU law will function effectively in the context of the CUSC. In the event the United Kingdom leaves the European Union without an agreement, it will ensure that the CUSC takes into account the provisions in the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018 as well as relevant consequential licence modifications.</p> | | | | | | | | | | |
|  | <p>The purpose of this document is to consult on CMP310 with CUSC Parties and other interested industry members. Parties are requested to respond by 5pm on 21 March 2019 to cusc.team@nationalgrid.com using the Code Administrator Consultation Response Pro-forma which can be found via the following link:</p> <p>https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/cusc-section-14-changes-event-uk-leaves-eu</p> <p>Published on: 28 February 2019 Length of Consultation: 15 Working days Responses by: 21 March 2019</p> | | | | | | | | | |
|  | <p>High Impact: none</p> | | | | | | | | | |
|  | <p>Medium Impact: none</p> | | | | | | | | | |
|  | <p>Low Impact: none</p> | | | | | | | | | |

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| Timetable | |  Contact: Rachel Hinsley |
| The Code Administrator recommends the following timetable: | |  rachel.hinsley1@nationalgrid.com |
| Modification proposal issued to the CUSC Panel | 15 February 2019 |  07811 762 440 |
| Panel agree for CMP310 to follow self-governance criteria | 25 February 2019 | Proposer: Sophie Van Caloen |
| Code Administration Consultation Report issued to the Industry (15 days) | 28 February 2019 |  Sophie.vancaoen@nationalgrid.com |
| Code Administration Consultation closes | 21 March 2019 |  07790 947180 |
| Draft Final Modification Report presented to Panel | 25 March 2019 | National Grid Representative: As above |
| Panel Self Governance vote | 1 April 2019 |  As above |
| Appeal window opens for 15 Working Days | 1 April 2019 |  As above |
| Appeal window closes | 24 April 2019 | |
| Implementation into the CUSC | 25 April 2019 | |

Proposer Details

| | |
|--|---|
| Details of Proposer: (Organisation Name) | National Grid ESO |
| 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: | Sophie van Caloen National Grid ESO 07790 947180 Sophie.vancaloen@nationalgrid.com |
| Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address: | Mike Oxenham National Grid ESO 07554 413864 Michael.Oxenham1@nationalgrid.com |
| Attachments : No | |

Impact on Core Industry Documentation.

Please mark the relevant boxes with an "x" and provide any supporting information

| | |
|------------------|--------------------------|
| BSC | <input type="checkbox"/> |
| Grid Code | <input type="checkbox"/> |
| STC | <input type="checkbox"/> |
| Other | <input type="checkbox"/> |

It is understood that other energy Codes will require revision in the event the UK leaves the EU without an agreement. However, this Modification is not dependant and will not impact other energy Codes.

1 About this document

CMP310 was proposed by National Grid ESO and was submitted to the CUSC Modifications Panel for its consideration on 25 February 2019. The Panel decided to send the Proposal to a Code Administrator Consultation.

CMP310 aims to ensure that retained EU law will function effectively in the context of the CUSC. In the event the United Kingdom leaves the European Union without an agreement, it will ensure that the CUSC takes into account the provisions in the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018 as well as relevant consequential licence modifications.

This Code Administrator Consultation 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/cusc-section-14-changes-event-uk-leaves-eu> along with the CUSC Modification Proposal Form.

2 Summary

Defect

In the event the UK leaves the EU without an agreement, the CUSC needs to be amended to ensure the provisions in the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018, as well as relevant consequential licence modifications, will function effectively in the context of the CUSC section 14.

What

The CUSC contains a small number of references to EU Regulation and EU entities that require revision. The proposed modifications will ensure that the CUSC section 14 is aligned with retained EU law and licence obligations, in the event of 'no deal' and from 'Exit Day'.

Why

In absence of agreements concerning the UK's withdrawal from the EU and future trade and political relationship with the EU ('no deal'), from Exit Day, EU Regulations will no longer be directly applicable in the UK and EU entities will no longer have a part to play in the creation of UK policy and legislation.

However, the approach specified in the European Union (Withdrawal) Act 2018 is to incorporate EU law into UK law (where possible) and the UK Government has published statutory instruments with the aim of correcting or removing inoperable provisions of EU Regulations, relevant to the electricity industry, such that they reflect the UK no longer

being an EU Member State. The Authority is also proceeding with a statutory consultation on consequential licence modifications.

How

It is proposed to modify existing references to EU Regulations with appropriate references so that the references appropriately reflect the changes as foreseen in the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018.

3 Governance

This Modification should proceed to Code Administrator Consultation as the changes proposed in this modification proposal are not considered material, therefore the proposed changes should be suitable for Self-Governance procedures and not require a Workgroup.

4 Why Change?

The CUSC contains a small number of references to EU Regulations and EU entities. These were introduced as a consequence of the integration of the UK into the EU Internal Energy Market (IEM) and more specifically in order to comply with a number of EU Regulations which were directly applicable in UK Law.

Following the outcome of a referendum on UK membership of the EU on 23 June 2016, the UK government notified its intention to leave the EU in March 2017 (as permitted by Article 50 of the Treaty on European Union). This departure will become effective on 'Exit Day' (currently legislated for 23:00 on 29 March 2019). In absence of agreements concerning the UK's withdrawal from the EU and future trade and political relationship with the EU ('no deal'), from Exit Day, EU Regulations will no longer be directly applicable in the UK and EU entities will no longer have a part to play in the creation of UK policy and legislation.

However, the approach specified in the European Union (Withdrawal) Act 2018 is to incorporate EU law into UK law (where possible) and the UK Government has published statutory instruments with the aim of correcting or removing inoperable provisions of EU Regulations, relevant to the electricity industry, such that they reflect the UK no longer being an EU Member State. The Authority is also proceeding with a statutory consultation on consequential licence modifications.

As a consequence, the CUSC section 14 needs to be changed so that the references appropriately reflect this change in approach.

Should a Withdrawal Agreement between the UK and the EU be concluded and take effect from Exit Day, this Modification in this form and timescale will no longer be required.

5 Code Specific Matters

Technical Skillsets

Knowledge of EU Exit principles.

Reference Documents

[European Union \(Withdrawal\) Act 2018](#)

[The Electricity and Gas etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019](#)

[The Electricity Network Codes and Guidelines \(Markets and Trading\) \(Amendment\) \(EU \(EU Exit\) Regulations 2019](#)

[The Electricity Network Codes and Guidelines \(System Operation and Connection\) \(Amendment etc.\) \(EU Exit\) Regulations 2019](#)

[The Electricity and Gas \(Market Integrity and Transparency\) \(Amendment\) \(EU Exit\) Regulations 2019](#)

[Statutory Consultation on licence modification in the event the UK leaves the EU without a deal](#)

6 Solution

In section 14 (charging methodology), it is proposed to update the reference to EU legislation.

Proposed legal text has been added to section 9 of this proposal form.

7 Impacts & Other Considerations

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

None

Consumer Impacts

None

8 Relevant Objectives

Impact of the modification on the Applicable CUSC Objectives (Charging):

| Relevant Objective | Identified impact |
|---|-------------------|
| (a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is | None |

| | |
|--|------|
| consistent therewith) facilitates competition in the sale, distribution and purchase of electricity; | |
| (b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection); | None |
| (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; | None |
| (d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 *; and | None |
| (e) Promoting efficiency in the implementation and administration of the CUSC arrangements. | None |
| *Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER). | |

9 Implementation

No implementation costs are associated with this Modification.

No implementation timescales are proposed, although implementation of this Modification would be sought as soon as practicable following UK's exit from the EU, in the event the UK leaves the EU without an agreement. However, implementation is specifically dependent upon the implementation of the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018 as well as relevant consequential licence modifications and so implementation of this proposal should align with the Statutory Instruments and licence modifications.

The legal text has been drafted using the baseline of August 2018 text and as the modification progresses through the governance process, the text may need to be revised in light of other ongoing CUSC Modifications. The Code Administrator will ensure that the Proposer is aware of the approval of any of the other CUSC Modifications and the Proposer will take into account any relevant amendments that may need to be made prior to a final decision and notify the CUSC Panel should anything require further change as a result of this occurring in future.

10 Code Administrator Consultation: How to respond

If you wish to respond to this Code Administrator Consultation, please use the response pro-forma which can be found under the 'Industry Consultation' tab via the following link;

<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/cusc-section-14-changes-event-uk-leaves-eu>

Responses are invited to the following questions;

1. Do you believe CMP310 better facilitates the Applicable CUSC Objectives? Please include your reasoning.
2. Do you support the proposed implementation approach?
3. Do you have any other comments in relation to CMP310?

Views are invited on the proposals outlined in this consultation, which should be received by **5pm on 21 March 2019**. Please email your formal response to:

CUSC.team@nationalgrid.com

If you wish to submit a confidential response, please note the following;

Information provided in response to this consultation will be published on National Grid's website unless the response is clearly marked 'Private & Confidential', we will contact you to establish the extent of this confidentiality. A response marked 'Private & Confidential' will be disclosed to the Authority in full by, unless agreed otherwise, will not be shared with the CUSC Modifications Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

Please note an automatic confidentiality disclaimer generated by your IT System will not in itself, mean that your response is treated as if it had been marked 'Private & Confidential'.

CUSC - SECTION 14 - CHARGING METHODOLOGIES

14.14.5 In April 2004 The Company introduced a DC Loadflow (DCLF) ICRP based transport model for the England and Wales charging methodology. The DCLF model has been extended to incorporate Scottish network data with existing England and Wales network data to form the GB network in the model. In April 2005, the GB charging methodology implemented the following proposals: [...]

v.) The application of a Transmission Network Use of System Revenue split between generation and demand where the proportion of the total revenue paid by generation, for the purposes of tariff setting for a charging year n , is x times the total revenue, where x is:

1. Whilst **Retained EU Law European Commission Regulation 838/2010 Part B paragraph 3** (or any subsequent regulation specifying such a limit on annual average transmission charge payable by generation) is in effect (a “Limiting Regulation”) then $x_n = [...]$

2. Where there is no Limiting Regulation, then x for charging year n is set as the value of x used in the last charging year for which there was a Limiting Regulation.

12 Annex 1: Self-Governance Statement

Nadir Hafeez
Ofgem
By Email

Shazia Akhtar
CUSC Modifications Panel
Secretary
Shazia.Akhtar2@nationalgrid.com
Direct Tel: 07787266972

28 February 2019

www.nationalgrideso.com

Reference: CMP309 and CMP310 Self-Governance Statement

Dear Nadir

This is the CUSC Panel's Self-governance Statement to the Authority for CUSC Modification Proposals **CMP309 - CUSC changes in the event the UK leaves the EU without an agreement** and **CMP310 - CUSC section 14 changes in the event the UK leaves the EU without an agreement**. The National Grid ESO Code Administrator has prepared this Self-Governance Statement on behalf of the CUSC Panel and submits it to you in accordance with the CUSC.

On 25 February 2019, the CUSC Panel considered CMP309 and CMP310 and confirmed by majority that it meets the Self-Governance Criteria.

As such, CMP309 and CMP310 is unlikely to discriminate between different classes of CUSC Parties and is unlikely to have a material effect on:

- i) Existing or future electricity customers;
- ii) Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,
- iii) The operation of the National Electricity Transmission System
- iv) Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies
- v) The CUSC's governance procedures or the CUSC's modification procedures.

The proposed timetable for the progression of CMP309 and CMP310 is as follows:

| | |
|------------------|---|
| 15 February 2019 | Modification proposal issued to the CUSC Panel |
| 25 February 2019 | Panel to determine if CMP309 and CMP310 should follow the self-governance route |
| 28 February 2019 | Code Administration Consultation Report issued to the Industry (15 days) |
| 21 March 2019 | Code Administration Consultation closes |
| 25 March 2019 | Draft Modification Self-Governance Report issued to Panel |
| 1 April 2019 | Panel Determination vote |
| 1 April 2019 | Final Modification Self-Governance Report published |
| 1 April 2019 | Appeal window opens |
| 24 April 2019 | Appeals window closes |

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|---------------|------------------------------|
| 25 April 2019 | Implementation into the CUSC |
|---------------|------------------------------|

The CMP309 and CMP310 modification proposal forms are available here:

<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/cusc-changes-event-uk-leaves-eu-without>

<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/cusc-section-14-changes-event-uk-leaves-eu>

If you require any further information, please do not hesitate to contact me.

Yours Sincerely,

Shazia Akhtar
CUSC Panel Secretary