

Meeting Minutes

CUSC Modifications Panel

Meeting Number 229

Date: 25/01/2019	Location: L15 Faraday House, Warwick
Start: 10:00	End: 15:00

Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Trisha McAuley, Chair (TM)	Attend	Paul Jones, User Panel Member (PJ)	Attend
Joseph Henry, NGESO Code Administrator Representative (JH)	Attend	Nick Rubin (NR) Elexon Alternative	Dial-In
Rashpal Gata-Aura, NGESO Code Administrator, Panel Secretary (RGA)	Attend	Robert Longden, User Panel Member (RL)	Dial-In
Jon Wisdom, National Grid Panel Member (JW)	Attend	Andy Pace, Consumers' Panel Member (AP)	Attend
Garth Graham, User Panel Member (GG)	Attend	Nadir Hafeez, Authority Representative (NH)	Attend
Laurence Barrett, User Panel Member (LB)	Attend	Cem Suleyman DRAX (CS) User Panel Member Alternative	Dial-in
Paul Mott, User Panel Member (PM)	Attend	Kate Dooley (KD) User Panel Member Alternative	Dial-in
James Anderson (JA), User Panel Member	Regrets	Sophie Van Caloen (SVC) NGESO European Strategy Analyst	Attend
Simon Lord (SL), User Panel Member	Regrets	Christine Brown (CB) NGESO Code Administrator	Attend
Damian Clough (DC), Elexon	Regrets		

Discussions

1. Introductions and Apologies for Absence

- 8774 TM opened the CUSC Modification Panel meeting with introductions and noted that apologies had been received from James Anderson and Simon Lord. She confirmed that Cem Suleyman and Kate Dooley would be acting as alternates. Damian Clough sent his apologies, with Nick Rubin acting as his alternate.
- 8775 TM stated that various emails on legal text issues with CMP285 have been exchanged and all agreed that, as this is an agenda item, it would be discussed later in the meeting, and that developments meant no Panel Vote would take place at this meeting. All Panel members agreed.

2. Approval of December CUSC Panel Minutes

- 8776 TM asked the Panel if they had reviewed the comments received from various Panel members. LB highlighted that he had not had a chance to view GG's comments. GG explained that his comments were not substantial, but more of a typographical nature and points of clarification. The Panel agreed that they were happy to approve the December 2018 CUSC Panel minutes, subject to the incorporation of these comments.

3. Review of Actions

Minute 8577

Circulate response to Mark Draper to CUSC Panel

- 8777 JH advised the Panel that this was circulated to Panel Members on the 14 December 2018. The Panel agreed that this action should be closed.

Minute 8632

JW to ensure ESO speak to Proposer of CMP 286 to confirm timelines for second RFI.

- 8778 JW's team have tried to get in touch with the Proposer. However, they were unsuccessful and will now try again in order to progress the modification through the relevant stage gates.

- 8779 The Panel agreed that this action should remain open for a progress report at the next Panel meeting.

Minute 8648

Plan out a timeline (with Workgroup meeting dates) to get the Workgroup Report for CMP295 back to the Panel in February

- 8780 JH advised the Panel that this action was completed and will be covered within the "in flight modifications" section. Once this was completed, JH proposed to the Panel that the action be subsequently closed. The Panel agreed that this action should be closed on that basis.

Minute 8710

Code Administrator to add the frequency of Workgroup meetings to the Prioritisation stack.

- 8781 JH advised the Panel that this action was ongoing. The Panel were further advised that a team-wide planning session is being arranged to discuss resources and how many Workgroups can realistically be
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convened with the number of modifications raised across CUSC and Grid Code, with consideration of prioritisation.

8782 LB indicated he would like to see this frequency of Workgroup metric displayed at TCMF also. LB also mentioned the dashboard which the Code Administrator presents at TCMF and that it would be useful at CUSC Panel. JH advised that he would liaise with the CUSC Panel Code Administrator Representative (Rachel Hinsley) to include this slide in future panels.

New Action: Code Admin to bring their TCMF dashboard to the next CUSC Panel and add it to the slide pack going forwards.

8783 GG mentioned that it would be useful for Panel Members to see the Horizon Scanning piece being organised by the Code Administrator in order to have an idea of which modifications the Panel can expect from Industry. GG said that this tool would also be useful for the Code Administrator to take into account when planning resource for future Workgroups and Industry events.

8784 TM replied to GG, stating that she had a conversation with Gareth Davies (Industry Frameworks and Code Governance Manager NGESO) to see what is in the pipeline in terms of the Horizon Scanning piece.

8785 LB said there is no clarity on the current iteration of the Prioritisation Stack on how many Workgroups are being carried out on a monthly basis.

8786 JH advised that the Code Administrator will display the frequency of the Workgroups and liaise with RH as to whether this could potentially be included on the dashboard. LB asked if this could be prioritised. TM stated that, as this was work in progress, the action should remain open.

8787 The Panel agreed this action should remain open for a progress report at the next Panel meeting.

Minute 8714

Code Administrator to add all modifications on hold to the bottom of the stack.

8788 JH advised the Panel that this action had been completed, as the prioritisation stack had been arranged to include on-hold modifications.

8789 The Panel agreed that this action should be closed.

Minute 8734 (a)

Code Administrator to feedback on how they are planning to tackle the issues raised by the Panel on future prioritisation (including horizon scanning/quarterly updates on blockers to Workgroup progression (including cancellation of Workgroups because of issues around quoracy)

8790 JH advised that the action was currently ongoing. JH continued by advising that Rachel Hinsley would respond to feedback on this at the February Panel meeting.

8791 The Panel agreed this action should remain open for a progress report at the next Panel meeting.

Minute 8734(b)

Code Administrator to ensure that Workgroup nomination forms include: -

- a) Relevant expertise of the nominee so that this can be used by the CUSC Panel if they need to approve a new member to the Workgroup.

b) Details of an alternate who can attend in their absence.

- 8792 JH advised the Panel that this action is ongoing and will be presented at February Panel along with Horizon scanning.
- 8793 AP asked the question as to what the initial issue which lead to this action arising was.
- 8794 GG replied that the purpose was to ensure that nominees have the appropriate expertise and background knowledge on the subject matter.
- 8795 AP questioned the logic from a representation angle, asking why someone who was not an expert on matters related to the modification should be excluded. AP made the point that a cross-representation on modifications was important, highlighting consumer benefit.
- 8796 GG mentioned a scenario in the past whereby a volunteer came forward from industry, who had no expertise and added little to a Workgroup. GG asked the Panel whether it would be better to make such individuals observers. GG stated his opinion that in such circumstances, being an observer would be a more relevant position.
- 8797 TM stated that the over-arching principle was that the Panel should have sufficient information to make a judgement and decision that the nominee would add value to the Workgroup.
- 8798 The Panel agreed this action should remain open for a progress report at the next Panel meeting.

Minute 8739

Code Administrator to liaise with GG to confirm the date of next Governance Standing Group (GSG) in January 2019.

- 8799 GG stated that as GSG was yet to convene, and that he would provide a further update at February's Panel meeting.
- 8800 The Panel agreed that this action should remain open.

Minute 8769

Code Administrator to make sure December Grid Code Papers were available to view on ESO website.

- 8801 JH advised that the Code Administrator checked this on 14 December 2018 and confirmed that all papers had been uploaded onto the ESO website, and can be found by following the link <https://www.nationalgrideso.com/codes/grid-code?meeting-docs>.

4. Authority Decisions

- 8802 NH indicated to Panel that Ofgem were looking to either delay its decision or send back the FMR for CMP305 it could not make a decision to remove the EPRS without knowing what will replace it and the outcome of CMP304.
- 8803 GG advised that technically, there may be non-CUSC parties who are materially impacted by this modification and this could potentially be troublesome later down the line.
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8804 GG stated that CMP304 does not necessarily have to be implemented for Ofgem to make a decision on CMP305, and that the two modifications look to address the same issue. GG stated he believed it to be sensible to consider both at the same time due to the similar subject matter.

8805 NH asked about the send back for CMP301 and when the FMR would be resubmitted?

8806 JH advised that he would chase this up within the Code Administrator function and return this to Ofgem.

Action: Code Administrator to Return CMP301 FMR to the Authority for Decision

8807 NH delivered the following lines on EU exit preparations: -

8808 1) Licence changes – on 14 January 2019 Ofgem launched their statutory consultation on licence changes Ofgem expect to make in the event of a “No Deal”. Responses on this consultation are due by 15 February 2019.

8809 NH told the Panel that the effect of the proposed modification is to ensure that retained EU law will function effectively at the point of exit, and that licences take into account the provisions in the statutory instruments prepared by the Government. Ofgem do not seek to change existing obligations and duties of licensees, or current policy positions. Subject to sufficient clarity from the Government on a “No Deal” outcome, Ofgem intend to publish their direction ahead of exit day.

8810 2). Code changes – NH said that in December 2018 Ofgem met with the Code Administrators to discuss progress on “No Deal” code changes. Ofgem published an open letter on 6 December 2018 which clearly stated the responsibility of EU exit code changes (including “No Deal”) rested with the licensees and code administrators, and that ‘Day 1’ “No Deal” changes should be prioritised and progressed to enable the regulatory frameworks to be updated as close to exit day as possible.

8811 NH further went on to advise the Panel that Jonathan Brearley wrote to the code administrators to update and stress the importance of on-going EU Exit preparations, including for a “No Deal”.

8812 NH said that Ofgem understood that the changes identified by the Code Administrators were largely non-substantial and should be progressed as self-governance.

8813 NH said that Ofgem expected Code Administrators to prioritise the code changes identified to ensure the timely updating of the regulatory framework, and to minimise uncertainty for market participants.

5. **New Modifications**

8814 There were no new modifications raised at the January Panel.

6. **In-Flight Modifications**

8815 JH gave an update on the In-Flight Modifications and told the Panel that the following five modifications were on hold due to the SCR/TCR: CMP271, CMP274, CMP276, CMP302 and CMP307.

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.

- 8816 JH told the Panel that the Workgroup met twice in January, and that productive meetings were held on these modifications. JH advised that the Workgroup was looking now to develop an SVA solution for CMP281. JH advised that the Workgroup reports are due back in February – however these may need an extension to March.
- 8817 GG said that he would be satisfied with the proposal to grant an extension until March, but also questioned the feasibility of getting the reports back in such a tight timescale. JW stated that he shared the concerns of GG, especially in the light of an Ofgem Letter advising that the Workgroup needs to be mindful of the current and ongoing work of the Balancing Services Charges Task Force, which is due to conclude in May 2019. JW stated that clarity from Ofgem would be welcomed.
- 8818 JW said that they need to be mindful of the BSUoS taskforce. He was wary of the decision on CMP281 in that the workgroup will not be reporting back until June, given that the decision from Ofgem will be around September/October, this may subsequently be too late for the Authority to make a decision on implementation. BSC changes need to be made to capture this and we need to be aware of the timescales here.
- 8819 PJ stated that CMP281 was concerned with who pays BSUoS whereas the taskforce was looking at which costs could be stripped out from BSUoS and charged in a different manner, so there would be no reason for the two to overlap. JW advised the Panel that caution would be important moving forwards in terms of the messaging given to the Workgroup within the aforementioned Ofgem letter.
- 8820 The Panel subsequently reviewed the letter, which can be found [here](#).
- 8821 RL said that it was his understanding following the Charging Futures Forum in January 2019 that the taskforce and CMP281 could move forwards independently.
- 8822 NR said that the comments with regard to the respective timetables for the modifications, and also the potential need to implement BSC solutions off the back of CMP280 and CMP281, meant that the solution is quite straightforward. However, there are questions around assurance in terms of the collection of data to use, processes and data flow decisions.
- 8823 NR also mentioned that Elexon are working in connection with the Workgroup, and proposer Simon Lord is looking to raise a modification to subsequently amend the BSC. NR stated that on the outset, this modification would only be about the legal text and no system changes would be required, along with changes to other subsidiary document changes and planning to make use of existing systems. NR advised that if it transpired that there was a need for system changes, they would only be small ones.
- 8824 TM mentioned that it was important to make clear the timelines for both CMP280 and CMP281. As such, TM asked whether the timeline would need to be extended.
- 8825 JH advised that an extension until at least March would be needed on both modifications.
- 8826 JW questioned how much work can be carried out in the interim period between now and the extension request. JW also pointed out that the Authority had advised previously in a letter that the Workgroup needed to be mindful of the outcomes of the Balancing Services Charges Task Force which ends in May 2019.
- 8827 GG agreed with this suggestion.
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- 8828 PJ stated that the extension gives some leeway and fluidity, and the reports could potentially be back to the Panel sooner depending on the outcomes of the Balancing Services Task Force.
- 8829 JW disagreed.
- 8830 GG said that Ofgem expect the Workgroup to monitor the outcomes of the Balancing Services Taskforce so a May extension would be prudent. GG stated that there could be potential pushback from industry if the Workgroup is delayed.
- 8831 PJ asked if the Workgroup Report can be delivered within the timeline.
- 8832 JW told the Panel that currently the Workgroup had not fully developed the SVA solution for CMP281, and as such it was difficult to do an assessment on the timescale.
- 8833 TM asked the Panel to decide whether to grant an extension to March or to May, asking the Panel to consider Ofgem's letter.
- 8834 All Panel members agreed with May.
- 8835 TM stated that the majority of the Panel were in agreement to extend the report due date until May 2019 and this was confirmed as the Panel's decision.
- 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.
- 8836 The Draft Final Modification Report for this modification was submitted to Panel for their review.
- 8837 JH advised the Panel that there have been many email exchanges to discuss issues with legal text, as highlighted by Uniper in their Code Administrator Consultation response. A WebEx for the Workgroup to look at the legal text is to be set up for week commencing 2 February 2019, with invites sent out to the workgroup on 24 January 2019. JH advised that there could be a second Code Administrator Consultation.
- 8838 GG asked for clarification as some Workgroup members changes are minor and there is a strong possibility that the modification could come back to the February Panel. It was noted by the Panel that under current timescales, an Authority decision is not likely to be made before mid-April.
- 8839 The length of an additional Code Administrator Consultation was discussed.
- 8840 GG advised that ten working days on Code Administrator modifications has occurred in the past, but five and fifteen working days have also been used as timeframes.
- 8841 The Panel agreed the proposed timeline. With regard to the 2019 CUSC election process, The Chair asked Ofgem if this timeline would work for the Authority to be able to make a timeous decision.
- 8842 NH said that the Authority would endeavour to make a timeous decision but he was also mindful of the various WACMs that would need to be considered.
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8843 JW said that his concern was whether the necessary candidates could then be found in time, following the decision. JW further emphasised the importance of the timeline in being able to effectively source external candidates.

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

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

8844 JH said that CMP286 could potentially need a further RFI and as such, the Code Administrator is liaising with the proposer. These modifications were due to return to the Panel today – an extension is requested to extend the Workgroup report for a further four months and to return back in May 2019.

8845 JW advised that the ESO had made various attempts to engage with the proposer, but that this had been difficult at times. JW also highlighted that there was concern with regard to the number of extensions this modification has previously had. JW also highlighted that progress had been negligible.

8846 LB was interested to understand why progress had been slow.

8847 JW stated that action to contact the proposer to see the best way forward was taken before Christmas but noted that there have been various industry consultations and potential changes in company structures which may have led to this modification being de-prioritised by the proposer due to capacity issues.

8848 JH mentioned that, if the modifications were to be split out, there was a likelihood that CMP287 could be sent out to Workgroup consultation, regardless of the RFI.

8849 TM asked the Panel whether CMP286 should be separated from CMP287.

8850 JH replied that CMP287 can be split and go to consultation in mid-February, pending conversations with the proposer.

8851 The Panel agreed that the modifications should be separated and TM noted that this decision should be reflected in the prioritisation stack when the relevant discussions take place later in the meeting.

8852 JH asked if an extension could be granted for four months to May 2019 for both modifications.

8853 The Panel agreed this timeline accordingly.

8854 TM asked JW to engage with the proposer of the modifications.

CMP288 ‘Explicit Charging Arrangements for Customer Delays’. The purpose of this modification is to introduce explicit charging arrangements to recover additional costs incurred by Transmission Owners and TNUoS liable parties as a result of transmission works undertaken early due to a User initiated delay to the Completion Date of the works, or to facilitate a backfeed.

AND

CMP289 ‘Consequential change to support the introduction of explicit charging arrangements for customer delays and backfeeds via CMP288’. The purpose of this modification is to introduce changes to non-charging sections of the CUSC to support the introduction of explicit charging arrangements to recover additional costs incurred by Transmission Owners and TNUoS liable parties as a result of transmission works undertaken early due to a User initiated delay to the Completion Date of the works, or to facilitate a backfeed. The changes to the charging element of the CUSC are covered under CMP288.

8855 JH advised the Panel that the Workgroup Consultation was issued for this modification and the closing date is 31 January 2019. JH stated that the timeline will then to be created following the Workgroup Consultation outcome and that the Code Administrator may be asking for an extension at a later date.

CMP 291 ‘The open, transparent, non-discriminatory and timely publication of the harmonised rules for grid connection (in accordance with the RfG, DCC and HVDC) and the harmonised rules on system operation set out within the Bilateral Agreements’. The purpose of this modification is to set out within the CUSC the obligations in the EU Connection Network Codes and System Operation Guideline as they relate to the harmonised rules for connection and system operation in GB.

8856 JH advised the Panel that there had not been much activity on the modification in the previous month. JH recalled that an extension to March was requested at November Panel and next steps would be discussed in the February Panel meeting when more information will be available.

CMP 292 ‘Introducing a Section 8 cut-off date for changes to the Charging Methodologies’. The purpose of this modification is to ensure that the charging methodologies (all Charging Methodologies as defined in the CUSC) are fixed in advance of the relevant Charging Year to allow The Company – as Electricity System Operator - to appropriately set and forecast charges. Introducing a cut-off date for changes to the methodologies will help to reduce the risk of charges out-turning differently to the forecasts produced by the Company and created by users.

8857 JH advised the Panel that the Workgroup Consultation had been issued and that the closing date was 31 January 2019. JH stated that he was hopeful that the report will return before April 2019 as there had been good progress on this modification so far.

CMP295 - Contractual Arrangements for Virtual Lead Parties (Project TERRE). Under BSC P344 and GC0097, and future market arrangements, an aggregator will combine the export capabilities of SVA-registered embedded generation to participate in the BM. In order to facilitate Grid Code compliance, and to ensure appropriate rights/obligations for Virtual Lead Parties (as to be defined in BSC P344), accession to the CUSC is necessary and entry into specific CUSC contracts is required.

8858 JH advised the Panel that the Workgroup Consultation would close on 6 February 2019, and that the Code Administrator recommends a timetable to be approved by the Panel for this modification to be progressed as quickly as possible. The proposed timetable was as follows.

Workgroup Report presented to Panel	25 February 2019
Code Administration Consultation Report issued to stakeholder’s	04 March 2019
Draft Modification Report presented to Panel	29 March 2019
Modification Panel decision	29 March 2019
Final Modification Report issued to Authority (25 WD)	01 April 2019
Indicative Decision Date	08 May 2019
Decision implemented in CUSC (2WD after determination)	10 May 2019

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- 8859 LB noted that it seemed quite a tight deadline.
- 8860 JH advised the Panel that this may need to be submitted as a late paper ahead of the Panel Meeting in February.
- 8861 The Panel agreed the new timeline.

CMP298: Updating the Statement of Works process to facilitate aggregated assessment of relevant and collectively relevant embedded generation. This modification is needed due to increasing levels of embedded generation connections the process for assessing their overall impact on the transmission system needs to be revised allowing the System Operator to recognise the changes caused by multiple small-scale connections and plan accordingly.

- 8862 JH told the Panel that the last Workgroup was held on 11 December 2018 and that the next Workgroup meeting is scheduled for February. He outlined that an extension is being requested until May 2019.
- 8863 TM questioned the validity of lengthy extensions across all modifications.
- 8864 JH explained that in these instances they were valid as they gave the Workgroup the requisite time to consult and reach their conclusions.
- 8865 GG responded to say that, given the timeline is May 2019, the Panel could grant that extension, and if it was back before, then that would obviously be beneficial.
- 8866 TM asked how JH assessed the current situation in the Workgroup in terms of timescales.
- 8867 JH said that the Workgroup hope to expedite the developments in the Workgroup as soon as possible. However, there may be issues with regard to members' availability. JH said, looking at things pragmatically, May would be tight. If things progress to plan, he believed that the Workgroup could report by May, but more realistically, by June.
- 8868 TM said that the key message here was to keep sight of what is going on within the workgroup.
- 8869 The Panel granted the extension until June 2019.

CMP300: Cost Reflective Response Energy Payment (REP) for Generators with low or negative marginal costs. This proposal seeks to ensure that the Response Energy Payment paid to or by generators with respect to a BM Unit with low or negative marginal costs is reflective of the cost or avoided cost of energy production.

- 8870 JH told the Panel that quoracy has been met and that the Code Administrator has written to the Proposer with regard to dates for the first Workgroup meeting.

CMP301: Clarification on the treatment of project costs associated with HVDC and subsea circuits. CMP213 introduced specific expansion factors for HVDC and subsea circuits however the existing legal text is open to interpretation – this proposal would cement the interpretation made by The Company to ensure consistency with onshore circuits.

- 8871 JH advised the Panel that Ofgem expect the modification to be sent back with more detail following the previous submission of the FMR. JH advised that the Code Administrator would complete the Final
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Modification Report and await a response from Ofgem in connection with the decision, as discussed earlier in the meeting.

CMP303: ‘Improving local circuit charge cost-reflectivity’. This modification seeks to make part of the TNUoS charge more cost-reflective through removal of additional costs from local circuit expansion factors that are incurred beyond the connected, or to-be-connected, generation developers’ need.

8872 JH stated that the last meeting on this modification had been very productive with nine WACMs being raised. He stated that he was working on getting the Draft Modification Report out in the next two weeks. The proposed time line was as follows:

Code Administration Consultation Report issued to stakeholders	01 February 2019
Draft Modification Report presented to Panel	28 February 2019
Modification Panel decision	28 February 2019
Final Modification Report issued to Authority (25 WD)	08 March 2019
Indicative Decision Date	12 April 2019
Decision implemented in CUSC (2WD after determination)	19 April 2019

8873 JW highlighted that a high volume of legal text would need to be produced by either Workgroup members or the ESO.

8874 TM requested an update to the background on this modification as JH had said that there were nine WACMs and that the ESO would need to be particularly clear what the intent of the various WACMs are, and what the process proposed by each WACM would be.

8875 JW highlighted to the Panel that it would be potentially problematic to compose the associated legal text to the WACMs without some clarity.

8876 GG voiced his opinion that five or six of the WACMs were very clear from an ESO point of view, and he believed that the ESO have enough information from alternatives to produce the required legal text.

8877 JW replied saying that this is a priority modification, as per previous prioritisation discussions, and he would like to get to a stage where the Workgroup can vote. However, to be able to do this, the ESO would absolutely need enough information to write the legal text.

8878 TM asked JH if there were concerns here with regard to delays.

8879 GG asked the Panel if they could shorten the consideration time that the Authority have.

8880 The Panel noted that the Workgroup Report needed to get to the Panel as soon as possible.

8881 JH advised the Panel that he will endeavour to do this.

8882 TM acknowledged that there may be resourcing issues but emphasise that CMP303 is a high priority modification.

8883 LB asked when CMP303 would come back to the Panel.

8884 GG answered by saying that he would think that producing legal text and composing the report would mean that March Panel was realistic but that there may need to be a special Panel meeting at some stage to get this modification in before the CfD Auctions.

ACTION: CMP303 Timelines to be Circulated to the Panel by the Code Administrator

CMP304 looks to improve the Enhanced Reactive Power Service, making it “fit for purpose”. This modification will enable reforms to commercial reactive power services that will create more useful and economic solutions, and new opportunities for providers. This proposal aims to ensure that the reactive power services (i) delivers transparency and clear information to the market; (ii) facilitates greater competition in the provision of services; and (iii) meets the changing needs of balancing services providers and operational requirements of the system operator.

8885 JH requested an extension until April 2019, so that the Workgroup could link into the work carried out by the ESO under its roadmap for reactive power.

8886 GG suggested a more likely timescale would to be May/June 2019.

8887 The Panel agreed an extension until June 2019.

CMP305: Removal of the Enhanced Reactive Power Service (ERPS). 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.

8888 JH reminded the Panel of that, as documented in ‘Authority Decisions’, the Authority will not make a decision on CMP305 until work is completed on CMP304.

CMP306: ‘Align annual connection charge rate of return at CUSC 14.3.21 to price control cost of capital’. The purpose of this modification is to align the rate of return applied to the net asset value of connection points in the calculation of annual connection charges (as set out at paragraph 14.3.21 of the Connection Charging Methodology) to the pre-tax cost of capital in the price control of the Relevant Transmission Licensee (plus a margin of 1.5 percentage points in the case of MEA-linked assets). This will improve the cost reflectivity of the charges, since the return on capital will equal the Authority’s most recent assessment of that cost for the Relevant Transmission Licensee.

8889 JH advised the Panel that there had been issues with quoracy but that this had now been resolved. A Workgroup meeting is scheduled for 31 January 2019

CMP308: ‘Removal of BSUoS charges from Generation’. This modification seeks to modify the CUSC to better align GB market arrangements with those prevalent within other EU member states. This will deliver more effective competition and trade across the EU and so deliver benefits to all end consumers.

8890 JH advised the Panel that the Workgroup is due to convene on 30 January 2019. JH reminded the Panel that future Workgroup meetings were to run in close proximity with the Balancing Services Task Force.

7. **Discussions on Prioritisation:**

8891 JH advised the Panel that CMP285 was currently at the top of the stack.

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- 8892 JH advised the Panel that CMP301 can continue on the same timeline but that this may need to be re-visited if there are any delays in getting the FMR to Ofgem for Decision.
- 8893 LB noted that, reflecting the Panel’s earlier decision, CMP286 and CMP 287 should be split and that CMP287 should be above CMP286 on the stack.
- 8894 JH said that he would send the Proposer an email as soon as possible, just for information purposes.
- 8895 AP asked if there were any modifications on hold or withdrawn in light of recent events with regard to the SCR/TCR.
- 8896 JH advised that CMP302 may be withdrawn by the proposer now that Ofgem had given direction that they would extend the Small Generator Discount through the license.
- 8897 TM suggested that the Panel do a final sense check of the prioritisation stack, based on the discussions held in the meeting. The Panel agreed that the only change that should be made was that CMP287 should now sit above CMP286.
- 8898 On that basis, the Panel agreed on the current prioritisation stack which can be found [here](#) .

8. **Chair Update**

- 8899 TM stated that there were no updates from the Chair.

9. **Standing Groups**

- **Governance Standing Group (GG)**

- 8900 GG advised the Panel that there have been no meetings since the last Panel.
- 8901 PM mentioned the new licensees’ conditions and best endeavours. He also highlighted that there were potential issues for stakeholders, especially with regard to providing clarity so that parties are clear to raise modifications.
- 8902 GG stated that the Standing Group will seek clarification from Ofgem (possibly in their decision on the new licence conditions) and provide guidance to parties as to what can be done, including what this means for parties seeking to raise a modification.
- 8903 GG stated that Paragraph 1.6 exemption of the Ofgem letter appears to extend to the raising of and the voting for and against a modification or WACM.

- **Transmission Charging Methodology Forum (JW)**

- 8904 JW advised the Panel that TCMF had taken Place on 16 January 2019. In terms of the agenda, an update was given by JH on current Code Modifications. Tom Selby and Sophie Van Caloen from the ESO gave updates on the 2020/21 TNUoS Tariff Setting and EU Exit respectively.

10. **European Code Development**

- 8905 NH had no update.
- 8906 GG confirmed that the JESG was due to meet the next week and that they will be discussing how they can plan for a no deal Brexit. GG highlighted that there is also a stakeholder workshop with BEIS and Ofgem on the 6 February 2019, also to discuss the “No Deal” scenario.
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11. **Update on Industry Codes/General Industry Updates Relevant to the CUSC**

8907 JH confirmed there that there were no updates relevant to the CUSC.

8908 There were no further updates from Panel members.

12. **Relevant Interruptions Claim Report**

8909 The Panel noted the report.

13. **Other CUSC Panel Updates**

8910 Christine Brown (CB) gave an update on the Customer Journey and the slides to this presentation can be [here](#)

8911 CB stated that since the last update provided to the CUSC Panel, where she was scoping the plan for delivery, the Code Administrator had now signed off, and is committed to, the Customer Journey plan. She then stated that she would talk through what the plan is, along with the timelines for the various concepts and deliverables. In addition, she highlighted that the ESO Improvement Plan has been published and she highlighted the synergies between the plans. She outlined that the ESO Improvement Plan was the initial layer or 'quick wins' in the journey to the full step change as Code Administrator.

8912 CB explained that the team had been developing a new Modification Tracker which would shortly be uploaded to the website, as the initial layer in developing the right solution for Industry.

8913 CB stated that the new Modification Tracker will focus on all the modifications, stage gates and timelines agreed by the Panel. CB further clarified that the Code Administrator is seeking feedback from the Panel so that there can be a synergy of the current Modification Tracker and Progress Report, replacing it with a live Modification Tracker across all codes administered by the ESO as the end goal for Industry.

8914 CB went on to talk about "Brilliant Basics", which will ensure that the Code Administrator deliver the basics of the role to a high standard. CB stated she hoped that this would manifest itself to industry as a step change in quality.

8915 CB further explained that the Code Administrator would develop new, improved executive summaries.

8916 TM welcomed this, saying that this would be particularly useful when reports are sent to Ofgem.

8917 NH responded by saying that the executive summary is a useful document for the Authority when assessing modifications.

8918 PM suggested that it may be beneficial to have a named ESO analyst included for each modification.

8919 CB agreed and noted that this was her intention.

8920 CB additionally advised around the Code Administrator's Workgroups chairing strategy, taking account of feedback received by Industry. CB mentioned that the Code Administrator welcomed further feedback on this.

8921 The Code Administrator's role as a Critical Friend was also discussed in terms of their role in the development of a modification proposal. CB stated that she was considering raising a modification to allow more time between when a modification is received by the Code Administrator team and when it is sent to the respective Panel for their review. CB explained that currently a modification can be submitted by 5 pm on papers day.

8922 The Panel talked through the timescales that Elexon have in place and noted that this modification would be an alignment to other Code Administrators and that it would allow the Code Administrator appropriate time to fulfil the critical friend role when proposals are received.

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- 8923 GG asked about the timeline for the raising of the modification. CB stated that she will be seeking feedback from the CUSC Issues Steering Group and the Grid Code Development Forum ahead of raising a modification.
- 8924 CB talked through the concept of Incremental Reporting and stated that there are times when modifications have been at Workgroup Stage for a long period and Industry would not have had an update on what is happening on the modification until the Workgroup Consultation stage. CB explained that an option could be that the Workgroup Report be published more often, as and when more development is completed in the Workgroup. CB added that this was currently still being scoped out and further developed.
- 8925 GG highlighted the risk of reporting on a modification when it is not fully developed. CB advised that she would take this away and think about it when further scoping out this concept.
- 8926 GG also highlighted that the current ongoing BEIS/Ofgem review on governance may potentially see changes to the Code Administrator function.
- 8927 GG suggested that an email was sent to industry when the modification tracker was online.
- Action: Code Administrator to let industry know when modification tracker is live**
- 8928 CB confirmed that she will be at the March Panel and bi-monthly with more information and update on the customer journey deliverables.
- 8923 The production of legal text in reference to the customer journey was discussed.
- 8924 CB stated that the position on legal text was not part of the Customer Journey work and was a business as usual action.
- 8925 GG said that National Grid ESO have always produced the legal text for modifications.
- 8926 RL said we need to try and get a clear idea of what the issue is with regard to legal text backlogs.
- 8927 JW said the ESO would try to make sure the right process is in place so that this does not hold up modifications in future.
- 8928 NR stated that Elexon produces legal text. However, there needs to be clear business requirements for them to do so and, more often than not, this was shared with the Workgroup and signed off by the Workgroup. NR stated that Legal Text has often been a collaborative effort. Each modification has a business requirement and then a checklist for business requirements to enable the group to produce the legal text.
- 8929 TM concluded that differing interpretations of responsibilities for drafting legal text was a recurring issue that caused delays in the progress of modifications, and that there was a need, once and for all, for clarity all round. TM agreed to take an action to speak to Rob Marshall and Gareth Davies.
- Action: TM to speak to Rob Marshall and Gareth Davies about clarifying the responsibilities surrounding the drafting of legal text.**
- 8930 NR enquired whether National Grid ESO in its Code Administrator function is working collaboratively with other/Code Administrators on their Customer Journey work, and whether they use best practices from other Code Administration groups.
- 8931 CB told the Panel that they, as the National Grid ESO Code Administrator are leading on facilitating the quarterly CACoP meetings this year and that Rachel Hinsley is leading on this and will be working collaboratively with other Code Administrators throughout the process.
- 8932 TM said that the Panel have bi-monthly updates on the CACoP and that RH is scheduled to provide an update at the next Panel meeting following.
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8933 The Panel were advised that there would be a CACoP Forum update bi monthly – February, April, June, August, October, December.

14. **EU Exit Presentation**

8934 Sophie Van Caloen (SVC) joined the meeting to give an update on EU Exit. Sophie stated that wanted to get the Panel's views on views on the initial analysis of modifications based on Statutory Instruments, and the expected process for EU Exit code modifications in the case of no deal.

8935 SVC stated that the ESO are preparing for all scenarios, including the outcome that the UK leaves the EU with no deal in March 2019. SVC stated that the UK Government has agreed the full legal text of the Withdrawal Agreement with the EU. If this is implemented, an implementation period will run until 31 December 2020 and the working assumption is that consequential changes to licenses and codes will not be required during this time. However, BEIS, Ofgem and the industry are preparing for making changes to licenses and codes in the event that the UK leaves the EU without a deal.

8936 SVC highlighted that BEIS released Statutory Instruments in December 2018, which aim to ensure that domestic and retained EU legislation in energy would continue to operate effectively. The principle of minimal possible changes is implemented, to ensure continued operability and minimize disruption to the UK's energy market. SVC also highlighted that the ESO was now making necessary steps to put modifications together if needed, working in liaison with other Code Administrators.

8937 With regard to the CUSC, SVC stated that the intent of the code modifications is to ensure sufficient alignment with retained legislation and licences. The objective is to minimise changes to support progression in a timely manner. No benefit or detriment is intended to any industry party.

8938 SVC stated that the majority of the envisaged changes are straightforward. References to EU legislation need to be replaced as they would no longer apply with the corresponding UK legislation.

8939 SVC advised the Panel that EU Regulation 838/2010 still applies.

8940 SVC told the Panel that there is an intention to raise a modification at the end of February re licence change. SVC said she was happy to discuss this and receive any direction from Ofgem direction re code governance.

8941 GG sated that this would depends on whether the change is not on matters of policy.

8942 SVC told the Panel that there will be some period when the GB Energy Market would be will be non-compliant post-Brexit, but that talks were going on with Ofgem.

8943 SVC invited the views of the Panel in connection with the time line.

8944 GG asked a question with regard to the Connection Codes, asking what the legal status was with regard to bi-lateral agreements.

8945 SVC advised that Connection Codes are being worked on by BEIS and that they are within the GB code.

8946 GG stated that this was the view of National Grid but not necessarily of all stakeholders.

8947 SVC confirmed that this was the view of National Grid.

8948 TM said that the Connection Codes were being revoked and that it was not a National Grid decision.

8949 GG asked how Parliament can revoke the law but it is not then revoked in the GB codes and questioned why some parts of the legislation being revoked by Government were being kept in bi-lateral agreements.

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- 8950 JW said that The Energy Act does not have legal basis and that parties can come along and revoke. SVC said she will send more clarity. TM asked if something could be given in writing.
- 8951 SVC asked if the Panel were happy with a self-governance process.
- 8952 PJ said this seemed unavoidable. Self-governance sounds reasonable and safeguards will be in place.
- 8953 TM advised the Panel that, having been copied into Jonathan Brearley's letter to Cathy Graham, there is a clear expectation by Ofgem that modifications should follow the self-governance route.
- 8954 GG said that there may not be enough time for self-governance and that there may be a need to propose the modification under the urgency route.
- 8955 GG further stated that, with self-governance there is a fifteen-day Code Administrator Consultation and appeal window, and that urgency can work better in this instance. GG reiterated the belief that if a modification is raised, then the self-governance option may not be preferable.
- 8956 SVC asked if there were any blockers, and if Ofgem were able to approve a modification and implement it before licence change.
- 8957 GG said that action cannot be taken until the licence is changed, and that actual code change cannot happen until 29 March 2019 or the Exit Day.
- 8958 JW said that action can be approved, but not implemented, until after 29 March 2019.
- 8960 GG said he wanted to know what we were signing up for in connection agreements with "Deal" and "No Deal" scenarios.

Action: SVC to feed back into Panel with information on Deal or No Deal Scenarios for connection agreements

15. **A.O.B**

- 8961 There was no other business from any Panel member.
- 8962 TM thanked everyone for their input into the Panel and closed the meeting.

16. **Next meeting**

- 8963 The next Panel meeting will take place at Faraday House on Monday **25 February 2019** at 10am.
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