





Stage 2: Workgroup Consultation		At what stage is this document in the process?												
<h1>CMP300: Cost reflective Response Energy Payment for Generators with low or negative marginal costs</h1>		<table border="1"> <tr> <td>01</td> <td>Proposal Form</td> </tr> <tr> <td>02</td> <td>Workgroup Consultation</td> </tr> <tr> <td>03</td> <td>Workgroup Report</td> </tr> <tr> <td>04</td> <td>Code Administrator Consultation</td> </tr> <tr> <td>05</td> <td>Draft CUSC Modification Report</td> </tr> <tr> <td>06</td> <td>Final CUSC Modification Report</td> </tr> </table>	01	Proposal Form	02	Workgroup Consultation	03	Workgroup Report	04	Code Administrator Consultation	05	Draft CUSC Modification Report	06	Final CUSC Modification Report
01	Proposal Form													
02	Workgroup Consultation													
03	Workgroup Report													
04	Code Administrator Consultation													
05	Draft CUSC Modification Report													
06	Final CUSC Modification Report													
<p>Purpose of Modification: 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.</p>														
	<p>This document contains the discussion of the Workgroup which formed in February 2019 to develop and assess the proposal. Any interested party is able to make a response in line with the guidance set out in Section 5 of this document.</p> <p style="text-align: center;">Published on: 12 April 2019 / 15 May 2019</p> <p style="text-align: center;">Length of Consultation: 18 Working days / additional 5 days</p> <p style="text-align: center;">Responses by: 15 May 2019 / 22 May 2019</p>													
	<p>High Impact: None.</p>													
	<p>Medium Impact: MFR providers, the SO.</p>													
	<p>Low Impact: None.</p>													

Contents

1	About this document	3
2	Original Proposal	4
3	Proposer's Solution	6
4	Workgroup Discussions	6
5	Workgroup Consultation: how to respond	10
6	Relevant Objectives	11
7	Implementation	12
8	Legal Text	12
	Annex 1	14

Timetable

The Code Administrator will update the timetable.

Initial consideration by Workgroup	15 February 2019
Workgroup Consultation issued to the Industry	12 April 2019
Modification concluded by Workgroup	June 2019
Workgroup Report presented to Panel	28 June 2019
Code Administration Consultation Report issued to the Industry	5 July 2019
Draft Final Modification Report presented to Panel	23 August 2019
Modification Panel decision	30 August 2019
Final Modification Report issued the Authority	6 September 2019
Decision implemented in CUSC	25 October 2019



Any questions?

Contact:

Rachel Hinsley



**Rachel.Hinsley1@national
grideso.com**



07811762440

Proposer:

Drax Power LTD



paul.youngman@drax.com



01757 612757

National Grid Representative:

Grahame Neale



**Grahame.Neale@nationalgrid
eso.com**



07787 261242

1 About this document

This report contains the discussion of the Workgroup which formed in February 2019 to develop and assess the proposal.

Section 2 (Original Proposal) and Section 3 (Proposer's solution) are sourced directly from the Proposer and any statements or assertions have not been altered or substantiated/supported or refuted by the Workgroup. Section 5 of the Workgroup contains the discussion by the Workgroup on the Proposal and the potential solution.

The CUSC Panel detailed in the Terms of Reference the scope of work for the CMP300 Workgroup and the specific areas that the Workgroup should consider.

The table below details these specific areas and where the Workgroup have covered them or will cover post Workgroup Consultation.

The full Terms of Reference can be found in Annex 1.

Table 1: CMP300 ToR

Specific Area	Location in the report
Scope of Cross Code Impacts to be considered as early as possible	Section 5 of the report
Workgroup is to be mindful of SOGL	Section 5 of the report
Ensuring any workgroup consultation goes to CfD BMU parties	Section 5 of the report
Ensuring there are no unintended consequences in crossovers. between definition of non-fuel BMU and CfD BMU	Section 5 of the report
Consideration to whether any values other than "zero" are appropriate	Section 5 of the report

Acronym Table

Acronym	Meaning
REP	Response energy Payment
MIP	Market Index Price
BM	Balancing Market
CfD	Contract for difference
FiT	Feed in Tariff
MFR	Mandatory Frequency Response

NGESO	National Grid Electricity System Operator
HP	Holding Payment
NGET	National Grid Electricity Transmission
TSO	Transmission System Operator
SOGL	System Operation Guideline

2 Original Proposal

Defect

This modification is to improve the cost reflectivity of the Response Energy Payment (REP). The current methodology allows for the REP to be set by the Market Index Price (MIP) or at Zero for “Non-Fuel” BM units that have low or negative marginal costs. The current construction of the REP does not reflect the cost or avoided cost of energy production for all generators. BM Units with low or negative marginal costs, as a consequence of having a Contract for Difference (CfD) Feed in Tariff (FiT), are not managed the same as “non-fuel” BM Units that have equivalent low or negative marginal costs.

We believe this is an anomaly and should be corrected. The REP methodology should be cost reflective, not reflective of specific methods of energy production. Technologies not classified as “non-fuel” which have low, or zero, marginal costs due to having a CfD FiT, should be treated the same as other low, or zero marginal cost units and have a REP set to zero. This will make the REP more cost reflective, and alleviate any potential distortion of the Mandatory Frequency Response (MFR) market, as the MIP based REP is clearly not cost reflective for these providers.

What

It is not only “Non-fuel” BM Units that can have low or negative marginal costs, in fact, other BM Units with a CfD FiT have similar marginal costs. The legal text should be amended to reflect this and ensure CfD BM Units receive a zero REP.

Why

The REP was designed to be cost reflective. The REP payment does not accurately reflect the generator’s cost, or avoided cost for some technologies with a CfD FiT due to the low or negative marginal cost for these BM Units. This could be having a negative impact on competition within the MFR market where Generators submit holding priced (HP) tenders on a monthly basis, and the NGESO ranks these tender submissions in economic order.

This change will improve competition in the MFR by ensuring that the REP is cost reflective and all generators with a low or negative marginal cost are treated equally.

Certain generators are required by the Grid Code to provide a Mandatory Frequency Response (MFR) service to assist the NGESO with keeping the electricity system frequency within a designated target of 50Hz and receive payments for doing so. These payments are designed to be cost reflective and are split between a Holding Payment (HP) for being capable of providing response, and a Response Energy Payment (REP), which is a cost reflective utilisation payment designed to cover the costs of actual response energy. Generators submit holding price (HP) tenders on a monthly basis to the NGESO. The NGESO then ranks these tender submissions in economic order. When generators are instructed to increase their output (Low Frequency Response), they receive a cost reflective REP payment, where generators are instructed to reduce their output (High Frequency Response), they pay the NGESO to reflect the energy costs saved. The REP is based either on the Market Index Price (MIP) or Zero if the generator has low or negative marginal costs, and is classified “non-fuel”.

The classification of “non-fuel” was introduced by “*CMP237 Response Energy Payment for Low Fuel Cost Generation*” to ensure the REP better reflected costs. This was approved on the 31st October 2016 to address an unintended consequence of the REP. The modification rectified an issue where generators with low or negative marginal costs were submitting HPs which were typically the highest in the market. The primary driver of this behaviour was that the REP, which was then based solely on MIP, did not reflect the actual and opportunity costs incurred for providing this service to the NGESO.

For instance, if a renewable generator was instructed to provide High Frequency Response (reduce output), it would be required to pay NGET for the cost that was avoided in reducing its energy production when no costs would actually have been incurred. This generator also has to potentially sacrifice renewable subsidies (e.g. CfD FIT) as a result of reducing output. As such, it is not cost-reflective for them to have to pay the NGESO for avoided costs that don't exist.

Ofgem addressed cost reflectivity of the REP within its decision document on CMP237, agreeing that low or negative marginal cost generators should have a REP set to zero. This was applied at the time to “non fuel” BM Units: Onshore wind, Offshore wind, Solar, Tidal and Wave. These BM Units reference price is set to zero when calculating the Response Energy Payment, to reflect their low or negative marginal cost.

The definition applied through “*CMP237 Response Energy Payment for Low Fuel Cost Generation*” has not reflected changes to the market with the effect that some BM Units with a low or negative marginal cost are not captured by the definition. We propose this should be rectified by extending a zero reference price to **both** “non-fuel” BM Units and BM Units with a CfD. This would be accomplished by defining a **CfD BM Unit** as “a BM Unit which entered into a Contract for Difference (CfD) or investment contract each as designated in the Energy Act 2013”

How

Currently, the Reference Price which feeds into the calculation of the Response Energy Payment is set to zero for “non-fuel” cost BM Units, we propose this should be set to zero for **both** “non-fuel” cost and **CfD BM Units**.

3 Proposer's Solution

For all BM Units with a low or negative marginal cost the REP would be settled at £0/MWh. This will ensure that generators are not penalised by the cost of changing their energy output in providing frequency response.

The response energy payment is currently calculated by multiplying the response energy by the reference price. Where the reference price is zero for “non-fuel” BM Units, we propose to amend this so that the reference price is zero **for both** “non-fuel” BM Units and CfD BM Units. We believe this would cover all BM Units with a low or negative marginal cost, and ensure that they do not get paid, or pay, the MIP based Response Energy Payment.

This modification will impact National Grid and providers of MFR since it changes how the REP is calculated for certain generators. This modification proposes changes to section 4.1.3.9A of the Connection and Use of System Code.

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

No.

Consumer Impacts

This modification will address an issue with the REP associated with providing MFR. By ensuring that the REP is more cost reflective for all MFR providers this will better facilitate competition for the provision of frequency response. This should consequently reduce the overall cost to the end consumer.

4 Workgroup Discussions

The Workgroup met on the 15 February 2019 to further develop CMP300. The Proposer presented the original presentation that was given to the CUSC Panel to give the Workgroup members a further understanding behind the modification.

The principle of applying a cost reflective REP was established in the Ofgem decision for CMP237. However, the decision of CMP237 did not apply to all low or negative marginal cost generators. As such a distortion remains of the mandatory frequency market that will be addressed by extending the definition and application of CMP237 to all generators with low or negative marginal costs.

The Proposer stated that the solution is a simple change in applying the zero-price REP that applies to non-fuel BM Units to CfD BM Units as well. The Proposer highlighted the solution to be a benefit against objective A of the charging CUSC objectives.

A Workgroup Member stated that it would be useful to flesh out which parties might be affected by this modification and also to look into materiality in relation to cost changes if this was implemented.

The Proposer responded to this view in saying that a benefit of the solution proposed is that it is technologically neutral as it would apply to all units in receipt of a CfD. The proposer sees other all existing and future generators in receipt of a CfD benefiting from the removal of the distortion.

The Proposer explained that he believes this modification to have a £50,000 a year materiality cost based on the available information. The proposer couldn't give a view on implementation or wider system costs.

The Proposer stated that work has already taken place under modification CMP237 and that potentially CMP300 could relate back to the CMP237 modification.

The NGENSO representative asked the Proposer a question to better understand the modification. "Is the proposal looking at units that have been awarded a CfD or the process for applying for CfD?"

The Proposer responded that the modification is applying to all units that have CfD regardless of generation type or technology. This modification is rectifying the current distinction that is based on technology type rather than the economic distinction of a low or negative marginal cost. As above the modification amends the arrangements to be technology neutral.

The NGENSO representative echoed the view made earlier in the discussion on further work being required on the materiality of this modification. The NGENSO representative explained that he felt a Cost Benefit Analysis would be required for this modification.

The Workgroup discussed if a BSC modification is required, it was felt that this was not necessary and the Chair agreed that she would speak to Elexon if it became clear that a BSC modification is required.

The Workgroup reviewed the Terms of Reference set by the Panel and explored the additional scope that was set.

Scope of cross code impacts:

The Chair of the Workgroup explained that if it became clear that other code modifications were required and CMP300 led to cross code impacts, then she would liaise with the relevant codes.

Consideration of SOGL:

The TOR highlighted consideration of any interaction with the System Operator guidelines specifically if there were consequential changes to Mandatory Frequency Response. A Workgroup Member stated that the Mandatory Frequency Response has not been changed yet. In relation to Grid Code Modification (GC0114) Frequency Containment Reserves (FCR), Frequency Restoration Reserves (FRR), Replacement

Reserves (RR) National Grid has already introduced a pre-qualification process as part of this modification.

The obligations for Mandatory Frequency Response have not yet been removed from parties. It is anticipated that on or around the 4th June 2019 the Mandatory services obligation will fall away. It was noted that NGENSO needs to review what they are looking to do to deal with this change. It was agreed by the Workgroup and noted by the Proposer that this Modification could have a short lifespan after the 4th June 2019.

Workgroup Consultation to go to CfD BMU Parties

It was asked by a Workgroup Member how are CfD BMU Parties identified? The NGENSO representative stated that all parties awarded a CfD contract are on BEIS website. It was noted that the difficulty for the Chair will be acquiring all of the contact details for each of these parties to inform them about CMP300. A workgroup member asked if the information could be given from another team within NGENSO. The Chair agreed to look into this with the NGENSO Representative.

Ensure no unintended consequences between non-fuel BMU and CfD BMU.

The Proposer stated he does not see any unintended consequences emerging from CMP300, Workgroup Members also stated that they currently do not see any unintended consequences however will wait for the further consultation responses to see if any come to light.

Consideration to whether any values other than “zero” are appropriate

The Proposer stated that he is happy to explore any other suggestions around this, and whether to apply this to all parties to CfD. The intention of CMP300 is that the solution would be replicate the application of CMP237 with a zero price as this is cost reflective.

A Workgroup member stated that he sees this is as a useful workgroup consultation question. The Proposer and the NGENSO representative also agreed this would be a useful question. The NGENSO representative highlighted the Workgroup would need to consider the different technologies that would apply for CfD. The NGENSO representative also stated that it would be worth exploring to see how does this change to having a CfD and not having a CfD. The Proposer responded stating that it's the economic driver, not the fuel type that was highlighted in Ofgems decision letter for CMP237. CMP300 is focused on being technology neutral and driven by being cost reflective in relation to CfD units.

A Workgroup Member asked a question “how this would affect big windfarms coming on, as they would be excluded as they would have a zero price”. There was agreement that this is currently the arrangements that were introduced by CMP237. A Workgroup Member also responded that yes currently it is a mandatory service, however in the future it would be questionable under the new European compliance arrangements.

Grid Code Modification GC0114 being approved would result in the potential for CMP300 would be withdrawn. A Workgroup Member stated that SOGL applies to all

new parties so this will capture anyone new connecting. SOGL states in articles 155, 162, 168 that parties have to make an application to apply the service and it can be denied by the TSO. It was clear from GC0114 that the services are voluntary and not mandatory, and therefore given that the question is will mandatory services continue.

Data provisions what can be shared, how will this work?

A Workgroup member ask NGENSO a question around Data provisions in relation to what can be shared and how will this work?

The NGENSO Workgroup Member took away this question to do further analysis and the below paragraph is the findings

NGESO stated that in order to implement the proposal of CMP300, NGENSO will need an up to date list of which generators have a valid CfD agreement that is updated as and when new CfD contracts are awarded or previously awarded CfD contracts are revoked. The Low Carbon Contracts Company (LCCC) has an online register (<https://www.lowcarboncontracts.uk/cfds>) which lists all those projects with a CfD contract. From discussions with the LCCC, NGENSO are comfortable that new CfD contracts would be added to this register. However, it is not clear if or how projects that have CfDs removed would be shown on this register, therefore NGENSO are progressing on the assumption that revoked CfDs will be clearly shown on the register.

The Workgroup were happy with the information provided by NGENSO and felt that it would be of great value to them in asking the Industry a question in relation to the Data Provisions in the Workgroup Consultation. (Q7 of the Workgroup Consultation).

Ofgem reason for approving CMP237

The view of the proposer is that Ofgem's consideration on CMP237 (As above in the title) is directly associated with the economic case that the REP should be cost reflective and therefore should be applicable to units that have low or negative marginal costs as a consequence of a CfD.

"Regarding costs covered under the REP, we accept the views expressed by the workgroup member that the intention of the payment mechanism is not only to cover fuel costs but all costs associated with energy production. However, setting a REP to £0/MWh for providers with zero fuel costs would result in a utilisation payment that more accurately reflects these providers' costs. This change will result in increased certainty for this class of generator, allowing them to submit HPs based on their actual positions which is likely to enhance competition within the MFR market."

The Workgroup felt that following the proposers view a question should be asked to the Industry in regards to their views on the Authority's decision for approving CMP237 (As Above in the title). (This can be found as Question 8 in the Workgroup Consultation).

5 Workgroup Consultation: how to respond

The CMP300 Workgroup is seeking the views of CUSC Parties and other interested parties in relation to the issues noted in this document and specifically in response to the questions highlighted in the report and summarised below:

Standard Workgroup Consultation questions:

- Q1:** Do you believe that CMP300 Original proposal better facilitates the Applicable CUSC Objectives?
- Q2:** Do you support the proposed implementation approach?
- Q3:** Do you have any other comments?
- Q4:** Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?

Specific CMP300 Workgroup Consultations Questions:

Q5: The workgroup considered 3 options.

1. The original figure of zero pounds per MWh
2. The Market Price
3. An optional price

Do you favour an option; if so which option is your preference?

If this is option 3 how do you suggest this this would work?

Q6: Do you feel that the workgroup has identified all the consequences from this proposal, are there any unintended consequences that you would identify?

Q7: As discussed in Section 4 of the report, NGENSO will be using a public register to determine which projects have a CfD and be subject to this proposal. Do you agree with this approach?

Q8: Do you agree that Ofgem made the decision on CMP237 based on economic rationale and not the fuel type?

Please send your response using the response proforma which can be found on the National Grid website via the following link:

<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/cost-reflective-response-energy-payment>

In accordance with Section 8 of the CUSC, CUSC Parties, BSC Parties, the Citizens Advice and the Citizens Advice Scotland may also raise a Workgroup Consultation Alternative Request. If you wish to raise such a request, please use the relevant form available at the weblink below:

http://www.nationalgrideso.com/uk/Electricity/Codes/systemcode/amendments/forms_guidance/

Views are invited upon the proposals outlined in this report, which should be received by **5pm on 22 May 2019**.

Your formal responses may be emailed to: cusc.team@nationalgrideso.com

If you wish to submit a confidential response, please note that 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 the confidentiality. A response marked "Private & Confidential" will be disclosed to the Authority in full but, 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 and Confidential"

6 Relevant Objectives

Mandatory for the Proposer to complete.

Impact of the modification on the Applicable CUSC Objectives (Non Standard):

Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence	None
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;	None
(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.	None

*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).

This modification proposal levels the playing field and removes a barrier to competition that the current Response Energy Payment methodology presents to generators that have low or negative marginal costs. These units aren't classified as "non-fuel", and consequentially are paid, or pay, a response energy payment that isn't reflective of

actual costs. This modification will ensure that the REP is cost reflective for all MFR providers resulting in a more competitive and efficient outcome.

7 Implementation

Proposer's view:

The view of the Proposer was that CMP300 would require being implemented at the earliest opportunity to ensure there is a level playing field for all generators providing MFR. As per the timetable on Page 2 of this Report, the implementation of this Proposal will take place 10 working days after the Authority have provided its decision.

8 Legal Text

Below details the proposed legal text from the Proposer. The Proposer has suggested the following proposed changes to section 4.1.3.9A of the Connection and Use of System Code.

Where: RE_{ij} is positive then:

a CfD **BM Unit** means a **BM Unit** which entered into a Contract for Difference (CfD) or investment contract each as designated in the Energy Act 2013

Reference Price = $\max (\sum_s \{PXP_{sj} \times QXP_{sj}\} / \sum_s \{QXP_{sj}\} \times 1.25, 0)$ except in the case of **both** non-fuel cost **and CfD BM Unit** where it = 0

where \sum_s represents the sum over all **Market Index Data Providers**.

Where RE_{ij} is negative then:

Reference Price = $\max (\sum_s \{PXP_{sj} \times QXP_{sj}\} / \sum_s \{QXP_{sj}\} \times 0.75, 0)$ except in the case of **both** non-fuel cost **and CfD BM Unit** where it = 0

where \sum_s represents the sum over all **Market Index Data Providers**

Where for the purposes of this Paragraph:

a non-fuel cost **BM Unit** means a **BM Unit** [associated with] [registered in respect of] a non-fuel cost **Power Station**

a non-fuel cost **Power Station** means:

a **Power Station** of the following type which does not have the facility to store the energy produced)

Onshore wind

Offshore wind
Solar
Tidal
Wave

Annex 1

Workgroup Terms of Reference and Membership

TERMS OF REFERENCE FOR CMP300 WORKGROUP

CMP300 aims 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. update the CUSC (Section 14.30 onwards), in line with the new Electricity System Operator (ESO) Incentive Scheme which is detailed within National Grid's Licence. Changes have been approved and when implemented, they will be effective from on the 1st April 2018.

Responsibilities

1. The Workgroup is responsible for assisting the CUSC Modifications Panel in the evaluation of CUSC Modification Proposal **CMP300 Cost reflective Response Energy Payment for Generators with low or negative marginal costs** at the Modifications Panel meeting on 25 May 2018.
2. The proposal must be evaluated to consider whether it better facilitates achievement of the Applicable CUSC Objectives. These can be summarised as follows:

Non-Standard (Charging) Objectives

- 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 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);
- 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;
- 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
- e. Promoting efficiency in the implementation and administration of the CUSC arrangements.

3. It should be noted that additional provisions apply where it is proposed to modify the CUSC Modification provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

Scope of work

4. The Workgroup must consider the issues raised by the Modification Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.
5. In addition to the overriding requirement of paragraph 4, the Workgroup shall consider and report on the following specific issues:
 - Scope of Cross Code Impacts to be considered as early as possible.
 - Workgroup is to be mindful of SOGL.
 - Ensuring any workgroup consultation goes to CFD BMU parties.
 - Ensuring there are no unintended consequences in crossovers between definition of non-fuel BMU and CFD BMU.
 - Consideration to whether any values other than “zero” are appropriate.
6. The Workgroup is responsible for the formulation and evaluation of any Workgroup Alternative CUSC Modifications (WACMs) arising from Group discussions which would, as compared with the Modification Proposal or the current version of the CUSC, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified.
7. The Workgroup should become conversant with the definition of Workgroup Alternative CUSC Modification which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the Group and/or an individual member of the Workgroup to put forward a WACM if the member(s) genuinely believes the WACM would better facilitate the achievement of the Applicable CUSC Objectives, as compared with the Modification Proposal or the current version of the CUSC. The extent of the support for the Modification Proposal or any WACM arising from the Workgroup’s discussions should be clearly described in the final Workgroup Report to the CUSC Modifications Panel.
8. Workgroup members should be mindful of efficiency and propose the fewest number of WACMs possible.
9. All proposed WACMs should include the Proposer(s)'s details within the final Workgroup report, for the avoidance of doubt this includes WACMs which are proposed by the entire Workgroup or subset of members.
10. There is an obligation on the Workgroup to undertake a period of Consultation in accordance with CUSC 8.20. The Workgroup Consultation period shall be for a period of **20 working days** as determined by the Modifications Panel.
11. Following the Consultation period the Workgroup is required to consider all responses including any WG Consultation Alternative Requests. In undertaking an assessment of any WG Consultation Alternative Request, the Workgroup should consider whether it better facilitates the Applicable CUSC Objectives than the current version of the CUSC.

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

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

Membership

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

Role	Name	Representing
Chair	Rachel Hinsley	National Grid Electricity System Operator
National Grid Representative	Grahame Neale	National Grid System Operator
Industry Representatives	Paul Youngman	Drax (Proposer)
	Garth Graham	SSE
	Robert Longden	Cornwall Energy
	Ewen Ellen	Scottish Power
	Karl Maryon	Haven Power
	Paul Bedford	Opus Energy
Authority Representatives	Alexander Schamroth-Green	OFGEM
Technical secretary	Matthew Bent	National Grid Electricity System Operator
Observers	NAME	Company

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

14. The chairman of the Workgroup and the Modifications Panel Chairman must agree a number that will be quorum for each Workgroup meeting. The

agreed figure for CMP300 is that at least 5 Workgroup members must participate in a meeting for quorum to be met.

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

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

16. It is expected that Workgroup members would only abstain from voting under limited circumstances, for example where a member feels that a proposal has been insufficiently developed. Where a member has such concerns, they should raise these with the Workgroup chairman at the earliest possible opportunity and certainly before the Workgroup vote takes place. Where abstention occurs, the reason should be recorded in the Workgroup report.
17. Workgroup members or their appointed alternate are required to attend a minimum of 50% of the Workgroup meetings to be eligible to participate in the Workgroup vote.
18. The Technical Secretary shall keep an Attendance Record for the Workgroup meetings and circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the final Workgroup report.
19. The Workgroup membership can be amended from time to time by the CUSC Modifications Panel.

Appendix 1

Proposed CMP300 Timetable

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