

CUSC Panel

Friday 30 October 2020

Online Meeting via Teams

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Conference ID: 269 946 332#

WELCOME



nationalgridESO

Approval of Panel Minutes

**Approval of Panel Minutes from the
Meetings held 16 September 2020, 25
September 2020 and 1 October 2020**



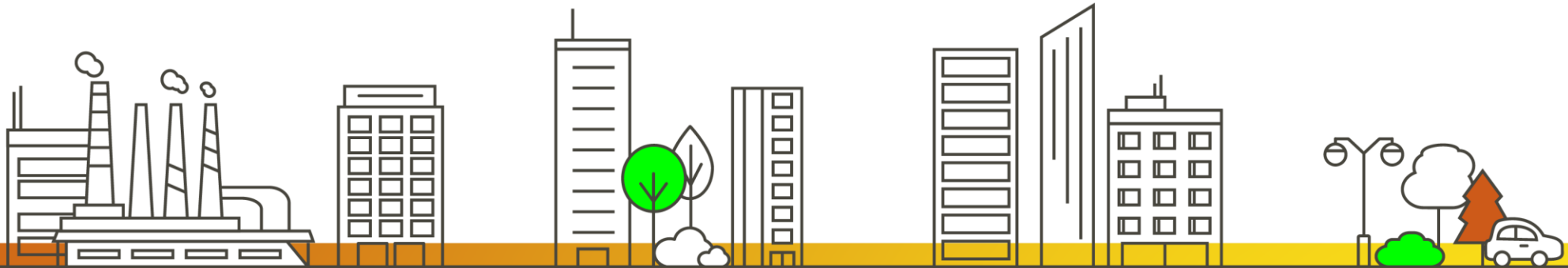
Actions Log

Review of the actions log



Chair's Update

An update from the Chair about ongoing relevant work, discussions etc.



Authority Decisions



Decisions Received since last Panel meeting

- ☐ CMP280 Update 2 October 2020
- ☐ CMP342 Appeal received 2 October 2020

Decisions Pending

- ☐ CMP280, CMP292, CMP317/327, CMP339, CMP324/325, CMP334, CMP333

Received Final Modification Reports since last Panel Meeting

- ☐ CMP335/336 and CMP343/340 (6 October 2020)

New modifications submitted

- **CMP352: Correction to 'Revised Indicative Annual TNUoS charge' formulas in Appendix 2 of CUSC Section 3**

Grahame Neale, National Grid ESO



Critical Friend Feedback – CMP352

Code Administrator comments	Amendments made by the Proposer
<p>Justification on the Fast Track Self- Governance route</p> <p>Amendments to implementation date/approach</p>	<p>Proposer accepted all amendments made by the Code Administrator</p>

Background

Point 5 and 8 of Appendix 2 in CUSC Section 3 documents the formulas by which the Revised Indicative Annual TNUoS Charge is calculated. These formulas do not work mathematically to deliver the intent of the formula and therefore these formulas need to be revised so that the arithmetic works.

Justification for Fast Track Self-Governance

The Proposer recommends that this Modification follows the Fast Track Self-Governance procedure as the changes meet the required criteria as the Modification is required as a result of factual change, including but not limited to:

iv) Updating out of date references to other documents or paragraphs.

The Self-Governance criteria is met as the modification is unlikely to discriminate between different classes of CUSC Parties and is unlikely to have a material effect on:

- Existing or future electricity customers;
- Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,
- The operation of the National Electricity Transmission System
- Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies

The CUSC's governance procedures or the CUSC's modification procedures

For information, Fast Track Self-Governance – Guidance

- Rectify internal inconsistencies
- Remove outdated (or redundant) information;
- Correct typographical errors in the CUSC; or
- Further development / detail existing processes or code arrangements (without introducing new requirements upon code parties which significantly impact business practices or systems).

Next steps

- Panel to unanimously approve that this can be implemented after the appeals window closes, providing no objections are raised.

Stage Gate	Date
Draft Fast Track Self- Governance Report issued to Panel	22 October 2020
Draft Fast Track Self-Governance Report presented to Panel	30 October 2020
Modification Panel decision	30 October 2020
Appeals Window (15 Working Days)	16 November 2020 to 7 December 2020
Decision implemented in CUSC	14 December 2020



In Flight Modification Updates

**Review of all CUSC Modifications with
current status, next steps and any Panel
recommendations**

Dashboard – CUSC (as at 22 October 2020)

Category	May	Jun	Jul	Aug	Sep	Oct
New Modifications	4	2	3	0	1	1
In-flight Modifications (includes those on hold but not New Modifications)	46	46	45	47	47	48
Modifications issued for Workgroup consultation	2 (CMP335/336CMP339)	1 (CMP345)	2 (CMP343/340 and CMP350)	0	0	0
Modifications issued for Code Administrator Consultation	1 (CMP337/338)	7 (CMP324/325, CMP345, CMP334, CMP333, CMP342, CMP317/327 and CMP339)	1 (CMP350)	3 (CMP346, CMP347, CMP333)	2 (CMP343/340, CMP335/336)	1 (CMP351)
Workgroups held	9	6	8	6	2	2
Authority Decisions	3 (CMP281, CMP319, CMP306)	2 (CMP345 and CMP323)	3 (CMP303, CMP337/338, CMP320)	1 (CMP350)	0	0
Implementations	0	2 (CMP345 and CMP323)	0	1 (CMP350)	1 (CMP348)	0
Modifications on Hold	5	4	4	4	4	4
Workgroups postponed	2 (CMP311, CMP326)	2 (CMP343/340, CMP335/336)	0	0	0	0

CUSC Workgroups for next 3 months (as at 22 October 2020)

October (total = 2)

- CMP328 – 15 Oct
- CMP344 – 22 Oct

December (total = 2)

- CMP326
- CMP330

November (total = 5)

- CMP328 x 2
- CMP344
- CMP326
- CMP330 – 9 Nov

January (total = 4)

- CMP328 x 2
- CMP326
- CMP330

See Notes explaining what each Modification is seeking to achieve

Grid Code Workgroups for next 3 months (as at 22 October 2020)

October (total = 5)

- GC0138/141 - 8 Oct
- GC0139 – 14 Oct
- GC0147 – 16 Oct and TBC
- GC0144 – 20 Oct

December (total = 5)

- GC0147
- GC0145 – 8 Dec
- GC0144
- GC0134
- GC0137

November (total = 6)

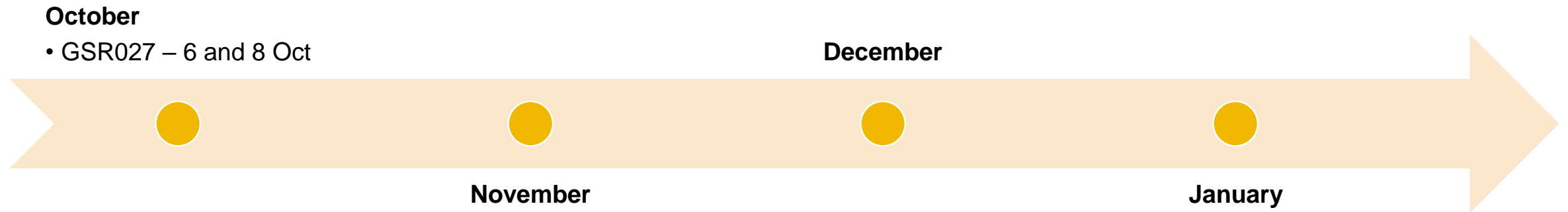
- GC0145 x 2 – 3 Nov and 24 Nov
- GC0109 x 2 – 12 Nov and 24 Nov
- GC0134
- GC0139 – 17 Nov

January (total = 2)

- GC0109 x 2 – w/c 11 Jan and w/c 25 Jan

See Notes explaining what each Modification is seeking to achieve

STC and SQSS Workgroups for next 3 months (as at 22 October 2020)



GSR027 - To address the specific actions from the Energy Emergency Executive Committee (E3C) and Ofgem final reports into the power outage of 9th August 2019 for the ESO to review, in consultation with industry, the NETS SQSS requirements that drive reserve, response and inertia holding on the GB electricity system.

CMP300 – Agree that the Workgroup has met its Terms of Reference and can proceed to Code Administrator Consultation

CMP309/310 – Note the changes between now and when the last Code Administrator Consultation was issued and agree that this can be issues for a 2nd Code Administrator Consultation

CMP330 - Agree proposed amendments to the Terms of Reference proposed by the Workgroup

CMP344 – Note that Workgroup Report will be presented to December 2020 Panel

CMP328 – Agree proposed amendments to the Terms of Reference proposed by the Workgroup

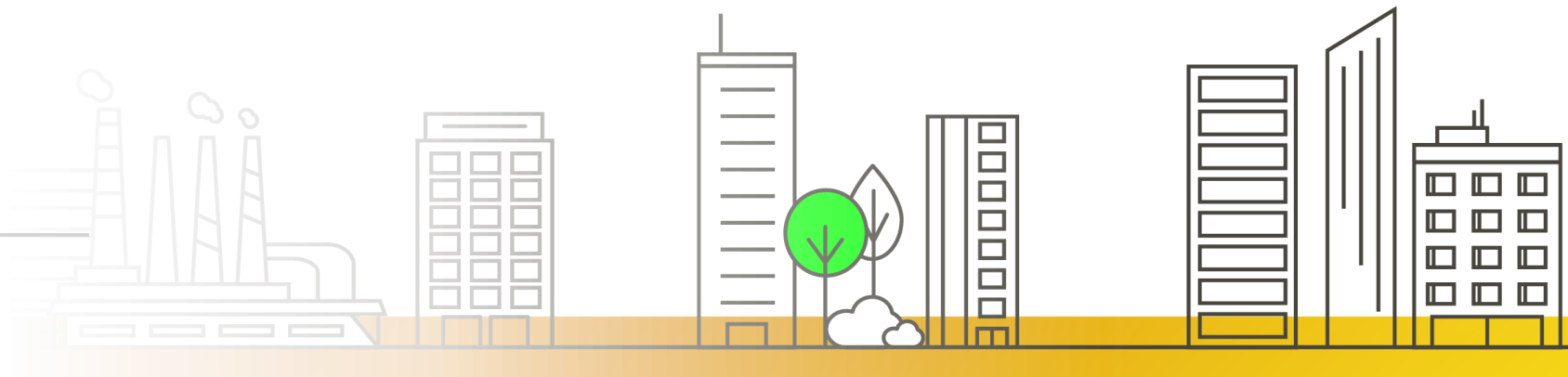
CMP342 – Note that a Self-Governance Appeal was raised 2 October 2020 and won't be implemented 9 October 2020

Timeline for CMP344

Milestone	Date	Milestone	Date
Workgroups 1 and 2	3 September 2020 and 22 October 2020	Draft Final Modification Report (DFMR) issued to Panel	21 January 2021
Workgroup Consultation (15 Working Days)	w/c 2 November 2020	Panel undertake DFMR recommendation vote	29 January 2021
Workgroup 3 - Assess Workgroup Consultation Responses and Workgroup Vote	w/c 30 November 2020	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	2 February 2021
Workgroup report issued to Panel	10 December 2020	Final Modification Report issued to Ofgem	10 February 2021
Panel sign off that Workgroup Report has met its Terms of Reference	18 December 2020	Ofgem decision	TBC
Code Administrator Consultation (15 Working Days)	18 December 2020 to 18 January 2021	Implementation Date	1 April 2021

Brexit CUSC Changes

Katharina Birkner



Brexit situation and possible outcomes

- The European Union Withdrawal Act (2018) was approved by the house of Lords on the 22nd January 2020. This initiated 11 months negotiation for a post Brexit EU relationship.
- The withdrawal agreement states that all EU network codes in place or approved by ACER ahead of exit day will be copied into GB law except for elements that aren't operable.
- As the negotiations are slowly drawing to and end there's 2 possible options:

Deal

This option currently looks less likely. Due to the UK negotiation team having expressed a preference to be outside of the internal energy market, there is a chance that an agreement, a “deal” situation could look similar to the “no deal” scenario initially. A “deal” scenario may require further negotiations to identify alternative options for the ongoing relationship on energy.

If an agreement is reached we will withdraw our CUSC Brexit mods and raise new ones.

No Deal

This option currently appears more likely due to the outstanding sticking points.

BEIS have a series of SIs that have been laid in place to copy EU network codes into GB law.

Code modifications have been raised previously to account for a “no deal” Brexit to ensure the CUSC remains accurate. These mods have been reviewed to include relevant updates since last year

CUSC Impact

In 2019 we raised 2 CUSC mods to ensure the CUSC remains accurate in the event the UK leaves the EU without an agreement. The Panel voted that the mod met the self-governance criteria and should proceed straight to CAC, which was run. Once it became clear that the European Union Withdrawal Act (2018) had been agreed the mods were put on hold.

CMP309: CUSC changes in the event the UK leaves the EU without an agreement

CMP309 seeks to ensure any retained EU law functions effectively in the CUSC in a “no deal” scenario taking into consideration the provisions of relevant statutory instruments under the Withdrawal Act. Legal text changes impact section 8 in the CUSC (CUSC modification) and section 11 in the CUSC (definitions)

CMP310: CUSC section 14 changes in the event the UK leaves the EU without an agreement

CMP310, is the equivalent to CMP309 for CUSC section 14 changes (charging methodologies)

We are bringing CMP309 and CMP310 back at October CUSC panel including additional legal text changes that are required due to the implementation of CMP322 and CMP323 (EBGL Art 18 T&Cs implementation) to initiate a new Code Administrator Consultation. The defect has not changed.

Our recommendation to Panel is to now proceed to a second CAC.

Legal Text highlights

SI 2019 No. 532 – Exiting the European Union (Electricity) laid 15th June 2019 copied the ITC agreement and Electricity Balancing Regulation into GB law

CUSC Section 11 (Definitions)

- Adding definition for Electricity Balancing Regulation (in place of previous definition as Electricity Balancing Guidelines) and subsequent EBR definitions
- Adding definitions for Retained EU law and Legally Binding Decisions from the EU Commission and ACER

CUSC Section 4 (Balancing Services)

- Updating EBGL Art 18 (T&Cs) provisions ensuring they contain updated definitions from Section 11
- Updating exhibit Y reference from EU law to retained SOGL

CUSC Section 8 (CUSC Modification)

- Ensuring Section 8 contains updated definitions from Section 11

CUSC Section 14 (Charging Methodologies)

- Updating reference from EU law reference to Retained EU law

The background features several abstract, flowing yellow lines. Some lines are curved and looped, while others are straight and diagonal, creating a sense of movement and energy.

Discussions on Prioritisation

Prioritisation Principles

Section 8: 8.19.1.(e) makes the following provision for the Panel and states “Having regard to the complexity, importance and urgency of particular CUSC Modification Proposals, the CUSC Modifications Panel may determine the priority of CUSC Modification Proposals and may (subject to any objection from the Authority taking into account all those issues) adjust the priority of the relevant CUSC Modification Proposal accordingly”

Complexity	The modification is viewed as being resource intensive and will most likely require a higher than average number of workgroups to conclude the process. Additionally the modification defect is viewed to have implications for many different areas of the energy market which need to be taken into consideration throughout the process.
Importance	The perceived value & risk associated with the proposed modification. The value / risk could be considered from a number of different perspectives i.e. financial / regulatory / licence obligations both directly for customer and end consumers more generally.
Urgency	A modification which requires speedy consideration within the code governance process, both complexity and importance should be factors considered in evaluating urgency as well as the timescales for implementation within the respective code.

BREAK



Workgroup Reports

**CMP300 - Cost reflective Response Energy Payment for
Generators with low or negative marginal costs**

Paul Mullen

CMP300 Background

- CMP300 was raised by Drax Power Ltd. and was submitted to the CUSC Panel for their consideration in February 2019.
 - The CUSC Panel decided that this modification should be assessed by a Workgroup and submitted to the Authority for decision.
- CMP300 seeks to improve the cost reflectivity of the Response Energy Payment (REP) as the current construction of the REP is not reflective of the costs or avoided cost of energy production for generators. It will achieve this by ensuring all BM Units with low or negative marginal costs, as a consequence of having a CfD FiT, are subject to the same REP methodology.
- 4 Workgroup Meetings held
- 3 Workgroup Consultation Responses received
 - 2 respondents believed that the proposed change better facilitates the CUSC objectives than the Baseline. However, 1 of these respondents favours an optional pricing approach as it allows market participants to provide their own approach in terms of cost reflective pricing. This has subsequently been raised as a Workgroup Alternative Code Modification (WACM1).
- Workgroup Vote held 31 October 2019
 - 5 of the 6 Workgroup Members voted that the Original and WACM1 were better than the current CUSC arrangements; and
 - 3 voted that WACM1 was best, with 2 votes for the Original and 1 vote for no change.
- Workgroup Report presented to November 2019 Panel; however Panel raised concerns that the Workgroup Report didn't really explain to what extent a CfD plant loses out at the moment under the current arrangements, as it doesn't set out the payments that the affected generator receives/pays/forgoes when it provides response. This has been addressed in the Benefits/Costs section of the Workgroup Report.

CMP300 Solutions

Proposers solution:

Currently, the Reference Price which feeds into the calculation of the Response Energy Payment (REP) is set to £0/MWh for “non-fuel” cost BM Units only. Proposer suggests that this is set at £0/MWh for CfD BM Units as well.

WACM1:

Market Participants will have an one-off choice for the REP to be set at £0/MWh (as per Proposer’s Solution) or at the prevailing Market Index Price. This must be exercised within 28 calendar days of ESO’s letter asking them to indicate their choice. Where no choice has been made within 28 calendar days, the REP will be set at £0/MWh.

Implementation:

10 working days after Ofgem decision for Proposers solution and WACM1.

National Grid ESO Workgroup Member expressed a preference for April 2022 implementation to align with delivery of a new Settlements system.

CMP300 Terms of Reference

- The Workgroup conclude that they have met their Terms of Reference and the references can be located below:

Workgroup Term of Reference	Location in Workgroup Report
a) Scope of Cross Code Impacts to be considered as early as possible	Workgroup Considerations
b) Workgroup is to be mindful of SOGL	Workgroup Considerations
c) Ensuring any workgroup consultation goes to CFD BMU parties	Workgroup Considerations
d) Ensuring there are no unintended consequences in crossovers. between definition of non-fuel BMU and CFD BMU	Workgroup Considerations
e) Consideration to whether any values other than “zero” are appropriate	Workgroup Considerations

CMP300 Next Steps

- Panel to agree that Workgroup has met its Terms of Reference and can proceed to Code Administrator Consultation


Milestone	Date
Code Administrator Consultation (1 month as EBGL Implications)	4 November 2020 to 4 December 2020
Draft Final Modification Report (DFMR) issued to Panel	10 December 2020
Panel undertake DFMR recommendation vote (5 working days)	18 December 2020
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	18 December 2020
Final Modification Report issued to Ofgem	5 January 2021
Implementation Date	10 working days after Ofgem decision



Draft Final Modification Reports

None





Standing Groups - *Updates on all standing groups relevant to CUSC panel e.g. potential for future governance changes or modifications*

Governance Standing Group – Garth Graham
TCMF – Jon Wisdom

European Updates - *Updates on all European developments relevant to CUSC panel e.g. potential for future governance changes or modifications*

European Code Development – Nadir Hafeez

Joint European Stakeholder Group – Garth Graham

Update on Other Industry Codes

Grid Code

STC

SQSS

DCUSA

BSC



Relevant Interruptions Claim Report

(January, April, July, October)



Governance

None

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Horizon Scan

(February, May, August, November)

Forward Plan Update/Customer Journey)

(January, March, May, July, September, November)

(Critical Friend Quarterly Update in Panel Pack – January, April, July and October. To be discussed at Panel – January and July)

Critical Friend Quarterly Update (Panel Pack only)

Critical Friend Feedback

2 CUSC Modification Proposals received from 1 August to 15 October inclusive

- Both have had critical friend checks undertaken on them;
- For both of these, required communications were sent to Independent Chair, Panel and industry within agreed timescales (i.e. on the next working day after Modification Proposal Submission Date); and
- Note there have been 0 Grid Code Modification Proposals raised in the same period.

General areas of feedback (across all CUSC and Grid Code Modifications)

- Working with the Proposer well ahead of Modification Proposal Submission Date helps ensure the best outcome – following such discussions, the Proposer realised the impact on the ESO could be minimised by amending their original proposed timescales. Positive feedback received from Proposer on this process.
- From 1 October 2020, we have introduced new simpler Proposal Forms that remove repetition and include guidance for Proposers.

Feedback we will act on to further improve our service:

- Continue to have discussions with Proposers ahead of Modification Proposal Submission Date so clear on expectations, level of detail and process;
- Further internal workshops November and December for practical application of our checks (including EBGL) against the new proposal form
- Will seek and act on feedback from Proposers, who have used the new Proposal Forms.

Any thoughts from Panel so far?

- Are you seeing better quality Modification Proposals?
- Any further feedback?

AOB

- 1. General discussion on impacts of coronavirus outbreak (ALL)**
- 2. 2021 Panel Dates (Paul Mullen)**

CUSC 2021 - Panel dates

CUSC	(TCMF) CUSC Development Forum	Modification Submission Date	Papers Day	Panel Dates
January	7	14	21	29
February	4	11	18	26
March	4	11	18	26
April	8	15	22	30
May	6	13	20	28
June	3	10	17	25
July	8	15	22	30
August	5	12	19	27
September	2	9	16	24
October	7	14	21	29
November	4	11	18	26
December	25/11	2	9	17

Next Panel Meeting

10am on 27 November 2020 via Teams

Papers Day – 19 November 2020

**Modification Proposals to be submitted
by 12 November 2020**

TCMF – 5 November 2020

Close



Trisha McAuley
Independent Chair, GCRP