

CUSC Special Panel Headline Report

8, 13 and 21 January 2021

Connection and Use of System Code (CUSC) Panel

The CUSC Panel Headline Report is produced after every CUSC Panel and aims to provide an overview of the key decisions made. Minutes for this meeting will be published separately.

8 January 2021

Draft Final Modification Reports

CMP344 'Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology'

CMP344 seeks to clarify that the allowed revenue for Transmission Owners recovered from Transmission Users under the Charging Methodologies is fixed for each onshore price control period for onshore transmission licensees and at the point of asset transfer for OFTOs.

Ahead of the recommendation vote taking place, the Panel considered the legal text amendments proposed as part of the Code Administrator Consultation and agreed that they were not required for CMP344.

The Panel carried out the recommendation vote and agreed by majority that the CMP344 Original better facilitated the CUSC objectives than the current CUSC arrangements. **(Post Meeting Note: The Final Modification Report was sent to Ofgem on 12 January 2021 requesting decision by 25 January 2021).**

CMP344 documentation can be located via the following link:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp344>

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

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.

Ahead of the vote taking place, the Panel considered whether or not the proposal was detrimental to the EBGL objectives under Article 3 of EU Law. The Panel by majority agreed that CMP300 was not

detrimental to the EBGL objectives; however, some Panel members argued this CMP300 may distort competition and therefore could be argued to be detrimental to EBGL Objective (a)¹.

The Panel carried out the recommendation vote and agreed by majority that the CMP300 Original and WACM1 better facilitated the CUSC objectives than the current CUSC arrangements. **(Post Meeting Note: The Final Modification Report was sent to Ofgem on 19 January 2021).**

CMP300 documentation can be located via the following link:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp300-cost>

Other

CMP307 'Expanding the BSUoS charging base to include embedded generation'

CMP307 seeks to change the current collection of BSUoS from suppliers and embedded Exemptible generation to a methodology where BSUoS is charged on a gross basis to suppliers and BSUoS is charged on exports from embedded Exemptible generation.

On 14 December 2020, Proposer notified their wish to withdraw CMP307. No notice to support CMP307 in place of the Proposer was received by 5pm on 21 December 2020 and therefore Panel were asked under 8.16.10(b) to agree to the withdrawal of CMP307 at the Special Panel on 8 January 2021 - Panel agreed to this.

CMP307 documentation can be located via the following link:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp307-expanding>

¹ EBGL Objective (a) fostering effective competition, non-discrimination and transparency in balancing markets

13 January 2021

New Modifications

2 new Modification Proposals were presented for consideration.

CMP358/CMP359 'Implementation of the Small Generation Discount into the CUSC & Definition changes for CMP358'

The Small Generator Discount (SGD) is currently contained in the ESO's licence. The SGD expires on 1 April 2021. Given the ongoing uncertainty over the Forward Looking and Access SCR, CMP358 proposes that the SGD be put into the CUSC and CMP359 will seek to define SGD and CPI/CPIH.

On 12 January 2021, Afton Wind Farm Limited raised CMP358 and CMP359. The Proposer sent a request to the CUSC Panel Secretary for these modifications to be treated as urgent. The CUSC Panel on 13 January 2021 considered CMP358 and CMP359 and the associated request for urgency. The majority view of the CUSC Panel was that CMP358 and CMP359 did not meet Ofgem's Urgency criteria - request for Urgency was sent to Ofgem 13 January 2021 for decision by 5pm on 14 January 2021. **(Post Meeting Note: Ofgem rejected the request for Urgency on 15 January 2021).**

The CUSC Panel also agreed that this would need to be assessed by a Workgroup.

CMP358/CMP359 documentation can be found via the following link:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp358-cmp359>

Workgroup Reports

CMP357 'To improve the accuracy of the TNUoS Locational Onshore Security for the RIIO2 Period'

CMP357 seeks to implement a TNUoS Locational Onshore Security Factor that is set at eight decimal places and is applied for the duration of the RIIO-T2 price control period. There were also two alternative solutions proposed namely:

- Implementing a TNUoS Locational Onshore Security Factor that is set at one decimal place and is applied for the duration of the RIIO-T2 price control period (WACM1); and
- Implementing a TNUoS Locational Onshore Security Factor that is set at two decimal places and is applied for the duration of the RIIO-T2 price control period (WACM2).

The Panel unanimously approved that the Terms of Reference have been met and agreed for CMP357 to proceed to Code Administrator Consultation. **(Post Meeting Note: The Code Administrator Consultation was issued on 14 January 2021 and closed 5pm on 19 January 2021).**

CMP357 documentation can be located via the following link:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp357-improve>

Draft Final Modification Reports

CMP355 ‘Updating the Indexation methodology used in TNUoS and Transmission Connection Asset charges for RII02; and CMP356 ‘Definition changes for CMP355’

Currently, Section 14 of CUSC uses the Retail Price Index (RPI) as the measure for index-linking various parts of the charging methodologies. With the RII02 Final Decision from Ofgem, the RPI measure of indexation has been replaced and so the CUSC needs to be revised accordingly to use the correct measure for setting TNUoS and Transmission Connection Asset (TCA) charges. CMP355 specifically seeks to change the relevant parts of Section 14 so that references to RPI are revised to the indexation method as set out in the transmission licence. CMP356 has been raised to support CMP355 by changing Section 11 to add supporting definitions.

Prior to undertaking the recommendation vote, the Panel noted NGET’s request for additional text to be added to the Final Modification Report and agreed with the clarification provided by the ESO saying that:

- The CUSC has no impact on the Maximum Allowed Revenue (MAR) that the Transmission Owner can recover as this is set in the Transmission Owner’s Licence; and
- Transmission Connection Assets will be indexed using RPI up to 31 March 2021.

The Panel also considered NGET’s request on CMP356 to include explicit legal text in CUSC saying what the indexation rate should be rather than refer to the Transmission Licence. However, Panel did not agree this was required.

The Panel carried out the recommendation vote and unanimously recommended that the Proposer’s solution should be implemented. The Final Modification Report was sent to Ofgem on 18 January 2021 requesting decision on or before 22 January 2021. **(Post Meeting Note: Ofgem decision received 22 January 2021 approving the CMP355 and CMP356 changes. They will both be implemented on 1 April 2021).**

CMP355/CMP356 documentation can be located via the following link:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp355-cmp356>

21 January 2021

Draft Final Modification Reports

CMP357 'To improve the accuracy of the TNUoS Locational Onshore Security for the RIIO2 Period'

CMP357 seeks to implement a TNUoS Locational Onshore Security Factor that is set at eight decimal places and is applied for the duration of the RIIO-T2 price control period. There were also two alternative solutions proposed namely:

- Implementing a TNUoS Locational Onshore Security Factor that is set at one decimal place and is applied for the duration of the RIIO-T2 price control period (WACM1); and
- Implementing a TNUoS Locational Onshore Security Factor that is set at two decimal places and is applied for the duration of the RIIO-T2 price control period (WACM2).

The CUSC Panel recommended by majority that the Original and WACM2 better facilitated the CUSC Objectives than current CUSC. However, there was also support (4 out of 9 votes) for WACM1. **(Post Meeting Note: The Final Modification Report was sent to Ofgem on 21 January 2021 requesting decision by 25 January 2021).**

CMP357 documentation can be located via the following link:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp357-improve>

Prioritisation Stack

CMP358/CMP359 'Implementation of the Small Generation Discount into the CUSC & Definition changes for CMP358'

The Small Generator Discount (SGD) is currently contained in the ESO's licence. The SGD expires on 1 April 2021. Given the ongoing uncertainty over the Forward Looking and Access SCR, CMP358 proposes that the SGD is put into the CUSC and CMP359 will seek to define SGD and CPI/CPIH.

Following Ofgem's decision on 15 January 2021 not to approve urgent treatment of CMP358/359, the CUSC Panel on 21 January 2021 considered where CMP358/359 would sit within the prioritisation stack. The majority of the Panel believed that Ofgem have been consistent and explicit that the Small Generator Discount would be removed and didn't agree with one Panel member's view that there was an expectation something else would be replacing it. They also noted that there are a lot of other existing Modifications that have yet to be even progressed and did not believe that such a known issue provided a convincing case for CMP358/359 to be placed above these Modifications in the prioritisation stack. The CUSC Panel on 21 January 2021 concluded that CMP358/359 would be placed "Low" in the current prioritisation stack and therefore there will be no CMP358/CMP359 Workgroups in the foreseeable future.

CMP358/CMP359 documentation can be found via the following link:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp358-cmp359>

Questions or feedback?

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