

## Special CUSC Panel Minutes: 10 & 14 May 2021

### CUSC Panel Minutes: Meeting Number 277 & 278

<b>Date:</b> 10/05/2021	<b>Location:</b> Microsoft Teams Meeting
<b>Start:</b> 3:45pm	<b>End:</b> 4:30pm

<b>Date:</b> 14/05/2021	<b>Location:</b> Microsoft Teams Meeting
<b>Start:</b> 11:00am	<b>End:</b> 11:45am

### Participants

Attendee	Initials	Company
Trisha McAuley	TM	Independent Panel Chair
Paul Mullen	PM	Code Administrator, National Grid Electricity System Operator
Ren Walker	RW	Technical Secretary, Code Administrator, National Grid Electricity System Operator
Jon Wisdom	JW	National Grid Electricity System Operator
Grace March	GM	Users' Panel Member
Joseph Dunn	JD	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Mark Duffield	MD	Users' Panel Member
Nadir Hafeez	NH	Authority Representative
Andy Pace	AP	Users' Panel Member

Paul Mott	PMO	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Andrew Enzor	AE	Users' Panel Member Alternate – Observer
Cem Suleyman	CS	Users' Panel Member
Jeremy Caplin	JC	BSC Representative
Apologies	Initials	Company

## 1. Introductions and Apologies for Absence

10913. No apologies were received at either meeting .

## 2. Workgroup Reports – 10 May 2021

### CMP373 'Deferral of BSUoS billing error adjustment

10914. PM delivered a presentation on CMP373. PM explained that CMP373 Original Proposal seeks to recover the £33,163,790.21 of trading costs in the Financial Year 2021/2022 Settlement Final (SF) Run. Recover the costs across the Settlement Day with the costs volume weighted across the day through each settlement period; and recover the £33,163,790.21 of trading costs from 1 October 2021 to 31 March 2022 (Settlement Days).

10915. The CUSC Panel on 21 April 2021 considered CMP373 and the associated request for urgency. The unanimous view of the CUSC Panel was that CMP373 met Ofgem's Urgency criteria and Ofgem granted Urgency on 23 April 2021. The CUSC Panel also agreed that this would need to be assessed by a Workgroup. PM confirmed that Workgroups had been held on 26 April 2021 and 5 May 2021 and a Workgroup Consultation was held between 9am on 28 April 2021 and 12pm on 4 May 2021 – 19 responses were received (17 non confidential, 2 confidential).

10916. PM advised the Panel that the majority of respondents supported the Original proposal (recovery via the SF run in 2021/2022). The main reasons expressed were that this allows parties to recover such "unforeseen costs" over a reasonable timeframe and allows for the costs to be reflected in the Default Tariff Cap methodology. PM noted that 13 of these 14 respondents supported socialisation of these costs across all Users in 2021/2022, rather than targeting these costs. The other respondent didn't comment. The main arguments were that socialisation is simpler, smooths out any distortions and is in line with current practice, whilst targeting introduces complexity in terms of identifying who is liable and the need for a manual billing process.

10917. PM advised that the Workgroup vote took place on 5 May 2021 and the Workgroup concluded, by majority, that the original better facilitated the applicable objectives than the current CUSC baseline.

10918. The CUSC Panel on 10 May 2021 unanimously agreed that the Workgroup has met its Terms of Reference and could proceed to Code Administrator Consultation (**Post Meeting Note: Code Administrator Consultation was issued 5pm on 10 May 2021 and closed 12pm on 13 May 2021 with 11 non-confidential responses received**).

### 3. Draft Final Modification Report – 14 May 2021

#### CMP373 ‘Deferral of BSUoS billing error adjustment’

10858. PM advised the Panel that the Code Administrator Consultation was issued at 5pm on 10 May 2021 and closed at 12pm on 13 May 2021. 11 responses were received with all of these being non-confidential.
10859. The majority of respondents supported the Original proposal (recovery via the SF run in 2021/2022) and re-iterated arguments previously set out in the Workgroup Consultation and/or the Workgroup Report. The main reasons for support expressed were that this allows parties to recover such “unforeseen costs” over a reasonable timeframe and allows for the costs to be reflected in the Default Tariff Cap methodology. The 1 respondent who wasn’t supportive raised a concern that the Original proposal enables suppliers to increase the price to customers in a future period.
10860. The CUSC Panel on 14 May 2021 carried out the recommendation vote and agreed by majority that the CMP373 Original better facilitated the CUSC objectives than the current CUSC arrangements. **(Post Meeting Note: Final Modification Report was issued to Ofgem on 14 May 2021 seeking decision by 21 May 2021).**

### 4. AOB – 14 May 2021

#### Panel discussion on whether or not the proposed CMP330 solution is a valid way to address the defect

10861. In his capacity as the Proposer, AP delivered a presentation on CMP330. AP explained that the original proposal for CMP330 sought to amend the definition of Connection Assets in section 14 of the CUSC to allow cable and overhead line lengths over 2km to be contestable where agreed between the Transmission Owner and the User.
10862. AP explained that, following the Workgroup Consultation and Workgroup discussions, this modification will now look to clarify what works can be done contestably rather than trying to change the charging boundary. In his view, this will resolve a lot of the issues that have been raised post consultation and allow them to structure the legal text in the right way.
10863. PM advised the Panel of the Governance Rule 8.20.23, *‘the Proposer may, at any time prior to the final evaluation by the Workgroup (in accordance with its terms of reference and working practices) of that CUSC Modification Proposal against the Applicable CUSC Objectives, vary his CUSC Modification Proposal on notice (which may be given verbally) to the chairman of the Workgroup provided that such varied CUSC Modification Proposal shall address the same issue or defect originally identified by the Proposer in his CUSC Modification Proposal.’* To summarise, the defect can not be changed.
10864. PM advised that the Code Administrator sought legal advice on the proposed solution. The view from legal was that if the defect is the definition, it would be expected that alternatives to address the defect would be linked to that definition and not more generally to the issue of contestability. However, there is though a degree of interpretation in this and it is clear that the “concern” is lack of contestability.
10865. The Panel welcomed the progress made by the Workgroup and in principle supported an approach to raise a new Modification and run this alongside CMP330, as part of the same Workgroup, which would give the Workgroup the most scope to achieve the optimum solution. PM advised Panel that AP did submit a proposal (CMP374) on 13 May 2021 and will look to present this to the Panel on 28 May 2021.

10866. The Panel will review the proposal on 28 May 2021 and determine the priority on CMP330 and CMP374 and whether or not CMP330 and CMP374 should be formally amalgamated.

**The next CUSC Panel meeting will be held on Friday 28 May 2021.**