

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	161
Date of meeting	25 April 2014
Location	National Grid House, Warwick

Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
Jade Clarke	JC	Panel Secretary
Abid Sheikh	AS	Authority Representative
Patrick Hynes	PH	National Grid Panel Member
Ian Pashley	IP	National Grid Panel Member
James Anderson	JA	Users' Panel Member
Simon Lord	SL	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Kyle Martin	KM	Users' Panel Member
Bob Brown	BB	Consumers' Panel Member
Michael Dodd	MD	Users' Panel Member

Apologies

Name	Initials	Position
Alex Thomason	AT	Code Administrator
David Kemp	DK	ELEXON

Alternates

All presentations given at this CUSC Modifications Panel meeting can be found in the CUSC Panel area on the National Grid website:

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Panel-information/>

1 Introductions/Apologies for Absence

3949. Introductions were made around the group.

2 Approval of Minutes from the last meeting

3950. The minutes from the last meeting held on 28 March 2014 were approved subject to changes and are available on the National Grid website.

3 Review of Actions

3951. **Minute 3910: AT to discuss with Consumer Futures and Ofgem the best way to take forward a CUSC Modification to change the names of the bodies – Complete**

3952. **Minute 3911: AS to monitor Panel representation situation as Ofgem, and keep in touch with Citizens Advice to encourage progression on this issue – Complete**
3953. MT stated that both actions 3910 and 3911 are covered under agenda item 4 New CUSC Modification Proposals – CMFTP229 ‘Abolition of National Consumer Council’. AS stated that Ofgem had contacted Citizens Advice and Citizens Advice Scotland regarding contact details for the notification of future licence modifications made by Ofgem and not specifically with regard to consumer representation on code panels. Ofgem has brought consumer representation on code panels to the attention of the Department for Business, Innovation and Skills (BIS).
3954. **Minute 3919: AS to make colleagues aware of tight timescales around CMP222 impact assessment and implementation – Complete**
3955. AS noted that Ofgem would be issuing an impact assessment for CMP222 and expects that there will be a decision before January 2015. This should allow Users enough time to make appropriate security arrangements. PH stated that this January deadline may not allow Users sufficient time to make their appropriate security arrangements, especially if a decision was made by the end of the month. AS and PH agreed to discuss and agree on a drop dead date for a decision on CMP222.
- Action: AS and PH to discuss and agree drop dead date for an Ofgem decision on CMP222.**
3956. **Minute 3929: GG to circulate presentation on the future of GB Codes to CUSC Panel – Complete**

4 New CUSC Modification Proposals

3957. **CMFTP229 ‘Abolition of National Consumer Council’.** JC presented on the background and key points of CMFTP229 explaining that the National Consumer Council was abolished on 1 April 2014 by the Public Bodies Order 2014 and its functions under the Electricity Act 1989 have been transferred to Citizens Advice and Citizens Advice Scotland. The Authority has directed a change to the Electricity Transmission Licence to replace any reference to ‘the National Consumer Council’ with ‘Citizens Advice’ and ‘Citizens Advice Scotland’. CMFTP229 seeks to effect these licence changes within the CUSC.
3958. JC presented changes to the proposed legal text which had been made since the original submission of the Draft CUSC Modification Fast Track Report for CMFTP229. In particular, an additional sentence that had been added to clarify the process around Citizens Advice or Citizens Advice Scotland appointing between them a single ‘Consumer Representative’ to the CUSC Panel.
3959. JC stated that within the Transmission Licence the composition of the CUSC Panel shall include ‘*a consumer representative (appointed by Citizens Advice or Citizens Advice Scotland or any successor body)*’ which could imply that either one or the other could appoint a consumer representative. The additional sentence added to the CMFTP229 proposed legal text clarifies the process of appointment of the Consumer Representative to ensure both bodies would be in agreement for the appointment of the single representative. GG stated that if the proposed sentence was to be included within the legal text, it would be important to include ‘and may remove and re-appoint by notice’ to reflect the process around removal and re-appointment of the Consumer Representative.

3960. AS noted Ofgem's concern that the addition of this sentence could be considered more of a substantial change which would mean that CMFTP229 would not meet the Fast Track criteria. GG explained that as there is only one CUSC Panel seat available, there could potentially be a situation where there is a disagreement between the two bodies and appointments are made by both, therefore the additional sentence ensures agreement by both parties when an appointment is made.
3961. JC stated that through discussions with Citizens Advice, it is understood the appointment decision would be a joint decision between Citizens Advice and Citizens Advice Scotland. SL suggested making a change to the proposed legal text so that it states that the two bodies would jointly make the decision although MT stated that this would not accurately reflect the changes that have been made within the Transmission Licence which is what CMFTP229 seeks to do.
3962. MT asked the Panel to consider the options for progressing CMFTP229. PJ stated that it is up to Citizens Advice and Citizens Advice Scotland to decide between themselves who would be appointed as the single Consumer Representative on the Panel and if the situation described by GG arose, it would be up to the two bodies to resolve any disagreement around appointment of a Consumer Representative. PJ suggested removing the new sentence from the proposed legal text and agree CMFTP229 as Fast Track.
3963. The Panel agreed that CMFTP229 should proceed as Fast Track subject to agreed changes to the proposed legal text and that it should be implemented on 21 May 2014 as proposed by the Code Administrator. The Ofgem Representative, on behalf of the Authority, exempted CMFTP229 from the Significant Code Review on Electricity Balancing.
3964. **CMFTP230 'CMFTP226 Minor Housekeeping Changes and Corrections'**. PH presented on the background and key points of CMFTP230 explaining that CMFTP230 seeks to make housekeeping changes and corrections to the CUSC following the implementation of CMFTP226. These changes are required to enhance clarity and correct typographical errors.
3965. SL questioned whether the Panel were comfortable that this modification contains all corrections required post implementation of CMFTP226, and that there would not be a subsequent modification to make more corrections. PM stated that National Grid is not only making corrections but is also making additional housekeeping changes; therefore it is assumed that there has been a thorough review of the section of the CUSC that was amended for CMFTP226. AS encouraged National Grid to ensure that legal text is robust for CUSC Modifications, especially for Fast Track Modifications, in order to avoid subsequent Fast Track Modifications that further correct the same legal text.
3966. The Panel agreed that CMFTP230 should proceed through the Fast Track process and that it should be implemented on 5 June 2014 as proposed by the Code Administrator. The Ofgem Representative, on behalf of the Authority, exempted CMFTP230 from the Significant Code Review on Electricity Balancing.

5 Workgroups / Standing Groups

3967. **CMP223 'Arrangements for Relevant Distributed Generators under the Enduring Generation User Commitment'**. PH presented the Workgroup Report for CMP223, explaining that it seeks to modify the CUSC such that distribution-connected generators deemed to have an impact on the electricity transmission system receive the same security and liability requirements as transmission-connected generation. PH presented the background to the CMP223 Modification

and stated that there were 9 responses to the Workgroup Consultation with all respondents supportive of one or more of the options for change presented in the Workgroup Report. The Workgroup suggested an implementation date of 10 Working Days after an Authority decision; however consideration should be given to the timing with regards to the six monthly securities process.

3968. GG suggested that given the particular relevance to small parties of this change CMP223 should be circulated to those such as trade associations with links to small parties and that the Code Administrator Consultation should be extended to 20 Working Days to allow small parties additional time to consider CMP223. MT asked for the Panel's view on this and it was agreed that CMP223 should be seen by small parties and sent out for a 20 Working Day Code Administrator Consultation. PJ stated that it would be useful if National Grid could produce a short guide explaining CMP223 to send out alongside the Code Administrator Consultation.

Action: Panel Members to send contact details of small parties to JC.

Action: PH to produce a short guide to be sent out alongside the CMP223 Code Administrator Consultation.

3969. The Panel accepted the Workgroup Report and agreed that the Workgroup had met its Terms of Reference. It was agreed that CMP223 should proceed to Code Administrator Consultation for 20 Working Days.
3970. **CMP227 'Reduce the G:D split of TNUoS charges, for example to 15:85'**. JC updated the Panel on the Workgroup's progress. The CMP227 Workgroup met on 3 April 2014 and discussed previous industry developments including CMP213 'Project TransmiT TNUoS Developments', CMP201 'Removal of BSUoS Charges from Generators' and CMP224 'Cap on the total TNUoS target revenue to be recovered from generation users'. They also discussed the European Commission Regulation 838/2010, a possible change to the ranges set out within this Regulation and competition within Europe. The Workgroup's next meeting is scheduled for 8 May 2014.
3971. **Governance Standing Group (GSG)**. GG advised that there had been no GSG meeting since the last CUSC Panel meeting and that the next GSG is scheduled for 24 July 2014.
3972. **Joint European Standing Group (JESG)**. GG stated that there has been a JESG meeting held on 15 April 2014 and gave the following update; GG noted that there was an update on the HVDC Network Code drafting process and that this Network Code is due to be submitted to ACER on 1 May 2014. GG stated that Will Kirk-Wilson from National Grid had provided an update on the Forward Capacity Allocation Code which is due to go to Comitology in mid 2015. There was also an update given on the Demand Connection Code (DCC) which is currently in the pre-Comitology phase.
3973. **European Code Coordination Application Forum (ECCAF)**. GG stated that there has been no ECCAF since the last CUSC Panel meeting and that the next ECCAF is scheduled for 29 April 2014.
3974. **Transmission Charging Methodologies Forum (TCMF)**. PH advised that there had been no TCMF since the last CUSC Panel meeting and that the next TCMF is scheduled for 13 May 2014.

3975. **Commercial Balancing Services Group (CBSG).** JC advised that there had been no CBSG meeting since the last CUSC Panel meeting and that the next CBSG is scheduled for 1 May 2014.
3976. **Balancing Services Standing Group (BSSG).** JC advised that there has been no BSSG meeting since the last CUSC Panel meeting and that the next BSSG is scheduled for 1 May 2014.

6 European Code Development

3977. There were no further comments to add to the document circulated with the CUSC Panel Papers.

7 CUSC Modifications Panel Vote

3978. **CMP224 'Cap on the total TNUoS target revenue to be recovered from Generation Users'.** JC presented on the background and key point of CMP224 and the process that had been followed. PH explained that the Agency for the Cooperation of Energy Regulators (ACER) had recently published their opinion to the European Commission on the appropriate range of transmission charges paid by electricity producers in relation to the EU Regulation 838/2010. This opinion is derived from a requirement set out within the Regulation which states that *'By 1 January 2014 the Agency shall provide its opinion to the Commission as to the appropriate range or ranges of charges for the period after 1 January 2015'*. The Panel noted that this is currently only an opinion which may or may not be adopted by the Commission.
3979. PH gave a summary of ACER's opinion to the Panel stating that ACER suggests that energy-based generation charges (€/MWh) should be set equal to 0 €/MWh and longer term charges (such as lump sum payments or power based charges) would not be affected by a limit. Therefore, if the Commission agrees with ACER's opinion and implements these limits, there will be no requirement for the cap CMP224 aims to introduce.
3980. PJ questioned whether the existing ranges set out in the EC Regulation 838/2010 would fall away after 1 January 2015 if the Commission chose not to do anything. PH stated that it was his understanding that the current ranges would still apply. GG stated that it does not say anything within the current Regulation about the ranges being retracted after 1 January 2015.
3981. PJ questioned what the risks were if CMP224 was implemented and ACER's opinion was adopted by the Commission and implemented in the EC Regulation. GG stated that if the limit was removed from the Regulation, CMP224 would become effectively redundant and could be removed from the CUSC, if it had been implemented. PM stated that CMP224 is robust enough so that if ACER's opinion is adopted by the Commission, the Modification would have a minor impact on Industry parties.
3982. MD questioned whether there would be any changes to generation charges in 2015 that would have an impact on industry parties if CMP224 is implemented before a new range of charges within the EC Regulation is confirmed. GG stated that the CMP224 Workgroup took into account that GB would not appear to be compliant with the EC Regulation, taking account of the variables involved, over the first 3 months of the 2015 calendar year. With CMP224 charges would then be changed appropriately at the beginning of the charging year 2015/16 to ensure that GB is compliant on average over the entire calendar year 2015. Therefore this would not be an issue as a change to generation charges would not be required under CMP224 if the range of charges within the EC Regulation falls away.

3983. MT asked the opinion of AS on whether the Panel should vote, considering the new information within the ACER opinion. AS stated this is up to the Panel although, if the Panel decided to vote on CMP224, the Authority will consider any discussion the Panel has on the ACER opinion and would ask for this to be included within the CMP224 Final Modification Report.

3984. PJ questioned what the consequence of non-compliance with the Regulation would be. GG stated that GB would be required to comply with EU law and therefore the 'consequence' would be an impact, possibly in the form of a mid year tariff change in order to change the GB charges paid by generators to comply with the EC Regulation.

3985. The Panel agreed that the ACER opinion would not affect their views for the Panel vote on CMP224 and voted by majority that CMP224 WACM1 best facilitates the Applicable CUSC Objectives and so should be implemented. The voting results can be seen below:

3986. Original

Panel Member	(a)	(b)	(c)	(d)	Overall
Bob Brown	Neutral	Neutral	Neutral	Yes	Yes
Michael Dodd	Neutral	No	Yes	Yes	Yes
Garth Graham	Neutral	Neutral	Yes	Yes	Yes
Patrick Hynes	Neutral	Neutral	Yes	Yes	Yes
Paul Jones	No	Neutral	Neutral	Yes	No
Paul Mott	Neutral	Neutral	Yes	Yes	Yes
Simon Lord	Neutral	Neutral	Neutral	Yes	Yes
James Anderson	Neutral	Neutral	Yes	Yes	Yes
Kyle Martin	Neutral	Neutral	Yes	Yes	Yes

3987. WACM1

Panel Member	(a)	(b)	(c)	(d)	Overall
Bob Brown	Neutral	Neutral	Neutral	Yes	Yes
Michael Dodd	Neutral	No	Yes	Yes	Yes
Garth Graham	Neutral	Neutral	Yes	Yes	Yes
Patrick Hynes	Neutral	Neutral	Yes	Yes	Yes
Paul Jones	No	Neutral	Neutral	Yes	Yes
Paul Mott	Yes	Neutral	Yes	Yes	Yes
Simon Lord	Neutral	Neutral	Neutral	Yes	Yes
James Anderson	Neutral	Neutral	Yes	Yes	Yes
Kyle Martin	Neutral	Neutral	Yes	Yes	Yes

3988. WACM2

Panel Member	(a)	(b)	(c)	(d)	Overall
Bob Brown	Neutral	Neutral	Neutral	Yes	Yes
Michael Dodd	Neutral	No	Yes	Yes	Yes
Garth Graham	Neutral	Neutral	No	No	No
Patrick Hynes	Neutral	Neutral	Yes	Yes	Yes
Paul Jones	No	Neutral	Neutral	Yes	Yes

Paul Mott	No	No	No	No	No
Simon Lord	No	No	No	No	No
James Anderson	Neutral	Neutral	No	No	No
Kyle Martin	Neutral	Neutral	No	No	No

3989. WACM3

Panel Member	(a)	(b)	(c)	(d)	Overall
Bob Brown	Neutral	Neutral	Neutral	Yes	Yes
Michael Dodd	Neutral	No	Yes	Yes	Yes
Garth Graham	Neutral	Neutral	No	No	No
Patrick Hynes	Neutral	Neutral	Yes	Yes	Yes
Paul Jones	Neutral	Neutral	Neutral	Yes	Yes
Paul Mott	No	No	No	No	No
Simon Lord	No	No	No	No	No
James Anderson	Neutral	Neutral	No	No	No
Kyle Martin	Neutral	Neutral	No	No	No

3990. Comments from the CUSC Panel provided alongside their votes can be found in the Final Modification Report on the National Grid website via the following link: <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP224/>

3991. The Final Modification Report is due to be sent to the Authority on 9 May 2014 and if approved will be implemented on 1 April 2015.

8 Authority Decisions as at 15 April 2014

3992. No Authority decisions were received this month.

3993. AS stated that Ofgem intends to carry out a further industry consultation following the impact assessment on CMP213 and are still considering consultation responses following the impact assessment on CMP201. AS stated that there was no further update following that given at the March CUSC Panel meeting on when decisions would be forthcoming for these two modifications.

9 Update on Industry Codes / General Industry updates relevant to the CUSC

3994. **Open Letter Concluding the Review of Embedded Generation Benefit.** PH stated that National Grid has carried out an informal review of embedded generation arrangements and have published an open letter¹ with their initial conclusions. PH advised the Panel that National Grid will not be taking forward any discussion with Ofgem to extend the Standard Licence Condition C13 and that National Grid has also received evidence which indicates it is currently not the right time for a broader gross charging change. PH noted that a possible area for change is exporting GSPs as there was some support from the industry around review exporting GSP arrangements.

3995. PH stated that National Grid will continue to engage with the industry through forums like TCMF and possibly bring forward a CUSC Modification in late summer.

10 AOB

¹ <http://www2.nationalgrid.com/UK/Industry-information/System-charges/Electricity-transmission/Transmission-Network-Use-of-System-Charges/Embedded-Benefit-Review/>

3996. **DECC EMR Consequential Changes Paper.** JC stated that DECC have been in contact with National Grid about providing an update on the consequential changes to the CUSC resulting from the forthcoming legal application of the EMR arrangements. JC advised the Panel that this paper was expected in the next few weeks and would be circulated to the CUSC Panel for information with the CUSC Panel Papers.
3997. KM asked if there had been an update from the Grid Code Review Panel (GCRP) and if not could the Code Administrator provide an update in the following meeting.

Action: JC to provide an update on GCRP at next month's CUSC Panel.

11 Next meeting

3998. The next meeting will be held on 30 May 2014 at National Grid House, Warwick.