

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	166
Date of meeting	26 September 2014
Location	National Grid House, Warwick

Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
Jade Clarke	JC	Panel Secretary
Alex Thomason	AT	Code Administrator
Abid Sheikh (dial-in)	AS	Authority Representative
Patrick Hynes	PH	National Grid Panel Member
Garth Graham	GG	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Kyle Martin (dial-in)	KM	Users' Panel Member
Simon Lord (dial-in)	SL	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Bob Brown	BB	Consumers' Panel Member
Adam Sims	ASi	National Grid Representative (Proposer)
John Costa (dial-in)	JCo	EDF Representative (Proposer)

Apologies

Name	Initials	Position
David Kemp	DK	ELEXON
James Anderson	JA	Users' Panel Member
Michael Dodd	MD	Users' Panel Member
Ian Pashley	IP	National Grid Panel Member

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

4193. Introductions were made around the group. Apologies were given from DK, JA, MD and IP.

2 Approval of Minutes from the last meeting

4194. The minutes from the last meeting held on 29 August 2014 were approved subject to changes and are now available on the National Grid website.

3 Review of Actions

4195. **Minute 4170: WM to check confidentiality of data and include paragraph stating where RPI figures can be published within CMP234 Code Administrator Consultation** – Complete.

4196. **Minute 4188: JC to provide update to the CACoP annual review meeting of CUSC Panel discussions** – JC stated that the CACoP annual review meeting is

being held on 6th October 2014 and that a summary of the Panel's discussion and responses received to National Grid's open letter will be provided at the meeting.

4197. **Minute 4191: AT to ask EMR team if any more changes will be made to the CUSC** – AT noted that, in relation to the Capacity Mechanism, the Secretary of State still has the ability to consult on further changes to the CUSC that may need to be made before 1st January 2015, although the Contracts for Difference are governed by regulation. AT stated that after 1st January 2015, CUSC Modifications would need to be proposed through the standard CUSC Modification process to make any changes.

4 New CUSC Modification Proposals

4198. **CMP235 'Introduction of a new Relevant Interruption Type'**– JCo presented on the background and key points of CMP235. CMP235 seeks to amend the description of an Interruption to add this type of Emergency Deenergisation by a User as a Relevant Interruption.
4199. JCo noted that the CUSC allows National Grid to Emergency Instruct a generator off where the condition of the National Electricity Transmission System (NETS) or User's system poses 'material damage to persons, User's or Total System' in return for compensation. JCo also noted that the CUSC also allows a User to Emergency Deenergise under similar circumstances, however in this instance National Grid will not provide a compensation payment. JCo explained that CMP235 seeks to amend the CUSC so that if a User has to emergency deenergise as a result of a breach of the agreed operating parameters, this will be classed as a 'Relevant Interruption' under the CUSC and will be eligible for compensation. JCo stated that CMP235 would better facilitate the Applicable CUSC Objectives (a) and (b).
4200. JCo clarified that he was describing a situation where a generator disconnects because of the condition of the NETS and that if this situation were to arise, there would need to be an investigation to determine if this was an appropriate action to take. AS noted that if this modification were to progress to be developed by a Workgroup, the Workgroup would need to discuss whether a "reasonable and prudent operator" test should be applied to Users who disconnect. JCo stated that the process of determining whether a claim is valid will probably be similar to what currently exists in the CUSC. BB questioned whether the Workgroup should consider an appeals process if they disagree with National Grid's decision not to pay compensation. GG noted that there is an appeals route but it is very rarely used and that there is the Electricity Arbitration Association. It was suggested that arbitration provisions under the CUSC may need reviewing.
4201. The CUSC Panel agreed that there were some similarities between CMP235 and CMP236 and therefore recommended that JCo presented CMP236 before the Panel decided how to progress the two Modifications.
4202. **CMP236 'Clarification of when Disconnection Compensation payments can be expected under a Relevant Interruption'** – JCo presented on the background and key points of CMP236.
4203. JCo stated that the CUSC currently sets out the criteria for claiming compensation in the event of being deenergised from the NETS and that this is that the event must meet the Relevant Interruption criteria 'where a BMU is deenergised...solely by TOs plant or apparatus'. JCo noted that the CUSC does not distinguish between whether import or export BMUs were interrupted and, once accepted, an Interruption Payment is calculated by deducting from TEC the Entry Capacity of the 'unaffected BMUs'. JCo stated that in the case where only the import BMUs for a generator had been

disconnected, and despite this tripping the generator, National Grid can view export BMUs as 'not affected' and could therefore not pay compensation to the affected generator.

4204. JCo noted that CMP236 seeks to clarify that where power station supplies are disconnected solely by National Grid plant or apparatus and the effect of this is to lose the generating units' output, that this is a 'Relevant Interruption' and that under the CUSC interruption payments can include these situations. JCo stated that CMP236 would better facilitate Applicable CUSC Objectives (a) and (b).
4205. PJ noted that generators most likely factor the risk of not receiving compensation into their risk/reward portfolio and that there would be lower risk for new generators if this was to be changed. JCo noted that if this was to progress to a Workgroup, the Workgroup could consider undertaking a cost benefit analysis based on the loss incurred if this compensation was not paid.
4206. The CUSC Panel considered whether there are any similarities between CMP235 and CMP236 and whether they should be amalgamated. AT noted that the two Modifications have different defects and should be developed separately. PH stated that the Modifications propose changes to the same section of the CUSC and therefore it would be more efficient to amalgamate the Modifications in terms of the entire Workgroup and consultation process. PM noted that the CUSC process allows more than one alternate modification to be raised and therefore amalgamation may make the process more efficient. GG proposed that if CMP235 and CMP236 were to be amalgamated, there should automatically be two Workgroup Alternate CUSC Modifications (WACMs) which propose to implement only CMP235 or only CMP236; this would ensure that the Authority would still have the choice to implement only one of the Modifications. AS noted that a very initial Ofgem view was that the two modifications should progress separately and that possible amalgamation required further consideration. GG proposed that as AS was unsure about the Panel's preference to amalgamate the Modifications, the two Modifications should be amalgamated and AS should notify the Code Administrator if, at some future stage, Ofgem wanted to progress these Modifications separately. PJ noted that there are three issues around amalgamation that the Panel need to consider, these are; (i) overlapping on the legal text, (ii) the Authority only wanting to implement one Modification and (iii) a difference in complexity between the two Modifications. MT asked JCo for his views on amalgamating the two proposals, JCo preferred for the two to progress as separate proposals.
4207. The majority of the Panel decided that CMP235 and CMP236 should be amalgamated and be developed by a single Workgroup and asked the Ofgem representative to inform the Code Administrator if at a later date they feel the two Modifications should be separated. The CUSC Panel agreed that the Workgroup needs to consider the following issues;
- a) Interaction of the proposals with the Grid Code, SQSS, Bilateral Agreements and the Transmission Licence (CMP235/236);
 - b) Whether there should be a Reasonable and Prudent Operator test applied to the actions of the System Operator and the User who disconnects (CMP235)
 - c) The burden of proof on the claimant to provide evidence to support their claim (CMP235/236);
 - d) Whether there is a different impact on different generation technologies (CMP235);
 - e) Which specific technical conditions lead to compensation (CMP235); and
 - f) Which circumstances leading to loss of access are insurable for generators and which should be centrally mutualised? (CMP235).

4208. The CUSC Panel determined that CMP235/CMP236 was not Self-Governance and the Ofgem representative noted that there are no ongoing Significant Code Reviews.
4209. **CMP237 'Response Energy Payment for Low Fuel Cost Generation'** – ASi presented on the background and key points of CMP237 and noted that CMP237 is being proposed as an action taken from the Balancing Services Standing Group. ASi stated that generators currently pay or receive a Response Energy Payment based on whether they provide low frequency response or high frequency response. Currently the Response Energy Payment is calculated taking into account the costs and savings for a conventional plant, although with the increased proportion of generators with low fuel costs and generators which receive additional financial incentives on the transmission system, generators are facing different costs and benefits from the Response Energy Payment. CMP237 seeks to take into account the different financing approaches of generators by setting the Response Energy Payment at £0/MWh for low fuel cost generators.
4210. GG asked which generators would be included within the 'low fuel cost' category. ASi noted that initially this would include generators with no fuel costs such as Biomass, although this should probably be considered by a Workgroup, should CMP237 be accepted by the CUSC Panel.
4211. The CUSC Panel unanimously agreed that CMP237 was not Self-Governance and should proceed to a Workgroup. The CUSC Panel noted that the Workgroup Terms of Reference should request the Workgroup to consider the interaction with subsidy regimes and which generators should be classed as 'low fuel cost' generation.

5 Workgroups / Standing Groups

4212. **CMP227 'Change the G:D split of TNUoS charges, for example to 15:85'**. AT updated the Panel on the Workgroup's progress and stated that the Workgroup Consultation closed on Wednesday 24th September and 15 responses has been received so far. AT noted that five responses did not support CMP227, eight responses did support CMP227 and two did not state a preference. Two Workgroup meetings have been scheduled for October 2014 for the Workgroup to consider these responses, agree on any Workgroup Alternative CUSC Modifications and vote. The Workgroup Report is due to return to the CUSC Panel in November 2014.
4213. **Governance Standing Group (GSG)**. GG advised that there had been no GSG meeting since the last CUSC Panel meeting.
4214. **Joint European Standing Group (JESG)**. GG advised the Panel that there had been no JESG meeting since the last CUSC Panel meeting.
4215. **European Code Coordination Application Forum (ECCAF)**. GG stated that there had been no ECCAF meeting since the last CUSC Panel meeting.
4216. **Transmission Charging Methodologies Forum (TCMF)**. PH advised that there had been a TCMF meeting on 17th September and gave an overview of the discussions had within the meeting. PH noted that there was a discussion on short term access and that there are no plans to propose a modification on this issue. There was also a presentation on the Statement of Works process and National Grid aim to propose a Modification on this in the near future.
4217. **Commercial Balancing Services Group (CBSG)**. JC stated that there was a CBSG meeting held on 3rd September and that an updated Terms of Reference was

presented to the CBSG. JC noted that in order to get the most from the CBSG, it is proposed that the Terms of Reference focuses on developing the group into more of a discussion forum which will be open to discussion of all areas of development of non-mandatory balancing services and will be used to give updates from National Grid to CBSG members. JC also noted that the CBSG suggested that a list of potential discussion topics that would be classed as within scope would be useful to include within the Terms of Reference, National Grid have since redrafted the Terms of Reference which has been circulated to members. Within the CBSG meeting, there were also discussions on System Operability Framework, Supplemental Balancing Reserve, Spread Indexed Constraint Management Contracts, Reactive Power Market and Frequency Response.

4218. **Balancing Services Standing Group (BSSG).** JC advised that there had been no BSSG since the last CUSC Panel meeting. This group is currently in abeyance.

6 European Code Development

4219. The Panel noted that they had received an EU Update from Ofgem.

7 CUSC Modifications Panel Vote

4220. **CMP233 'Amended CUSC Exhibit F (application form for Interconnector and Supplier Use of System)'**. JC noted that CMP233 was raised by National Grid in July 2014 and proceeded directly to Code Administrator Consultation as Self-Governance. One response was received to the Code Administrator Consultation which was supportive of the Modification. CMP233 seeks to make changes to CUSC Exhibit F to request further information from the applicant within the initial application to improve the efficiency of the application for use of system by interconnectors and suppliers.

4221. The CUSC Panel unanimously agreed that CMP233 meets applicable CUSC Objective (a) and is neutral to (b) and (c), and therefore should be implemented. Details of the CUSC Panel vote are as follows;

Name	(a)	(b)	(c)	Overall
Patrick Hynes	Yes	Neutral	Yes	Neutral
Bob Brown	Yes	Neutral	Yes	Neutral
Simon Lord	Yes	Neutral	Yes	Neutral
Kyle Martin	Yes	Neutral	Yes	Neutral
Garth Graham	Yes	Neutral	Yes	Neutral
James Anderson	Yes	Neutral	Yes	Neutral
Paul Jones	Yes	Neutral	Yes	Neutral
Michael Dodd	Yes	Neutral	Yes	Neutral
Paul Mott	Yes	Neutral	Yes	Neutral

4222. A 15 day appeals window commenced on Friday 26th September 2014 and will close on 17th October 2014. Subject to any appeals, the Code Administrator will implement CMP233 10 Working Days later on 31st October 2014.

8 Authority Decisions as at 18 September 2014

4223. There were no Authority Decisions this month.
 4224. The Panel noted that Ofgem, in the event of a legal challenge on CMP213, may need to consider carefully what steps would need to be taken to manage the delay to

implementation, including any possible CUSC amendments. AS noted that he would pass these concerns on to his colleagues.

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

4225. JC noted that CMP234 'Incorporation of Biddable Indexation of OFTO revenues in TNUoS' Code Administrator Consultation closed on Wednesday 24th September 2014 and received 3 responses which were all supportive of the Modification. The CMP234 Draft CUSC Modification Report will be presented to the CUSC Panel for their determination vote on the 31st October 2014.

10 AOB

4226. JC noted that a list of CUSC Panel meeting dates for 2015 had been circulated to the CUSC Panel.

4227. GG stated that the DSBR tender had closed and National Grid had published the price information on Friday 26th September 2014.

12 Next meeting

4228. The next meeting will be held on 31st October 2014 at National Grid House, Warwick.