

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	173
Date of meeting	24 th April 2015
Location	National Grid House, Warwick

Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
Christine Brown	CB	Panel Secretary (Alternate for JC)
Alex Thomason	AT	Code Administrator
Ian Pashley	IP	National Grid Panel Member
Patrick Hynes	PH	National Grid Panel Member
Paul Mott	PM	Users' Panel Member
James Anderson	JA	Users' Panel Member
Michael Dodd	MD	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Simon Lord	SL	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Kyle Martin	KM	Users' Panel Member
Bob Brown	BB	Consumers' Panel Member
Abid Sheikh	AS	Authority Representative

Apologies

Name	Initials	Position
Jade Clarke	JC	Panel Secretary
David Kemp	DK	ELEXON

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

4488. Introductions were made around the group. Apologies from Jade Clarke and David Kemp.

2 Approval of Minutes from the last meeting

4489. The minutes from the last meeting held on 27 March 2015 were approved subject to changes and are now available on the National Grid website.

3 Review of Actions

4490. **Minute 4456: GG to discuss issues raised by CMP235/236 lessons learnt at next GSG meeting** – Ongoing – GG advised the Panel that he would update them after the next GSG meeting which is likely to be held in May 2015.

4491. **Minute 4457: JC to find out if it is possible to include additional information on Relevant Interruption claims reports to CUSC Panel** – Ongoing – CB noted that

JC is looking into the confidentiality around the information and that she will feed back her findings at the next Panel meeting.

4 New CUSC Modification Proposals

4492. MT noted that there were no new modification proposals.
4493. MT asked PH to provide some information on a future modification that may come to the Panel in the next couple of months relating to the 15 months' charging change notice period.
4494. PH stated that his team are currently looking at what they are focusing on in the next few months. PH noted that he has sought input from the TCMF group on what they thought the main areas for improvement were. They stated that they sought stability in charging. PH noted that distribution charges have changed recently to provide 15 months' notice for changes to tariffs and that his team are looking at this in relation to transmission charges. PH noted that it is likely that a modification will be raised by one of the three customers that he has had meetings with recently. PH also stated that he had been looking into what that would mean for his team's current workload and with a view to forward planning.
4495. PH noted that NGET is slightly different to DNOs, as NGET collects revenues on behalf of other parties. In addition he stated that he will be looking at pass through and consequential changes to other codes/licences. PH noted that there was an open discussion at TCMF around thoughts and ideas, and that they take any issues forward. PH noted that the feedback they have received at the TCMF has defined what work his team will be doing and that modifications relating to offshore charging improvements may need to be postponed for now. The team will be focusing on stability improvements. PH also noted that BSUoS charging is complicated as it interacts with the BSC and has IT implications but that this is another area that they are looking at currently.
4496. MT noted that it had been useful to get information on what is on the horizon with regards to potential future modifications and asked that information such as what has been discussed today be brought forward to future meetings.

5 Workgroups / Standing Groups

4497. **CMP227 'Change the G:D split of TNUoS charges, for example to 15:85'.** CMP227 seeks to change the Generation/Demand split of TNUoS charges, reducing the proportion of TNUoS charges paid by generators.
4498. AT advised that the CMP227 Workgroup concluded on 23rd April. She stated that it was a productive meeting, that further analysis had been done and the Workgroup discussed it. The original was unchanged and agreed. AT noted that there were five WACMs and they were presented in a matrix. The Workgroup voted in the meeting. AT advised that they were now finalising the Legal text and drafting the Workgroup report and are on target to present the Workgroup Report to the May Panel. AS stated that Ofgem is satisfied that the analysis that was requested has been completed.
4499. **CMP237 'Response Energy Payment for low fuel cost Generation'.** CMP237 seeks to take into account the different costs of generators with low or zero energy costs by setting the Response Energy Payment at £0/MWh for certain types of generation.

4500. CB noted that the Workgroup sent out a second Workgroup Consultation for a period of 4 weeks. She stated that it closed on the 23rd of April and that the Workgroup will meet next on Thursday 30th April to discuss the responses and hope to vote within that meeting. She noted that the Workgroup aim to report back to the CUSC Panel in May. She added that there had been another Workgroup Consultation alternative request received in response to the 2nd consultation. She went on to state that if the Workgroup wish to consider this new request, they may need a further extension.
4501. GG questioned whether an alternative request can be raised in response to a second Workgroup Consultation. SL noted that his company raised the alternative request as this is now a major issue and this was the reason why they had a second Workgroup Consultation. SL also added that the issue raised affects more than the original. AT confirmed that you cannot raise alternative requests to a second Workgroup Consultation and that there was an error on the consultation response form which allowed this to happen. AT noted that there are rarely second Workgroup Consultations and that she will ensure the Code Administrator omits this question going forward. GG spoke around the history of this and why this was put into the CUSC. PH stated that scope creep looked to be an issue with CMP237 if an additional defect has been found and added to the Workgroup scope. SL noted that the change during the CMP237 Workgroup was not a trivial change that has happened and suggested that it should be dealt with by a new Modification Proposal and this is why they have raised a Consultation Alternative Request.
4502. AT asked for MT to get a Panel view on how the Workgroup should proceed to assist her in her role as CMP237 Workgroup chair. AT acknowledged that another defect had been identified in CMP237 by a non-Workgroup member. AT stated that the principles of the code changes identified are on the same subject matter and therefore she had progressed work on the additional defect within the Workgroup. AT noted that it is up to the Workgroup to get guidance when needed and therefore sought it from the Panel. AT also stated that the Terms of Reference was around the Original modification and that they have expanded it. AT recognised that this should have been brought to the Panel in order to ask for an extension of Terms of Reference before carrying out the second Workgroup Consultation.
4503. MT asked for the Panel's view on AT's question of whether Panel Members are comfortable that an additional defect has been identified that was not identified in the original modification and during the course of the Workgroup they have developed solutions to this. SL again noted that that was why there was a second consultation and that there was a procedural problem and that there had been a significant fundamental change. PH considered that the other defect should be raised as a new Modification Proposal and presented to the Panel for a decision on whether to amalgamate them. PJ noted that, in line with the CUSC, the Workgroup needs to demonstrate that they have dealt with the defect identified within the Modification Proposal. The Panel advised AT that they would suggest that any additional defects are raised as a new modification and that everyone should follow certain rules or this may lead to further issues in the future. GG noted that AT should feed back to the Workgroup and have the discussion around the defect and whether it addresses this. SL noted that the significant change within CMP237 needs to go through the process as it is dynamic already. SL also noted that it would be difficult to not take the alternative forward.
4504. MT asked AS for his view and AS stated that the Authority may want to ask for this to be a new modification. AS also added that it would be up to the Authority to determine how the two modifications, should another one be raised, progress forward through to implementation. AS noted that the question is whether the Modification Proposal has identified a defect against the existing baseline and that the defect is

critical. AS also stated that as a modification progresses he would expect there to be a certain amount of development of the modification solution to address the identified defect but if there is a different defect or issue highlighted that this should be considered and raised as an additional modification.

4505. AT stated that she had some concern in taking this information back to the Workgroup as rules in section 8 state that if you raise a new modification that has the same effect as another modification that it can be rejected. In addition AT stated that in section 8.20.23 it states that the proposer may change their modification as long as it still addresses the original defect.
4506. The Panel cautioned the CMP237 Workgroup to take on board the advice given today. AT noted that she should have got the information from the CUSC and the Panel and should have told the proposer to raise a second modification. GG noted that the Drax alternative related to all generation and not just the narrow definition of low carbon generation. PJ raised a concern that other people may have wanted to be involved as Workgroup Members should the wider defect have been identified earlier. MT noted that the Workgroup should not be looking back but not to let the Terms of Reference go wider and stick with the original defect. MT also stated that the widening of the scope can also cause delay.
4507. GG noted that the Workgroup Consultation Alternative Request proposed by Drax should be progressed as a Modification Proposal either way. PH stated that the alternative raised to the second Workgroup Consultation should also be given consideration. GG noted that it was a request rather than an official WACM. MT asked AT if there was anything else they can assist her with. AT stated that she was satisfied with the advice given by the Panel.
4508. **CMP239 'Grandfathering Arrangements for the Small Generator discount'.** CMP239 seeks to implement 'grandfathering' arrangements in the CUSC from the expiry of Licence Condition C13 on 31 March 2016. The proposed arrangements would apply to those generators that currently receive the small generator discount and also to those generators that will connect by 31 March 2016 that would be eligible to receive a small generator discount.
4509. CB presented the Workgroup Report to the CUSC Panel. MT noted that the CUSC Panel vote would be held on 26th June 2015 and that the Final Modification Report is due to be sent to the Authority on 8th July 2015. CB asked the Panel to consider whether they accept the Workgroup Report and agree for CMP239 to progress to Code Administrator Consultation. MT asked AS if Ofgem agreed that the Terms of Reference had been met. AS stated that Ofgem agreed that the Terms of Reference had been met.
4510. BB questioned if the Workgroup had met the terms of reference requiring consideration of the need for the small generator discount and stated that he was expecting the National Grid analysis carried out as part of its Embedded Generation Review (Informal Review of Transmission Charging for Embedded Generation) to be re-run. BB asked whether the analysis was examined. PH confirmed that the CMP239 Workgroup looked at the analysis. GG agreed that a like for like comparison with regards to the analysis should have been done. BB went on to state that he expected a view from the Workgroup. MT stated that you do not necessarily have to conclude on the points within the Report as the views of the Workgroup were split; therefore there was not a natural conclusion. JA added that the Workgroup was looking at the removal of the cost, not whether the discount should exist.
4511. BB noted that Ofgem would be considering the proposal against a wider set of objectives than the Panel, in particular Ofgem would consider the need to contribute

to the achievement of sustainable development. BB asked if European requirements placed any special obligation on the Panel regarding low carbon generation that it should take into account when considering CMP239, citing charging objective (d)... AT stated that objective (d) cites compliance with the "Electricity Regulation" and that this is the specific Regulation 2009/714/EC, which is for conditions for access to the network for cross-border exchanges in electricity. It also cites "any relevant legally binding decision of the European Commission and/or the Agency" (being ACER). GG stated that this objective was brought in to allow changes in the EU codes to be passed through to GB codes. BB commented that Ofgem and the CUSC Panel having different objectives appeared to be disjointed and sub-optimal. GG noted that Ofgem's statutory duties were deliberately set wider than the CUSC / Panel objectives, and this was the reason for any potential disjoint.

- 4512. The Panel accepted the Workgroup Report and agreed for CMP239 to progress to Code Administrator Consultation.
- 4513. **CMP242 'Charging arrangements for interlinked offshore transmission solutions connecting to a single onshore substation'**. CMP242 aims to ensure that both circuits linking offshore platforms connecting to a common onshore substation and additional capacity that can be utilised on export cables to shore by offshore generation are appropriately charged.
- 4514. CB noted that the first CMP242 Workgroup meeting is scheduled for Friday 1st May 2015. CB stated that this one took a little longer than expected to arrange as they struggled to get a quorum of Workgroup members and extended the request for nominations by a week. There are now 6 Workgroup members.
- 4515. **Governance Standing Group (GSG)**. GG advised that there has been no GSG meeting since the last CUSC Panel meeting and that the next meeting would be likely to take place in May 2015.
- 4516. **Transmission Charging Methodologies Forum (TCMF)**. PH advised the Panel that there has been no TCMF meeting since the last CUSC Panel meeting, therefore, there was no update.
- 4517. **Commercial Balancing Services Group (CBSG)**. CB noted that the next meeting will be held on 8th June 2015.
- 4518. **Balancing Services Standing Group (BSSG)**. CB advised that there has been no BSSG meeting since the last CUSC Panel meeting. This group is currently in abeyance.

6 European Code Development

- 4519. **Joint European Stakeholder Group (JESG)**. GG stated there has been no JESG meeting since the last Panel meeting. GG noted that three EU Connection codes came out from the European Commission. GG stated that two JESG members met with DECC and Ofgem this week to discuss redline issues related to cross border issues on 29th April. GG also noted that the Demand Connection Code has been redrafted.
- 4520. AS advised that Ofgem are seeking stakeholder views on the initial mapping analysis of the CACM to GB codes and that it was circulated last week to the Panel. AS stated that CACM is a guideline and asked for any views to be sent through by close of play on 24th April 2015. GG advised that he had heard that there had been an extension to 29th May 2015 and that was to allow everyone to take account of Ofgem

OFTO proposals as well. AS stated that he would take a look into this and speak to internal colleagues following the Panel meeting.

Post meeting note: from Ofgem (AS) – the consultation referred to a deadline extension for responses relates to Ofgem’s ‘minded to’ decision to assign TSO obligations under the CACM, including to offshore TOs (OFTOs). There are now two separate consultations in respect of (i) OFTO and (ii) non-OFTO TSO obligations, both with an extended closing date of 9 June 2015. Views are invited.

7 CUSC Modifications Panel Vote

4521. There were no votes at this meeting.

8 Authority Decisions as at 19 March 2015

4522. **CMP241 ‘TNUoS Demand Charges during the Implementation of P272’** - AS noted that the Authority decided to approve CMP241 and this was implemented on 1st April 2015. MT asked if there were any comments or consequential modifications as a result of this. BB noted that the regulator dealt with CMP241 quickly, which was good, given that it was an Urgent modification. BB also noted that a request for implementation of related BSC Modification P272 to be delayed has been sent to the Authority. PH stated that parties would still have transferred and there would still have been an issue, even if implementation of P272 were delayed as requested.

9 Relevant Interruptions Claims Report

4523. MT noted that the Report was circulated with the Panel papers. MT welcomed any comments and/or observations. GG noted that CMP235/6 may have an effect on this Report, if the modification were to be approved by the Authority. GG stated that nothing needed to be done with the Report currently but that should the CMP235/6 modification(s) be approved that the Panel should come back to it and look at it then as a form of post implementation evaluation. GG noted that it would be easier to gather information as the Panel went along every month following the approval of the modification rather than try to collate after a period of time in order to gauge how many claims were being made based on the CMP235/6 changes.

10 Quarterly KPIs

4524. MT noted that the KPIs had been circulated and welcomed any comments. None were brought forward.

11 Update on Industry Codes/General Industry Updates relevant to the CUSC

4525. MT invited AT to discuss the CACoP and any developments. AT noted that at the last Panel meeting, the Panel looked at the proposed new Principle 13; she stated that comments on the principle were sent back to Elexon for review by the Code Administrators. AT stated that the BSC Panel had also held a discussion around the principle and the CACoP overall and that it appeared from comments provided by ELEXON that the BSC Panel were looking for more stringent requirements on cross code co-ordination. AT noted that it was a different view to the CUSC Panel who had questioned whether the Code Administrator had sufficient expertise to be proactively identifying cross code impacts. Other Panel Members who had been present for the BSC Panel discussion did not consider that the BSC Panel was looking for more stringent obligations.

4526. AT stated that she would come back to the May Panel meeting with an updated draft of Principle 13 for the Panel’s review prior to it being sent out to wider industry

consultation. The Panel questioned who would be responsible for identifying code changes that would impact on other codes and whether it should be the responsibility of the code administrator to look at this. The Panel discussed that communication is important and that there are Licence obligations over the CACoP too. BB stated that he thought that there should be an obligation on people to do what we need to in a timely manner in order to progress and glue together cross code processes. BB also stated that there needs to be more transparency across codes and practicalities.

4527. MT noted that there is no clear way forward with regards to cross code co-ordination and that the Panel need to be vigilant with it where possible.

12 AOB

TCMF

4528. PH stated that he wants to use the current TCMF meeting to engage in broader discussions on CUSC issues, such as capacity and user commitment, as parties affected by such issues are already attending the TCMF. PH went onto explain that the TCMF has a particular remit set out in the Transmission Licence and the CUSC which could be an issue. PH stated that he could rewrite the Terms of Reference to reflect the broader scope, but that the TCMF would always be seen as a charging forum due to its name. PH noted that changing the name of the TCMF would involve a licence change and modification to the CUSC. PH asked the Panel whether they thought that there could be a more practical way of doing this.
4529. GG suggested that there could be two meetings on the same day; one the TCMF, the other looking at wider CUSC issues; as this was likely to maximise the attendance. GG went on to explain that some attendees may come just for the charging meeting in the morning and could then leave in the afternoon before the wider issues meeting. GG stated that a new forum could perhaps be set up as a Standing Group to the CUSC Panel and therefore would not be constrained by changing the CUSC and licence. GG also noted that this could be done quickly. PH was comfortable with this suggestion and welcomed any views from the Panel on this. MT stated that the meeting could be 'pre-panel' in terms of charging modifications. PH stated that there may be other issues that could come forward on modifications and that the forum could assist with bringing forward proposals. MT noted that this assists with being more proactive and that it should go forward and see what happens. PJ noted that there are lots of larger issues within the industry and how you get the engagement with the industry is difficult, especially with governance. PJ agreed that the potential Standing Group looking at the wider issues was a good idea. PJ stated that it could be similar to the Grid Code Development Forum.
4530. AS noted that an issues group would assist with more effective management of the CUSC and that he can see merit in having the Group set up. AS stated that linkages between charging and non-charging issues and potential modifications could be discussed and that the recently established Grid Code Development Forum is a good example of how this could work. AS added that this could be a forum for wider stakeholder engagement. MD suggested that the change in the name could be brought forward as a housekeeping change. The Panel agreed that there is value in this.
4531. PH noted that once a modification has been raised updates can be given to the Group. PH also stated that the Group would only be used to ask for ideas and also he would encourage attendees to still respond to consultations should they have any issues. PH stated that he would propose to set up the Standing Group and advised that the main agenda would consist of the following;

- a. Ongoing proposals in CUSC and in other codes
- b. National Grid led development
- c. Industry led development

4532. PH also stated that if it works then there could be the opportunity to submit a licence modification at a later date. MT suggested that the CMA and Ofgem could be notified of the development to highlight the CUSC Panel taking a proactive and inclusive approach to developing the code. The Panel raised a potential concern that some attendees may attend TCMF to speak around their ideas and therefore not attend Workgroup meetings and expect the chair of TCMF to take forward their concerns on their behalf. PH stated that if the modifications and their impacts are discussed at the Group, then parties would be more likely to respond to consultations. Another potential concern was that smaller companies might be 'shouted down' or discouraged in such a forum, resulting in them not raising a modification as a result. PH stated that they would ensure that they take the correct line and encourage people to respond. BB noted that BSC issue groups often discussed modifications before they are formally raised and that works quite effectively to tease out any issues. BB stated that this can be helpful for smaller parties.

4533. PH stated that he will draft the Terms of Reference for the May Panel and then once approved will set up the Group.

ACTION: PH to draft Terms of Reference for new Standing Group

CMA

4534. MT asked AT if she had any further information on when the Panel can expect the CMA to publish their next paper on the Energy Markets Investigation. AT confirmed that the paper is due May/June. MT suggested that if this was not published in the next two weeks that the meeting prior to the next CUSC Panel meeting on 28th May will not be required and as such should be cancelled. The Panel suggested that at this point a date for June be scheduled. The Panel stated that this should be scheduled as a separate meeting as the Panel agenda for June may be busy. MT and MD stated that they could not attend the day before the June Panel meeting and as such requested that an alternative date was scheduled.

ACTION: CB/JC to send note with regards to cancelling of special CUSC meeting for the 28th of May should the paper not be published and the setting up of a June meeting.

Implementation

4535. PH raised an issue with regards to the implementation aspect of modifications. PH stated that he had an issue around implementation being hard coded into Workgroup Alternative CUSC Modifications (WACMs). PH also stated that there needs to be clear guidance from the GSG to Workgroups on this matter. PH suggested that the implementation of a proposed modification should be set out in a separate advisory paper to the Authority rather than be included within official WACMs to the Original proposal. GG responded that it would be hard to quantify the impact of a Modification Proposal if you do not look at, and vote on, the implementation of it. The Panel explored and discussed the current arrangements with regards to the implementation of modifications such as the 1st April of the next financial year for charging modifications and the standard 10 working days for non-charging CUSC modifications. GG stated that the core of the discussion on CMP227 was around the implementation of the modification and that the alternatives are primarily on the implementation timescales.

4536. MT questioned whether you can omit an implementation date in the modification reporting. AT stated that an implementation date is not included for governance modifications in the same way that it is for charging modifications. The Panel discussed that an implementation date is currently added in the Workgroup Consultation but that the CUSC states that this is provided by the Code Administrator. GG stated that the Code Administrator can provide an advised implementation date but that the Authority can require for this to be amended. PH noted that the implementation of a modification is separate and therefore should be treated by the Workgroup in the same way. GG stated that the date that a modification is implemented has a bearing on the modification, its objectives and its impact on stakeholders. GG stated that this would be an issue for stakeholders as there would be no boundary and that the modification, in theory, could be implemented either ten years into the future or tomorrow if it was not in the FMR. GG also added that Workgroup members would vote differently dependent on the implementation date; as shown by, for example, the Workgroup deliberation on CMP227 where implementation dates of 12, 24, 36 and 48 months were considered. GG stated that if implementation of modifications was not advised on by the Workgroup plus the Panel and set out in the consultation(s) and FMR that there would then be no right of appeal on them. GG stated that the Authority can make the decision without a suggested date from the Panel but stakeholders need an implementation date in order to meaningfully respond to the CUSC consultation(s). PH suggested that an impact assessment needs to be done and that if it is not done by the workgroup then Ofgem would need to do it.
4537. MT suggested that PH give the issue some more thought and come back to the Panel with a paper outlining the concerns and pros and cons of each suggested approach.

ACTION: PH to provide paper to the June CUSC Panel on Implementation

4538. MD stated that the implementation date really has an impact on customers, due to the wider impact of modifications. SL noted that the implementation of the modification is an integral part of the modification and that it is useful to go through the exercise. AS questioned PH with regards to his suggestion around the advisory paper on implementation rather than official WACMs and how many alternatives he would be providing the Authority with. PH reiterated that this would mean, in theory, that there would not be any WACMs with regards to implementation timescales which would result in fewer WACMs being developed. GG commented that Workgroups had not 'slipped into' looking at implementation within modifications and that this was a conscious decision.
4539. GG raised a question with AS with regards to CUSC modifications deemed to be beneficial for consumers in the rest of Europe but not beneficial for GB consumers (and vice versa) and questioned what Ofgem's legal obligations steers them to do. GG asked when GB code modifications, for example, to implement the Third Package are sent to the Authority for a decision, which statutory duty will take precedent, those under EU law or national (Great Britain) law. AS stated that there was not a one answer that fits all and that each modification will be looked at on its merits. GG noted that in his view the Authority's EU statutory duties took precedence over national (GB) statutory duties if there was any 'incompatibility' or 'conflict'.

13 Next meeting

4540. The next CUSC Panel meeting will be held on 29th May 2015 at National Grid House, Warwick.