

**Minutes**

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	178
<b>Date of meeting</b>	25 September 2015
<b>Location</b>	National Grid house, Warwick / Teleconference

**Attendees**

<b>Name</b>	<b>Initials</b>	<b>Position</b>
Mike Toms	MT	Panel Chair
Jade Clarke	JC	Panel Secretary
Patrick Hynes	PH	National Grid Panel Member
Paul Jones	PJ	Users' Panel Member
Michael Dodd (dial-in)	MD	Users' Panel Member
Paul Mott (dial-in)	PM	Users' Panel Member
Garth Graham (dial-in)	GG	Users' Panel Member
James Anderson	JA	Users' Panel Member
Bob Brown (dial-in)	BB	Consumers' Panel Member
Abid Sheikh (dial-in)	AS	Authority Representative
Claire Kerr	CK	ELEXON
Damian Clough	DC	National Grid (CMP253 Proposer)
Ryan Place	RP	Observer

**Apologies**

<b>Name</b>	<b>Initials</b>	<b>Position</b>
John Martin	JM	Code Administrator
Ian Pashley	IP	National Grid Panel Member
Simon Lord	SL	Users' Panel Member
Kyle Martin	KM	Users' 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**

4725. Introductions were made around the group. Apologies from John Martin, Ian Pashley, Simon Lord and Kyle Martin. Paul Jones agreed to vote on behalf of Simon Lord for the purposes of CMP247.

**2 Approval of Minutes from the last meeting**

4726. The minutes from the last meeting held on 28 August 2015 were approved subject to changes and clarification with the CMP251 Proposer. They are now available on the National Grid website.

**3 Review of Actions**

4727. **Minute 4723: JC to circulate note on role of Alternate CUSC Panel Member.** JC noted that she had circulated a note following the August CUSC Panel detailing how the Panel should utilise the available Alternate CUSC Panel member.

4728. Whilst on the subject of Panel membership, the Chair informed the Panel that MD wished to announce his resignation as a CUSC Panel member. MD advised that he will be leaving his current role and this will therefore not allow him to continue his role as a Users' CUSC Panel Member. MD thanked the Panel, Chair and Code Administrator for all their work over the past three and a half years in which he has been a Panel Member.
4729. The Panel discussed whether there would be a need for another elections process as there is, with the recent election of the new Panel, an alternate CUSC Panel member who may be able to take the place of MD. JC took an action to communicate the next steps of appointing a new Panel member to the CUSC Panel.

**ACTION: JC to communicate to Panel next steps after MD's resignation as CUSC Panel member.**

#### **4 New CUSC Modification Proposals**

4730. **CMP253 'Legal text amendments to CUSC to align with CMP235/6 intentions'.** CMP253 seeks to address the wording within Section 11 of the CUSC following the implementation of CMP235/6. The legal text currently may result in interruption payments being refused which should be classed as relevant under the changes agreed in CMP235/6.
4731. DC presented slides to the Panel explaining that CMP253 is being raised as a result of a potential issue being highlighted by a customer. Following implementation of CMP235/6, it was noted that there were some typographical errors in the legal text associated with the approved Workgroup Alternative (WACM3). A customer raised concerns that these errors may prevent future Interruption Payments which should have resulted in a payment under CMP235/6.
4732. DC explained that CMP253 aims to deal with any grey areas regarding Station Transformers within the legal text which were not dealt with under the previous Fast Track Modification CMP252. These (CMP253) changes were not included within that CMP252 modification as National Grid believed they did not meet the Fast Track criteria.
4733. DC also noted that the legal text currently refers to 'Station BM Units' in the BCA. A customer pointed out that in their BCA's their import BM Units were not named 'Station BM Units' and therefore if their Import BM Unit was not called 'Station BM Units' this may result in an Interruption Payment not being paid when it was intended to be under CMP235/6.
4734. It was also noted that there may be an issue when an import BM Unit contains more than one Station Transformer. If an Import BM Unit is deenergised and this results in the Generation Unit deenergising this will result in an Interruption Payment. When an import BM Unit contains more than one Station Transformer, the BM Unit may still be taking load (therefore not deenergised) even when a Station Transformer may have been tripped resulting in an interruption to Generation.
4735. DC clarified that CMP253 aims to remove the reference to 'Station BM Units' as not all import BM Units are called this within customers' BCA's and to reword the legal text so that when calculating Interruption Payments the import BMU Unit will be classed as deenergised when the BM Unit is deenergised.
4736. DC noted that CMP253 meets the Self-Governance criteria as it does not propose a new type of interruption or changes how the interruptions will be calculated.

CMP235/6 has already been consulted on and approved by Ofgem and CMP253 is simply ensuring the true intention of CMP235/6 is realised.

4737. The Panel unanimously agreed that CMP253 should be considered as Self-Governance and should proceed directly to Code Administrator Consultation for a period of 15 working days.
4738. The Authority representative noted that the Authority is content that at this point CMP253 meets the Self-Governance criteria and should be treated as Self-Governance.

## **5 Workgroups / Standing Groups**

4739. **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 as a result are appropriately charged. JC noted that at the August CUSC Panel meeting she warned the Panel that the CMP242 Workgroup may not meet their deadline of the September CUSC Panel meeting. An e-mail was sent to the Panel from the Code Administrator following the CMP242 meeting to advise them that the Workgroup would not meet the September Panel deadline and that they would be seeking a one month extension to their timetable. The Panel agreed to the one month extension. The Workgroup will now report back to the October CUSC Panel meeting.
4740. **CMP243 'a fixed Response Energy Payment option for all generating technologies'**  
CMP243 aims to allow all generators, regardless of technology type, the option of choosing whether their Response Energy Payment (REP) is based on the current methodology or a fixed value suggested at £0/MWh. JC advised that the CMP243 Workgroup were almost ready to consult with the industry and were seeking no extension to the Workgroup timetable at this point.
4741. **CMP244 'Set final TNUoS tariffs at least 15 months ahead of each charging year'**  
CMP244 seeks to increase the length of the notice period for TNUoS tariffs (currently 2 months) to a suggested minimum period of 15 months. JC advised that the Proposer has changed their view on the proposed solution and would be suggesting setting TNUoS tariffs 6-8 months ahead of each charging year. JC also noted that the Workgroup were almost ready to consult on the modification. Due to the large amount of analysis and work involved in developing CMP244 the Workgroup are now running slightly behind on their agreed timetable and asked the Panel for a one month extension. The Panel agreed to the one month extension to the timetable, the Workgroup will now report back to the December Panel.
4742. MD noted that he was concerned about the progress of CMP244 and with the different view now expressed by the Proposer. It was his understanding that all the analysis undertaken by the Workgroup applied to giving 15 months' notice and that this would now need to be re-worked. PH advised that the Workgroup did not look just at 15 months' notice, but on a curve from 2-20 months' notice and that PH was unaware that analysis needed to be reworked. MD noted that perhaps the concern from his colleague came from the discussion and time spent on 15 months' notice. PH noted that the Workgroup did develop 15 months as an initial option however they were also considering alternatives, such as the 6-8 months option, so some alternatives would fall out of the decision by the Proposer to change their solution.

4743. AS sought clarification about what the defect of CMP244 was; to ensure the Proposer was allowed under the rules of the CUSC to change his solution from 15 months to 6-8 months. PH noted that the Proposer's defect was that not enough notice is given of TNUoS tariffs and the suggested solution was to introduce a 15 month notice period and that Proposer ownership allows the Proposer to change this notice period.
4744. JA suggested the Code Administrator giving more guidance when parties complete the Proposal form to steer them towards choosing a modification title which doesn't include their proposed solution.
4745. **CMP245/CMP246 'Introduction of a new 'Category 5 Intertripping Scheme' to include System to System intertrips in relation to One-off Charges'.**  
 CMP245 and CMP246 aim to clarify the position in relation to the treatment of a 'System to System Intertrip' by classing it as a new Category 5 Intertripping Scheme. JC advised the Panel that the Proposer postponed the Workgroup in September and that this had not yet been rearranged. The Proposer is deciding how to progress the modification following the discussions at the August CUSC Panel. The Workgroup are due to report back to the CUSC Panel at the October CUSC Panel meeting so therefore would require a one month extension. The Panel agreed to this extension whilst requesting the Proposer to make a decision on how they would like to progress the Modification before the end of October.
4746. **CMP248 'Enabling capital contributions for transmission connection assets during commercial operation'.**  
 CMP248 aims to enable users that have existing arrangements to pay annual charges for transmission connection assets the opportunity to make capital contributions again transmission connection assets. JC noted that the Workgroup Consultation is currently with the Workgroup for comment and will be sent out to Industry in early October.
4747. **CMP249 'Clarification of Other Charges (CUSC 14.4) – Charging arrangements for customer requested delay and backfeed'.**  
 CMP249 aims to include (i) the principles underpinning the 'CEC before TEC' policy within Section 14 of the CUSC, (ii) state the methodology for calculation and (iii) clarify in which situation(s) this would be applied. JC advised that the Workgroup did not have their first meeting until 22<sup>nd</sup> September 2015 due to lack of availability throughout the summer holiday period. JC noted that CMP249 was raised in July so is already running behind schedule and will not meet its deadline of the November CUSC Panel. JC therefore requested a one month extension for the CMP249 Workgroup. The Panel agreed to the one month extension. The Workgroup will now report back to the December CUSC Panel meeting.
4748. **CMP250 'Stabilising BSUoS with at least a twelve month notice period'**  
 CMP250 aims to eliminate BSUoS volatility and unpredictability by proposing to fix the value of BSUoS over the course of a season, with a notice period for fixing this value being at least 12 months ahead of the charging season. JC advised that the Workgroup will have their first meeting on 7<sup>th</sup> October 2015.
4749. PH noted that he thinks that CMP250 will need 6-7 Workgroup meetings as it seems a more complex subject than originally thought. PH did not suggest giving the Workgroup any extension to their timetable now, however highlighted that this would be likely in the next few months.

4750. **CMP251 ‘Removing the error margin in the cap on total TNUoS recovered by generation and introducing a new charging element to TNUoS to ensure compliance with European Commission Regulation 838/2010’.** CMP251 seeks to ensure that there is no risk of non-compliance with European Regulation 838/2010 by removing the error margin introduced by CMP244 and by introducing a new charging element to the calculation of TNUoS. JC advised that the Workgroup will have their first meeting on 28<sup>th</sup> September 2015.
4751. **Governance Standing Group (GSG).** GG noted that there has been no GSG since the last CUSC Panel meeting.
4752. **Transmission Charging Methodologies Forum (TCMF).** PH advised that there was a TCMF held earlier in September and that the group discussed Exporting GSPs. PH noted that there is an informal consultation on Exporting GSPs which closes on 31<sup>st</sup> October 2015.
4753. PH noted that Ofgem raised an issue on their likely consultation on TO charges. PH also noted that given P272 and P322 and the new working group under the BSC to look at classes 1-4, at some point TCMF will need to look at the Triad arrangements. PH noted that National Grid are currently doing some work in the background with consultants about how demand is charged across Europe and America and will probably progress this at TCMF within the next year or so.
4754. **Commercial Balancing Services Group (CBSG).** JC noted that there had been no CBSG meeting since the last CUSC Panel and that the one planned for September 2015 has been cancelled due to lack of agenda items.
4755. **Balancing Services Standing Group (BSSG).** JC noted that there had been no BSSG meeting since the last CUSC Panel and that the one planned for September 2015 has been cancelled due to lack of agenda items.

## 6 European Code Development

4756. **Joint European Stakeholder Group (JESG).** GG stated that there has not been a JESG meeting since the last CUSC Panel meeting however there is one planned for 29<sup>th</sup> September 2015 at which the group will review stakeholder engagement, have an update on CACM voting, EU codes and financial transmission rights. GG advised that this meeting will be followed by a specific workgroup on CACM implementation.
4757. AS noted that the HVDC European network code has been approved and the next stage will be to implement this within the GB code frameworks, for which there has been a Grid Code Workgroup set up to facilitate. AS noted that there is an open invitation for any codes that may be affected by the GB implementation of the HVDC code to send participants to this Workgroup. GG noted that the HVDC implementation workgroup is GC0090<sup>1</sup> and there is another Workgroup (GC0091<sup>2</sup>) looking at the Demand Connection Code implementation in GB.

## 7 CUSC Modifications Panel Vote

4758. **CMP247 ‘TNUoS Demand Charges during the implementation of BSC Modification P272 following the approval of BSC Alternative Modification**

<sup>1</sup> Further information at: <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Grid-code/Modifications/GC0090/>

<sup>2</sup> Further information at <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Grid-code/Modifications/GC0091/>

**P322’.** CMP247 aims to allow all meters which migrate into Measurement Classes E-G to be treated as NHH up until the full charging year after the Implementation date of P272. Those meters which migrated before 1<sup>st</sup> April 2015 will still have the option to be treated as HH if Suppliers so wish.

4759. JC presented the background to the modification and process also noting that there were 6 responses received to the Code Administrator Consultation which can be found within the CMP247 Final CUSC Modification Report.

2869. The CUSC Modifications Panel voted on CMP247 and whether it better facilitates the Applicable CUSC Objectives. The majority of the Panel voted that CMP247 better facilitates Objectives (a) and (b) and therefore recommends that CMP247 should be implemented. Details of the vote can be found below;

2870. Kyle Martin and Simon Lord were absent for the vote. Simon Lord asked Paul Jones to be his alternate.

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
James Anderson	Neutral	Marginally better	Neutral	Neutral	Marginally better
Bob Brown	Yes	Yes	Neutral	N/A	Yes
Garth Graham	Yes	Yes	Neutral	Neutral	Yes
Patrick Hynes	Yes	Yes	Yes	Neutral	Yes
Paul Jones	Yes	Yes	Neutral	Neutral	Yes
Simon Lord	Yes	Yes	Neutral	Neutral	Yes
Michael Dodd	Yes	Neutral	Yes	Neutral	Yes
Paul Mott	No	No	Marginally worse	Neutral	No

2871. The Panel were asked to give justification for why they voted as above, this is provided for each Panel member below;

**James Anderson** – Reducing supplier choice and delaying potential benefits could be detrimental, however on balance, reducing uncertainty may just level the playing field. CMP247 is overall neutral on (a). On objective (b) it provides some certainty ensuring revenue is collected in line with the charging methodology. I don’t think that customers are likely to change their behaviour so there is little impact on cost reflectivity. Marginally better on objective (b) and neutral on (c) and (d).

**Bob Brown** – CMP247 better facilitates objective (a) as it provides clarity and certainty in the market and it is helpful to suppliers and competition. Objective (b) yes as it takes into account other charges and delivers a more cost reflective basis. Neutral for (c) and (d).

**Garth Graham** – I agree with the views expressed by BB and those of National Grid under paragraph 6.2 of the CMP247 final CUSC Modification Report.

**Patrick Hynes** – CMP247 better facilitates objectives (a) and (b). On (c), in Ofgems’ determination on P272, they note that it helps National Grids’ obligations so I would say it better achieves this too.



**Paul Jones** – On competition, it does take away the ability of suppliers to offer HH charging so could be negative. Given the manual process, this could give disruption and could undermine competition. I agree with other comments on cost reflectivity.

**Simon Lord** – On competition, it does take away the ability of suppliers to offer HH charging so could be negative. Given the manual process, this could give disruption and could undermine competition. I agree with other comments on cost reflectivity.

**Michael Dodd** – A slight negative impact removing competition however on balance it slightly better facilitates (a) in that it removes a lot of uncertainty in what suppliers have. (b) is neutral. I agree with PH on objective (c) and would say that it better facilitates it. (d) is neutral.

**Paul Mott** – CMP247 facilitates CUSC charging objective (a) (competition) worse than baseline. PM referred to the first paragraph in “full justification” in the mod proposal which he read out in full: “By removing the option for meters to be settled as HH for the charging year 2016/17 all Suppliers will be operating with the knowledge that no other Supplier could offer to the end consumer the option to be settled as HH, thus gaining a potential competitive advantage”. PM felt that CMP247 would create unexpected costs for some suppliers, and would remove previously-expected choice for suppliers and consumers. PM felt that CMP247 also facilitates CUSC charging objective (b) (cost-reflectivity) worse than baseline, as the finer resolution of timing (HH) under baseline is clearly more cost-reflective; and CMP247 facilitates CUSC charging objective (c) (relevant transmission developments) slightly worse than baseline, as there have been developments in what’s connected to the transmission system with 20 GW now of renewables, including at least 8.2 GW of solar which has grown rapidly of late. This means there is a growing need for more demand side response, so as to ease the economic and technical integration onto the grid of these new technologies. Moving customers onto half-hourly settlements for all price components may encourage demand side response, so not passing this mod may be slightly better for security of supply; this is why it may slightly worse facilitate (c), than baseline. PM felt that CMP247 is neutral on (d) (Europe).

4760. GG questioned if a party submits a private and confidential response, whether the Code Administrator could provide any information on the status of the respondent; i.e. CUSC Party, Supplier etc.; to help the Panel decide how to consider the response.
4761. AS noted that all responses are given equal weight when sent to the Authority whether these are private and confidential or not. The Authority would need to know who provided a private and confidential response and would ask the Code Administrator for that information.
4762. PJ noted that the Panel should be making their recommendation on the basis of a reasoned argument and it doesn’t matter where that argument comes from. PJ had a concern that providing such status of a respondent; you may be able to determine who the respondent is.
4763. JC clarified that when the Code Administrator receives a response marked private and confidential; they contact the respondent to clarify the extent of the confidentiality. This could range from only submitting the response to the Authority within the final CUSC Modification Report or just anonymising the response.
4764. The Panel were satisfied with this approach however MD requested the private and confidential response published within the CMP247 report to be marked as anonymous. JC agreed to change this for the final report.

4765. There was one Authority decision this month.
4766. **CMP227 'Change the G:D Split of TNUoS charges, for example to 15:85'**  
CMP227 seeks to change the G:D Split, reducing the proportion of TNUoS charges paid by generators.
4767. AS noted that CMP227 was rejected by the Authority.
4768. It was noted that there was an underlying decision that the Panel had completed their duties however Ofgem has considered the consumer impact aspects of its wider statutory duties to override the Applicable CUSC Objectives as was the same with a recent decision on CMP201. AS noted that each modification is assessed on a case-by-case basis and that they are all different. BB noted that there was a clear explanation by Ofgem of the basis of its decision.
4769. GG noted that within the decision letter Ofgem talk about how the direction of harmonisation of transmission charges across the European Union is unclear and that it may not be consistent with CMP227, which seems to imply that something in the pipeline which may or may not be implemented is appropriate to consider when making a decision on CUSC changes. GG noted that he would have concerns with this given the multitude of changes in the pipeline, for example, from the European network codes and the Energy Union. MD also shared this concern and noted that as a Panel they always need to consider a modification against the baseline.
4770. AS was asked to pass back the Panel members' concerns to his Ofgem colleagues, whilst noting that this is not a formed view of the Panel overall. AS clarified that the decision was assessed against the current baseline however it was also recognised that there are EU developments that may change things in the future.
4771. PJ noted that he had understood the Authority's comments around EU changes in a different way. PJ felt it was more of a response to Workgroup members and consultation respondents who shared the view that CMP227 would enhance EU legislation. PJ felt that Ofgem's wording was around why it disagreed with these views.
4772. There was a mixture of views within the Panel between the danger of Ofgem making a decision on a modification based on anything but the baseline and having the uncertainty of what will happen and stating this within the decision letter.

## **9 Update on Industry Codes/General Industry Updates relevant to the CUSC**

4773. No updates on industry codes / general industry updates.

## **10 AOB**

4774. JC noted that with the agreement of the CUSC Panel, Ofgem and the Panel Chair, Mike Toms has been re-appointed as CUSC Panel Chair for a third term effective 1<sup>st</sup> October 2015 – 30<sup>th</sup> September 2017.
4775. MT thanked the CUSC Panel in their agreement and support in the re-appointment process and welcomed feedback from the Panel on his Chairmanship.
4776. PH noted that the October CUSC Panel would be his last meeting as National Grid representative as he is moving roles within the company. PH advised that his



colleague Nikki Jamieson would be taking his place from November onwards on the CUSC Panel.

4777. MT and the Panel thanked MD for his work as a Users' Panel member and wished him luck within his new role.

## **11 Next meeting**

4778. The next meeting of the CUSC Modifications Panel will be held on 30<sup>th</sup> October 2015 at National Grid House, Warwick.