

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	187
<b>Date of meeting</b>	18 March 2016
<b>Location</b>	National Grid House, Warwick

## Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
Heena Chauhan	HC	Panel Secretary
John Martin	JM	Code Administrator
Andrew Wainwright	AW	National Grid Panel Member (Alternate)
Cem Suleyman	CS	Users' Panel Member
James Anderson	JA	Users' Panel Member
Kyle Martin	KM	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Bob Brown	BB	Consumers' Panel Member
Abid Sheikh (dial-in)	AS	Authority Representative
Mary Teuton	MTe	VPI Immingham (CMP262 Proposer)
John Twomey	JT	National Grid (CMP257 Proposer)

## Apologies

Name	Initials	Position
Nikki Jamieson	NJ	National Grid Panel Member
Garth Graham	GG	Users' Panel Member
Simon Lord	SL	Users' Panel Member
Claire Kerr	CK	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

5115. Introductions were made around the group. Apologies from Nikki Jamieson, Garth Graham, Simon Lord and Claire Kerr.

## 2 Approval of Minutes from the last meeting

5116. The minutes of the CUSC Panel meeting held on 26 February 2016 plus the Special CUSC Panel meeting held on 9 March 2016 were approved subject to changes and are now available on the National Grid website.

## 3 Review of Actions

5117. **Minute 4985: Code Administrator to highlight claims relating to CMP235/6 within future Relevant Interruptions Claims reports.** HC noted that this action would remain

open and on the Agenda until April 2016 when the next Relevant Claims Report is presented to the Panel.

- 5118. **Minute 5013: JM to send a link to the CMA timetable, which is provided below.** HC noted that this action was complete.
- 5119. **Minute 5022: Code Administrator to ensure Frequency Response providers are contacted as part of the Code Administrator consultation for CMP243.** HC noted that this action was complete
- 5120. **Minute 5022: Add additional question into Code Administrator consultation, asking industry participants, whether they had any additional information/data on the subjects queried by Ofgem for CMP243.** HC noted that this action was complete.
- 5121. **Minute 5031: AS to provide confirmation on the consultation timescales for CMP260.** HC noted that this action was complete.
- 5122. **Minute 5056: NJ to confirm the process that NG uses for electronic billing and whether the same terms can be picked up for the offer processes for CMP257.** AW provided confirmation as part of the CMP257 update and vote agenda item.
- 5123. **Minute 5059: MO to issue to the Panel a process of 'offers'.** Complete. Electronic offer process version issued to the Panel on 4 March 2016.
- 5124. **Minute 5073: HC to make the amendments suggested to the 'Current CUSC modifications Plan on a Page' document and then publish on the National Grid website.** This action was noted as complete.
- 5125. **Minute 5082: AS to report back as soon as possible as what steps need to be taken to ensure that we are compliant with the 2.50 Euro legislation.** This action was noted as complete.
- 5126. **Minute 5112: JC to update Terms of Reference for CMP251 Workgroup.** This action was noted as complete.

#### 4 New CUSC Modification Proposals

- 5127. **Two new modifications were presented to the Panel this month.**
- 5128. **CMP262 'Removal of SBR/DSBR costs from BSUoS into a 'Demand Security Charge'.** CMP262 was proposed by VPI Immingham and aims to create a new cost recovery mechanism, a "Demand Security Charge" specifically for recovery of all SBR/DSBR costs, which is only to be levied on demand side Balancing Mechanism Units (BMUs).
- 5129. The Proposer, MTe, presented slides to the CUSC Panel which detailed the issue, impact and proposed solution of this proposal. The Proposer highlighted that given the security of supply concerns, there was a high likelihood of SBR plant being despatched multiple times during the upcoming winter months and therefore utilisation costs could run into tens of millions of pounds, and potentially even higher. These costs are currently recovered from BSUoS in the settlement periods they are incurred (whereas procurement costs are spread over total winter demand). This could drive very high, highly volatile BSUoS costs in periods where SBR is warmed and run in earnest, particularly for coal plant. In order to mitigate this risk, generators could be forced to add a significant risk premium to their forecasts, driving higher costs for consumers.

5130. The Proposer noted that this change would need to be implemented by November 2016 (when SBR window opens), and had requested that the proposal be treated as Urgent as they had serious concerns that without an immediate resolution to this issue, generators will have to consider either charging very high prices on the basis of no robust information, or may go bankrupt over the coming winter turning a tight system into one with negative plant margins. The Proposer also noted that whilst CMP250 addresses the issue of BSUoS volatility, it will not be in place for winter 16/17 when this issue occurs.
5131. BB queried materiality and MTe noted that procurement costs were anticipated in the region of £120m and utilisation costs could range from £0 to £100m, This would however need to be addressed and clarified by the Workgroup.
5132. The Proposer noted that the proposal would better meet CUSC Charging Objective (a) and (b). This was due to the current lack of any meaningful signal that could negatively impact competition in the wholesale market. Furthermore, the introduction of SBR and continued growth in its size and costs, did not properly take into account developments in the transmission business, specifically the impact of an increasing number of plant closures.
5133. The Terms of Reference for the Workgroup were discussed by the Panel and the following points were noted for inclusion:
- a. To investigate if there is a better risk management tool.
  - b. To look at what the impact of the proposal would be on various sectors of the market.
  - c. What would be the ultimate impact on customers?
  - d. Are there any other options that can address improving the quality and timeliness of information to market participants?
  - e. What are the implications on RCRC?
  - f. What is the cost of implementing a new billing system and how is the benefit of this assessed against the short life of this modification proposal.
  - g. Workgroup to consider other solutions that spread the costs to generators and suppliers over a longer period of time.
  - h. What is the impact of this proposal on competition and at which point does this prevent the market from reacting in a competitive manner.
  - i. There are currently a number of related BSC modifications in progress, the Workgroup are requested to review these and identify any impact these may have on this proposal.
5134. JM noted that as Code Administrator, initial conversations had already commenced with Elexon to apply a more coordinated approach to Workgroup membership and timetables. This was acknowledged by the Panel and recognised as a sensible and pragmatic approach.
5135. The Panel reviewed the proposed timetable and unanimously agreed that in order for the modification to provide any benefit to the industry, it would be pragmatic to follow an Urgent timetable. The Panel also noted that although the Workgroup would have many issues that would need to be addressed, recent work carried out for current modification proposals including CMP250 could be used as supporting evidence. BB noted that a good quality of report be required by Workgroup in order for the Panel to make a sensible decision.
5136. **CMP263 – ‘Housekeeping changes to CUSC Section 14 legal text as a result of the implementation of CMP213, CMP242 and CMP248 on 1st April 2016’.**  
This modification was raised by National Grid and seeks to amend typographical changes to CUSC Section 14 – Charging Methodology and has no material impact on Users.

5137. The Proposer, CB, presented slides to the CUSC Panel which provided the background to the proposal summarising the defect and requested that the modification be treated as Fast Track and be implemented 1 April 2016.
5138. AS noted that that his comments on the CMP213 related drafting had been accepted. BB noted that he would welcome this form of a coordinated approach by the Code Administrator for the implementation of future modifications.
5139. The Panel unanimously agreed that CMP263 should be considered as a Fast Track modification and could proceed to the Appeals Window as per the proposed timetable.

## 5 Workgroups / Standing Groups

5140. **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. This has subsequently been changed by the Proposer to a notice period of 200 calendar days. HC presented a high level summary of Workgroup findings noting that 20 responses had been received for the CMP244 Workgroup Consultation and two responses for the CMP256 Workgroup Consultation. The Workgroup did not raise any WACMs and agreed by majority that CMP244 and CMP256 better met the Applicable CUSC Objectives (for charging modifications) and therefore should be implemented.
5141. HC noted that a table providing evidence of where within the Workgroup Report the Terms of Reference had been met had been provided by the National Grid Representative. HC suggested that all future reports due for consideration by the Panel should contain this evidence. The Panel agreed this supporting information would be welcome and this suggestion should be implemented.
5142. The Panel accepted the Workgroup Report and agreed it progress to Code Administrator Consultation.
5143. **CMP249 'Clarification of Other Charges (CUSC 14.4) – Charging arrangements for customer requested delay and backfeed'**  
CMP249 aims to include the principles underpinning the CEC before TEC policy within Section 14 of the CUSC, state the methodology for calculation and clarify in which situations this would be applied. HC advised that the Workgroup Consultation is currently with the industry and the responses deadline is 18 March 2016. The Code Administrator is trying to organise the next Workgroup meeting but is facing issues with Workgroup member availability.
5144. The Workgroup requested a one month extension due to Workgroup availability which will mean that the Workgroup report will be presented at the Panel in May 2016. This extension request was approved by the Panel.
5145. **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. HC noted that the Workgroup Consultation was issued to the industry on 15 March 2016 with responses due back by 14 April 2016.
5146. HC advised that the Workgroup is on track.
5147. **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 CMP224 and by introducing a new charging element to the calculation of TNUoS. JM noted that the Workgroup Consultation has been issued and responses are due by 29 March 2016.

5148. JM advised that the Workgroup is on track and the Workgroup report is due to be presented to the Panel in April 2016.
5149. **CMP255 'Revised definition of the upper limit of Generation Charges in the charging methodology with removal of the reference to the 27% charging cap'**  
CMP255 aims to remove the requirement for the generation allocation of costs to revert to 27% if the limits to generation charges imposed by European Commission Regulations no longer apply. The Workgroup Consultation has closed and the Workgroup voted at the meeting scheduled for 17 March 2016.
5150. JM advised that the Workgroup is on track and the Workgroup report is due to be presented to the Panel in April 2016.
5151. **CMP259 'Clarification of decrease in TEC as a Modification'**  
CMP259 proposes to enable a User to request both a TEC reduction and a subsequent TEC increase in the form of a single modification application to National Grid. JM advised that the next Workgroup meeting is due on 24 March 2016 to finalise the Workgroup Consultation.
5152. JM advised that the Workgroup is on track and the Workgroup report is due to be presented to the Panel in May 2016.
5153. **CMP260 'TNUoS Demand charges for 2016/17 during the implementation of P272 following approval of P322 and CMP247'**  
CMP260 was proposes to give the option for metering systems that are registered on Measurement Classes E-G on or before 1 April 2016 to be treated as HH for the purposes of calculating the actual annual liability up until the full charging year after the implementation date of P272. HC advised that the Workgroup Consultation responses deadline is 31 March 2016 and the Workgroup will next meet on 4 April 2016 to review the responses.
5154. HC advised that the Workgroup is on track and the Workgroup report is due to be presented to the Panel in April 2016.
5155. **CMP261 'Ensuring the TNUoS paid by Generators in GB in Charging Year 2015/16 is in compliance with the €2.5/MWh annual average limit set in EU Regulation 838/2010 Part B (3)'**  
The first Workgroup meeting for this modification is scheduled for 23 March 2016.
5156. **Governance Standing Group (GSG).** No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report.
5157. **Transmission Charging Methodologies Forum (TCMF).** AW noted that the last TCMF took place on 9 March 2016. The main focus of the meeting was to facilitate interactive sessions to discuss the National Grid Charging Review. Positive feedback was received by the members of the industry that attended these sessions and an overview of this from different stakeholders' perspective will be presented at the next CUSC Panel. KM asked how this review will be coordinated with Ofgem especially in light of Ofgem's recent publication on Charging. AW confirmed that a meeting had already been scheduled with Ofgem to ensure a coordinated approach was followed by both parties. BB queried timescales for the Charging Review and AW was able to confirm that National Grid would be approaching the industry in June 2016; KM confirmed that Ofgem are working towards similar timescales. In addition to the Charging Review, BB noted that the Transmission Works Register project had been highlighted as being two years behind schedule. JM

advised that he was aware of the situation due to his previous role and was able to confirm that this did not impact the CUSC.

5158. **CUSC Issues Steering Group (CISG).** AW noted that the last CISG took place on 9 March 2016. JA noted that the Statement of Works process had been reviewed at this meeting as well as the prioritisation of customer issues. Work would also be progressed by this group to ensure balancing definitions were included within the CUSC.
5159. **Commercial Balancing Services Group (CBSG).** No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report.
5160. **Balancing Services Standing Group (BSSG).** No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report.

## 6 European Code Development

5161. **Joint European Stakeholder Group (JESG).** No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. However it was noted that GG had sent a written update to the Panel members confirming there had been a GB code mapping session of the draft Transmission System Operation Guideline on 11 March 2016. The meeting identified a number of items in the draft Guidelines that may require changes to the CUSC (and other GB codes). This meeting only reviewed approximately one third of the Guideline – a further meeting is planned for April where additional items may be identified that may require to be mapped over to the CUSC in due course (via CUSC Mods if appropriate).

## 7 CUSC Modifications Panel Determination Vote

5162. **CMP257 ‘Enabling the electronic (email) issue of ‘offers’ to customers’.** CMP257 seeks to allow for the electronic issue of offers and other formal documents (where agreed) and removes the obligation to provide hard copies of documentation once elected.
5163. HC presented an overview of the CMP257 modification process explaining that there were three responses to the Code Administrator Consultation for CMP257. JT attended the meeting and provided an update on the proposed application process outside of the CUSC in relation to CMP257 including the process map issued to the Panel on 4 March 2016. AW noted that he had spoken with SL prior to the March Panel meeting and was able to confirm that his previous concerns had been addressed since the February CUSC Panel meeting. JA had referred National Grid to a UNC modification for a similar issue and BB suggested that the Code Administrator should review modifications for other codes as a standard practice to identify and implement best practice for other like situations.
5164. The Panel voted on CMP257 where they unanimously agreed that CMP257 better facilitates Applicable CUSC Objective (a) as it increases efficiency and therefore should be implemented. GG was absent for the vote and gave his voting rights to JA, SL was also absent for the vote and gave his voting rights to PJ. NJ was also absent and gave her voting rights to AW. Details of the Panel vote can be found below:

Panel member	(a)	(b)	(c)	Overall
Paul Mott	Yes	Neutral	Neutral	Yes
Cem Suleyman	Yes	Neutral	Neutral	Yes
Paul Jones	Yes	Neutral	Neutral	Yes
James Anderson	Yes	Neutral	Neutral	Yes

<b>Garth Graham</b>	Yes	Neutral	Neutral	Yes
<b>Kyle Martin</b>	Yes	Neutral	Neutral	Yes
<b>Simon Lord</b>	Yes	Neutral	Neutral	Yes
<b>Bob Brown</b>	Yes	Neutral	Neutral	Yes
<b>Nikki Jamieson</b>	Yes	Neutral	Neutral	Yes

5165. A 15 day appeals window has now commenced. If no appeals are received, CMP257 will be implemented on 12 April 2016.

## 8 Authority Decisions as at 10 March 2016

5166. There was an Authority decision on CMP254 '**Addressing discrepancies in disconnection / de-energisation remedies**'. The Authority approved CMP254 WACM3 with an implementation date of 18 March 2016.

## 9 Code Administrator's Workload Plan

5167. HC presented the updated slide showing the workload plan of 'Current CUSC Modifications'. The Panel provided positive feedback and noted that comments from the previous Panel meeting had been taken on board. The Panel also noted the large volume of reports due back for consideration at the April 2016 meeting.

## 10 CACoP Annual Review

5168. JM provided an overview of the CACoP Annual Review to the Panel. JM noted that the review contained cosmetic updates and that he did not expect to see any material impacts to the CACoP until after the Code Governance Review. AS noted that the Code Administrators were working together and this could be added to CACoP in the future.

5169. JM discussed changes and highlighted CACoP Principle 12 which requires the addition of commentary to support the submission of annual metrics. The Panel confirmed their acceptance to these changes.

5170. BB suggested that the next review should consider adding the cost of the Code Administrator in order to assess the efficiency and performance of each Code Administrator as this would aid assessment of the cost and benefit of this function.

## 11 Update on Industry Codes/General Industry updates relevant to the CUSC

5171. MT noted that the recent Budget announcement made reference to the CMA. AS confirmed that Ofgem would be responding formally to the CMA provisional findings at the appropriate time but did not have anything further to add at the present time. MT noted that it was not clear from the report if this could lead to changes in primary legislation. AS confirmed that the Budget had noted a concern from Ministers in this area and that this may lead to Ofgem being given additional powers. AS noted that the Code Governance Review Phase 3 (CGR3) final proposals will be published in spring 2016 on the Ofgem website.

5172. PM noted that Scottish and Southern had issued a paper on 15 March 2016 on the Capacity Mechanism which was sent to Energy UK.



**ACTION: KM to issue Scottish and Southern Paper on the Capacity Mechanism to the CUSC Panel**

5173. AW noted that National Grid will be commencing their public engagement of their Charging Review at their Customer Seminar events on the 7 April 2016 and 20 April 2016 in the form of their Round Tables.
5174. AW noted that National Grid would be discussing Open Governance with Ofgem for the Grid Code and would require an independent chair as is the case with the CUSC Panel. AW requested the Panel to forward the names of suitable candidates for the role to him. PJ commented that this was positive and that it would be helpful to industry participants if there was better coordination across the codes and in particular with Elexon.

**12 AOB**

5175. BB noted that the CMA is pushing to resolve issues with zonal losses. AW confirmed that National Grid is presently reviewing issues with certain IT systems and that a stand-alone model was being developed to address transmission losses. AW was also able to confirm that these issues did not bear any direct implications to the CUSC. BB noted concerns over timeframes for delivery based on a presentation delivered at the BSC Panel. AW confirmed that these timescales included the overhaul of major systems including those used by National Grid control rooms.
5176. MT noted Steve Holliday had appeared recently on television discussing the National Grid Apprenticeship programme which came across as a very good scheme.

**12 Next meeting**

5177. The next meeting of the CUSC Modifications Panel will be held on 29 April 2016.