

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	197
Date of meeting	28 October 2016
Location	National Grid House, Warwick

Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
Ryan Place	RP	Panel Secretary (alternate)
John Martin	JM	Code Administrator
Nikki Jamieson (dial-in)	NJ	National Grid Panel Member
Cem Suleyman (dial-in)	CS	Users' Panel Member
Garth Graham	GG	Users' Panel Member
James Anderson	JA	Users' Panel Member
Paul Mott (dial-in)	PM	Users' Panel Member
Bob Brown	BB	Consumers' Panel Member
Nadir Hafeez (dial-in)	NH	Authority Representative
Abid Sheikh (dial in)	AS	Authority Representative (observer)
Nicholas Rubin	NR	ELEXON
Lurrentia Walker	LW	Code Administrator (observer)

1 Apologies

Apologies were provided from Simon Lord (SL), Paul Jones (PJ), Heena Chauhan (HC) and Kyle Martin (KM). Simon Lord passed his voting rights to James Anderson (JA) and Paul Jones (PJ) passed his voting rights to Paul Mott (PM).

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/>

2 Introductions

5764. Introductions were made around the group. Ryan Place (RP) joined the Panel as alternate Technical Secretary for Heena Chauhan (HC)

3 Approval of Minutes from the last meeting

5765. The minutes of the CUSC Panel meeting held on 30 September 2016 were approved subject to comments and are available on the National Grid website. (Comments from PM, AS, NJ, NH, BB and GG)

4 Review of actions

5766. **Minute 5604: JM to ensure that the lessons learned exercise carried out by the CMP262 Workgroup be shared at a future Panel meeting.** JM noted that this action will remain open and that a session to carry out a lessons learned session will be arranged now that the FMR has been issued to the Authority. Following the completion of the lessons learnt session, the Code Administrator will report back to the Panel.
5767. **Minute 5636: JM to investigate how other Code Administrators manage Initial Stage assessments of modifications.** The Panel agreed that this action could be closed as further action is captured under Minute 5749.
5768. **Minute 5654: JM and HC to assess the new CUSC Modification Proposal new template to ensure that details identifying the organisation of the Proposer are clearly identifiable.** This action is outstanding, an update will provided at November Panel meeting.
5769. **Minute 5637: All Panel members to send comments on the improvement paper to MT and JM by 2 September 2016. An updated paper will be recirculated after this date by MT and JM.** MT confirmed that a draft work plan for 2017 will be raised at the November Panel, flagging any modifications that may be raised by NG, the Code Administrator, Industry, other industry participants or the Authority. The work plan will be circulated to industry following the November Panel meeting. Also, consideration will be given to add into the paper the average amount of time it takes for an urgent, normal or complex mod to progress through the CUSC change process, thus, flagging the likely time by when a modification would need to be raised to fit into the timeline of the Charging Year and CM auctions. GG flagged a concern about creating the sense of a 'charging window' by giving timescales. MT reiterated that the aim is to try and create a useful forward work plan but not to set firm deadlines for proposers of mods. This action is closed.
5770. **Minute 5663: Panel to consider additional issues to be assessed by the CMP274 Workgroup that should be included within the Terms of Reference.** This action can be closed as the Terms of Reference was agreed for both CMP271 and CMP274 at the Special CUSC Panel meeting on 18 October 2016. Panel agreed closure of this action.
5771. **Minute 5667: JM to get feedback from CMP264 and CMP265 Workgroup to understand what worked well and introduce these best practices for the CMP271 Workgroup.** JM noted that JM and CB are having sessions with Louise Schmitz and Caroline Wright to ensure lessons learnt is done between the Chair and Technical Secretary of CMP264 and CMP265. The Panel confirmed they are happy to close the action.
5772. **Minute 5668: HC to provide feedback on the CMP271 Workgroup membership at the next Special CUSC Panel meeting.** RP confirmed there are currently 22 nominations including 3 from customers who are not CUSC parties. Further discussion on this matter is captured under the CMP271 and CMP274 minutes below. The action is closed.
5773. **Minute 5670: HC to ensure that Bill Reed (Proposer for CMP271) provides his original proposal to the Panel.** RP confirmed that the Proposer has now provided is Proposal form. The Panel agreed they are happy to close the action.
5774. **Minute 5670: HC to compare the previous and new template and ensure that the new Proposal template captures all key requirements.** This action is the same as Minute 5654 and is therefore closed.
5775. **Minute 5680: JM and HC to confirm process for late papers at next CUSC Panel meeting.** Outstanding – update to be provided at November Panel. GG asked if a modification is rejected as urgent, should that modification then be held back until the

subsequent Panel meeting if it misses the papers day for the initial Panel. JM felt that this is a debate to be held at the relevant Panel to discuss the process when putting together the ToR.

5776. **Minute 5697: HC to add a note to the Agenda that indicates which modifications will be requesting an extension.** Complete

5777. **Minute 5705: NJ to confirm if CMP266 has an impact on BSC systems and will clarify with ELEXON if an additional BSC mod will need to be raised.** NJ confirmed that DC is liaising directly with ELEXON on the modification and the requirement to raise subsequent modifications is dependent on which implementation approach is decided. The Panel agreed they are happy to close the action.

5778. **Minute 5749: JM to consider initial assessment requirements for new modifications and identify what the Code Administrator can support.** JM confirmed for the next new standard modification raised an initial stage assessment will be tested with the Panel. NJ flagged that if it is an urgent modification with an urgent CUSC Panel the next day then there may not be time to create the initial stage assessment. GG felt it was important to remind participants that they need to submit a modification with enough time prior to the Panel so that it is clear what the modification is looking to achieve and then should also allow time to carry out the initial stage assessment. JM clarified that for urgent modifications the initial stage assessments would not be carried out at this time. BB mentioned that the CACOP is designed to have convergence of code processes, thus, market participants that are not familiar with the various codes processes are bewildered why it is not standardised. JM wanted to reiterate to the Panel that the initial stage assessment will be carried out on a reasonable endeavour basis; NJ seconded this as she would be nervous if it was made into a formal process until the Panel are aware of the benefits.

5779. **Minute 5757: Nick Pittarello to discuss process of appointing external consultants and funding requirements for Workgroups with NJ.** JM confirmed that he had held a discussion with CS (the Proposer), that in light of the rejection of CMP244 due to additional analysis being required it may be necessary to carry out such work for CMP250. However, if additional analysis is requested for CMP250, there is a question for Panel and industry where the funding for consultants is obtained from if it is required during a Workgroup. The feedback received from the Authority representative is that parties can choose to fund consultant work if they choose. GG felt that if it is funded by an individual party then they, rather than the Workgroup, would expect to set the ToR etc., review the initial draft report from the consultants before sharing with the Workgroup etc., which would mean that the analysis could be considered by some as not being independent. GG also noted that asking the Proposer to fund this type of analysis would act as a barrier to parties (especially smaller ones) raising modifications which could benefit other CUSC users. In the view of GG it is the Code Administrator who should initially fund the analysis and then recover it through Code Administrator funding potentially flowing through in TNUoS bills.

NR added from a Balancing and Settlement Code (BSC) perspective, all teams within ELEXON will put forward a case for funding for the next financial year. If a modification requires external consultancy support, that is presented to Panel to consider if there is a case for funding and if it should be procured and tendered for. MT confirmed his understanding is that if independent work is required by a Workgroup it is funded by National Grid and National Grid has no mechanism in its license to pass-through the additional costs to customers. The Authority may wish to consider changing the mechanism to allow additional costs to be passed through, or build in an assumption about the likely level of ongoing costs of analysis in to future price settlements.

GG felt this could become a bigger problem now that we have a new obligation to consider consumer impacts. Often to ensure this objective is met, it will require independent analysis. The Authority should attempt to come to a conclusion on how these challenges can be overcome. MT asked NH to take an action to raise this issue with colleagues at the Authority.

NJ stated under CMP213 some of the analysis was free as the companies kept the intellectual property but she was not sure if this was the best way to progress in the long term.

ACTION: NH to report back on whether the Code Administrator and the Authority should discuss funding arrangements for analysis under the current process

6 Workgroups / Standing Groups

5780. The latest CUSC Modifications 'Plan on a Page' was shared with the Panel.

5781. **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.

JM noted that the Workgroup met on the 17 October 2016 after approximately two month hiatus due to Workgroup member availability, and a peak in workload commitments during the month of August and September. The Workgroup agreed that they would need to investigate the possibility of acquiring the assistance of an external consultancy firm to gather quantitative analysis to support their proposed options to avoid the risk of a send back. The Workgroup acknowledged that this could be a lengthy process as they would need to identify a consultant with relevant experience, identify the costs associated with this activity and agree how it could be funded. For this reason they are requesting the Panel to grant an extension to at least January 2017 (but more likely to achieve February 2017). Panel confirmed they are happy to agree the extension.

5782. **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)'**

CMP261 aims to ensure that there is an ex post reconciliation of the TNUoS paid by GB generators during charging year 2015/16 which will take place in Spring 2016 with any amount in excess of the €2.5/MWh upper limit being paid back, via a negative generator residual levied on all GB generators who have paid TNUoS during the period 1st April 2015 to 31st March 2016 inclusive.

5783. NJ noted that following the Special CUSC Panel meeting on 25 October 2016 this modification is now at Code Administration stage and expected to be voted on by the Panel at their November meeting.

5784. **CMP264 Embedded Generation Triad Avoidance Standstill**

This proposal has been raised by Scottish Power and seeks to change the Transport and Tariff Model and billing arrangements to remove the netting of output from New Embedded Generators until the Authority has completed its consideration of the current electricity transmission Charging Arrangements (and any review which ensues) and any resulting changes have been fully implemented.

And

5785. **CMP265 'Gross charging of TNUoS for HH demand where embedded generation is in Capacity Market'**

This proposal has been raised by EDF Energy and specifically seeks to address the issue that half hourly metered (HH) demand for TNUoS purposes is currently charged net of embedded generation.

And

5786. **CMP269 ‘Potential consequential changes to the CUSC as a result of CMP264’**
This modification aims to address a number of consequential changes required to non-charging sections of the CUSC to reflect the CMP264 Proposal or any alternative proposals agreed by the CMP264 Workgroup.

And

5787. **CMP270 ‘Potential consequential changes to the CUSC as a result of CMP265’**. This modification aims to address a number of consequential changes required to non-charging sections of the CUSC to reflect the CMP265 Proposal or any alternative proposals agreed by the CMP265 Workgroup.

5788. JM noted that following the Special CUSC Panel meeting on 25 October 2016 this modification is now at Code Administration stage and expected to be voted on by the Special CUSC Panel in November.

5789. MT confirmed after reviewing the suggestion from the Authority to appoint a Distributed Generation representation onto the Panel to support CMP264/CMP265, the Authority will not be appointing an additional member. The Authority had indicated in a letter to the Panel Chair that they will be subjecting the modifications to a Regulatory Impact Assessment (IA). NH confirmed that an IA will be carried out.

5790. MT asked the Panel how they would like to conduct the voting. In order to meet the timetable, it seems sensible if everyone carries out an initial electronic vote prior to the meeting. Panel members can then elaborate on, or amend their thinking at the meeting. MT confirmed once Vote 1 has been confirmed Vote 2 will be carried directly with Panel members. GG noted that the volume of responses is likely to be high and stated it would be useful if the Code Administrator Consultation responses are shared as soon as the deadline has closed. NR also wanted to note that the BSC modifications are likely to need further consultations because the BSC solution will need to develop a second solution to go alongside the current solution. JA added he is keen to confirm he would attend the meeting in person.

ACTION: Code Administrator to provide Panel members with a voting template for CMP264/CMP265/CMP269 and CMP270 as soon as possible (only vote 1).

5791. *MT asked if any Panel member would not be free to meet in person. All Panel members, except GG, at the meeting confirmed that they are free. MT also asked the Authority if they would attend in person for the vote at the Special CUSC Panel meeting. NH undertook to confirm either way.*

5792. **CMP266: Removal of Demand TNUoS charging as a barrier to future elective Half Hourly settlement.** This proposal seeks to prevent double charging of TNUoS for a meter electing to be HH settled, all demand within Measurement Class F & G will be charged under the TNUoS NHH methodology from April 2017 up until HH settlement is mandatory for all consumers.

5793. JM presented slides to the Panel explaining the Workgroup finding to the Panel. JM confirmed the Workgroup believed that it had met its Terms of Reference and the Panel agreed that this modification could be sent to Code Administrator consultation.

5794. GG flagged on slide 2 of the presentation ‘all consumers’ implies that it may never happen if some people opt out of having a ‘smart meter’. The presentation will be updated to ‘all consumers with smart metering capabilities’ and legal text checked.

5795. NR asked if a conflict is identified in the legal text following the conclusion of the Workgroup process as to what the scope is for changing the legal text. NR reiterated it is just a concern

that requirements have not been discussed in detail. MT felt that it would be a serious issue if any ambiguity is left at the end of the process in terms of the basis of charges that may end up being paid by parties. If an issue is identified, it needs to be flagged to the Panel through the Code Administrator. GG added if it is a housekeeping change to the legal text then it could be flagged to Panel prior to the vote and the Panel can accept the change(s) to the legal text. JA added it was discussed in the legal text sub groups, and the problem might be seen as the CUSC being more high level than the BSC which is more specific in mapping out its processes. The current reliance is on the BSC modification providing more detail.

5796. BB stated there is an overarching requirement on the Workgroup to bring forward the most efficient number of Alternatives. The conflict is that the ToR says the minimum possible amount of Alternatives should be developed but in the Report it states that the Chair saved Alternatives due to providing the Authority with a broad range of options. As a result, BB voted no to the ToR having been met in order for it to progress to Code Administrator Consultation,
5797. NR flagged that any options which require another modification for the BSC other than P339 by April 2017 then there is a risk that that timescale may not be met.
5798. The Panel confirmed as a majority that they are happy for the Workgroup reports to go forward to Code Administrator Consultation.

ACTION: Code Administrator to confirm that the legal text for CMP266 meets the requirements of the intent of the modification ahead of the Panel vote.

5799. **CMP267 'Defer the recovery of BSUoS costs, after they have exceeded £30m, arising from any Income Adjusting Events raised in a given charging year, over the subsequent two charging years'**. CMP267 aims to defer unforeseen increase in BSUoS costs arising from an Income Adjusting Event (IAE) by two years. This proposal only applies to IAE's which, in their total in any given charging year, have a combined effect on "raw BSUoS" of over £30m.
5800. JM noted that following the Special CUSC Panel meeting on 18 October 2016 this modification is now at Code Administration stage and expected to be voted on by the Special CUSC Panel on 15 November 2016..
5801. **CMP268 'Recognition of sharing by Conventional Carbon plant of Not-Shared Year-Round circuits'** CMP268 proposes to change the charging methodology to more appropriately recognise that the different types of "Conventional" generation do cause different transmission network investment costs, which should be reflected in the TNUoS charges that the different types of "Conventional" generation pays ideally ahead of the December Capacity Auction.
5802. JM noted that following the Special CUSC Panel meeting on 18 October 2016 this modification is now at Code Administration stage and expected to be voted on by the Special CUSC Panel on 15 November 2016.
5803. **CMP271 'Improving the cost reflectivity of demand transmission charges'**. This CUSC modification proposal aims to improve the cost reflectivity of demand transmission charges. It is proposed that the transmission charging methodology should include a Peak Security demand tariff levied at Triad, a Year Round demand tariff and revenue recovery levied on year round supplier demand.
- and
5804. **CMP274 'Winter TNUoS Time of Use Tariff (TToUT) for Demand TNUoS'**. This CUSC modification proposal aims to improve the cost reflectivity of demand transmission charges. It is proposed that the transmission charging methodology should include a "Winter-round" time

of use demand tariff which reflects the existing Demand Residual element of the existing methodology so that revenue recovery is levied over a longer period of assessment.

5805. JM noted that the first Workgroup meeting was scheduled to take place 1 November 2016. Currently there are 22 nominations including 3 nominations which are not CUSC parties. The Code Administrator asked the Panel whether they would be willing to support adding extra members to the Workgroup who are not CUSC parties. JM (who will be the Chair for the Workgroup) stated that he would be happy the Workgroup with the number of participants.
5806. GG felt that current parties to the CUSC are bound by legal requirements, and that the views of non CUSC parties might be reflected through other members of the Workgroup such from trade associations, such as the ADE etc. PM also felt that parties such as these would have similar interests to those parties requesting a position as a Workgroup member. BB felt that whilst they are similar to other members of the Workgroup they have different business models. It is worth remembering that because the Workgroup members are not required to be impartial you need a good representation to get a good spectrum of ideas. The prime test is will it make the process unmanageable.
5807. MT reminded the Panel of the discussion about adding someone onto the Panel for CMP264 and CMP265. One of the reasons for not having separate representation for embedded generators on the Panel was that the Panel uses the expertise of the Workgroup. As a result, the Panel should be mindful of limiting the expertise on the Workgroup.
5808. JM added that as part of Charging the WACM vote for CMP264 and CMP265 due to the meeting being heavily attended by one part of the industry it resulted in raising lots of Alternatives. Also, directly connected parties are not represented on the Workgroup which the Code Administrator feels may need to be encouraged to participate due to a potentially big impact on them.
5809. JA stated he was not minded to restrict attendance if the Code Administrator is happy to facilitate the group. NJ agreed with this view. NH asked if there is a limit on Workgroup members. MT confirmed there is no formal limit written into the code.
5810. JM confirmed that a training session will be run prior to the meeting to understand the requirement on Workgroup members who participate in a Workgroup. Then a further meeting will be run directly with the Charging team for industry to attend if they wish so they clearly understand the baseline.
5811. The Panel accepted the application of the 3 extra parties. In reference to contacting the directly connected part of the industry the Panel agreed it was important to flag to them to keep a watching brief even if they do not attend in the Workgroup. Furthermore, they should also take the opportunity to respond to the Consultations.

ACTION: The Code Administrator to ensure that trade associations Major Energy Users Council, Chemical Industries Association, Energy Intensive Users Group and the Food and Drink Federation are updated on CMP271 and CMP274.

5812. **Governance Standing Group (GSG).** GG noted that no meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. HC is aiming to arrange a meeting mid-November to kick start these meetings off again.

Transmission Charging Methodologies Forum (TCMF). NJ confirmed that the next TCMF is due to meet on the 8 or 9 November. NJ raised a concern that TCMF does not feel like the group is doing anything that is adding any value. NJ proposed to get some feedback at the back end of next year to have a re-launch of the Forum to get better value from it. GG flagged that this may mainly be due to parties now having the power to raise their own mods, which

was different when the Forum was initially established. JM felt modifications could be refined at TCMF before submission for Workgroup.

- 5813. **CUSC Issues Steering Group (CISG).** No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. No new date agreed.
- 5814. **Commercial Balancing Services Group (CBSG).** No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. No new date agreed.
- 5815. **Balancing Services Standing Group (BSSG).** No meeting had been held since the last CUSC Panel meeting and therefore there was nothing to report. No new date agreed.

7 European Code Development

- 5816. NH stated on the 24 October 2016 the Authority published their decision on the allocation of Transmission Operators responsibilities. GG added that the Balancing Network Code is going through Comitology and the Emergency and Network code has exited Comitology and now stakeholders will need to look at implementation. NR flagged that P344 may identify cross code impacts to CUSC on system operator system cash flow which is currently in £ but could be in €'s if the solution to P344 is chosen.

ACTION: Technical Secretary to circulate the slides to the Panel – complete.

- 5817. **Joint European Stakeholder Group (JESG).** GG informed the Panel that the last meeting discussed the European Implementation Options. JM added that an email will be sent around to Panel members to obtain views on the European Implementation Options/Document.
- 5818. GG confirmed the next JESG is planned for the 23 November 2016.
- 5819. NR asked what the intention of the document is. GG noted that it is looking to finalise whether you do the implementation on a code by code basis or whether you put it into a specific section or chapter etc. Alternatively it could be done in a single document rather than in separate codes. NR observed that putting it into a new code could present challenges over interacting with current codes.
- 5820. JM recommended Panel members to review the presentation and also highlight that people respond to a consultation from JESG.

8 Authority Decisions as at 22 September 2016

- 5821. There have been no Authority decisions since the last meeting.
- 5822. NH confirmed that the Authority intend to publish decision on CMP262 in early November, CMP251 will be considered in parallel with CMP261 and CMP259 is still on track for a decision.
- 5823. NH also confirmed CMP243 had a delay due to its interactions with CMP237 which had a delay in amending the draft legal text. This issue has now been resolved and the decision letters for CMP237 and CMP243 are imminent.

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

- 5824. **CGR3 Update.** To ensure that we are consistent across the Codes for the CGR3 changes National Grid are waiting on the Authority's comments of the legal text for Grid Code GC0086 which has been raised for the CGR3 changes. The Authority did indicate that this would

hopefully be over by the November Panel meeting but as yet not received. Once National Grid have received comments the CUSC Modifications and associated legal text will be drafted and presented to the CUSC Panel.

5825. **Relevant Interruption Claims Report.** GG noted that following CMP235 and CMP236 any claims linked to those modifications would also be represented in the document as this would support a post implementation review to see how effective those changes had been over time..

ACTION: Code Administrator to confirm claims linked to CMP235 and CMP236 are captured within the Relevant Interruptions Claims Report.

11 CUSC Modification Workload Management

5826. Not discussed.

5827. **AOB**

5828. GG noted the approach of the new year when diaries are traditionally updated and asked the Code Administrator if they could create a simple calendar of all the various meetings which can be published on the website.

ACTION: Code Administrator to investigate the development of an online industry calendar to flag specific Workgroup meeting dates and industry meetings across industry to plan time.

5829. **Independent Chair**

5830. MT left the session.

5831. There was a closed session with Panel members and the Code Administrator.

12 Next meeting

5832. The next meeting of the CUSC Modifications Panel will be held on 25 November 2016. A number of proposed Special CUSC Panel meetings have also agreed as noted below.

Notification of Future Meetings:

Monthly CUSC Panel Meetings (10:00 to 14:00):

- **Meeting No 200: 25 November 2016 at National Grid House, Warwick**
 - *Papers Day: 17 November 2016*
 - *Proposed Agenda Items:*
 - *CMP261 Vote*
 - *CMP266 Vote*
- **Meeting No 201: 14 December 2016 at National Grid House, Warwick**
 - *Papers Day: 7 December 2016*
 - *Proposed Agenda Items:*

Proposed Special CUSC Panel Meetings:

- **Meeting No 198: 15 November 2016 via teleconference (9:30-10:30)**
 - *Papers Day: 8 November 2016*
 - *Proposed Agenda Items*

- *CMP267 and CMP268 Votes*
- **Meeting No 199: 23 November 2016 via teleconference (10:00-14:00)**
 - *Papers Day: 17 November 2016*
 - *Proposed Agenda Items*
 - *CMP264/CMP265/CMP269/CMP270 Vote*