

## Minutes

**Meeting name** CUSC Modifications Panel

**Meeting number** 203

**Date of meeting** 24 February 2017

**Location** National Grid House, Warwick

## Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
John Martin	JM	Code Administrator/ Alternate Panel Secretary
Andy Wainwright	AW	National Grid Panel Member (Alternate)
Garth Graham	GG	Users' Panel Member
Simon Lord (dial in)	SL	Users' Panel Member
Cem Suleyman (dial in)	CS	Users' Panel Member
James Anderson	JA	Users' Panel Member
Paul Mott (dial in)	PM	Users' Panel Member
Kyle Martin (dial-in)	KM	Users' Panel Member
Andy Pace	AP	Consumer Panel Member
Nadir Hafeez (dial-in)	NH	Authority Representative

## 1 Introductions and Apologies for Absence

Apologies were provided by Nikki Jamieson (NJ), Paul Jones (PJ) and Heena Chauhan (HC). Andy Wainwright (AW) attended the Panel as NJ's alternate. PJ requested SL to carry his voting rights. JM acted as Panel Secretary on behalf of HC.

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 Approval of previous meeting Minutes

6095. The minutes of the CUSC Panel meeting held on 27 January 2017 and the Special CUSC Panel meeting on 10 February 2017 were approved subject to comments and are available on the National Grid website. Comments were received from GG, Bob Brown and CS for the 27 January meeting. There were no comments received for the 10 February meeting.

### 3 Review of Actions

6096. **Minute 5604: HC to ensure that the lessons learnt exercise carried out by CMP262 Workgroup to be shared at a future Panel meeting.** HC to provide an update at the next normal CUSC Panel Meeting.
6097. **Minute 5757: JM to discuss the process of appointing external consultants and funding requirements for Workgroups with National Grid and to report back to the Panel and also to investigate if generic analysis could be identified and collected to better understand what the impact on consumers is so that it can be utilised for current and future modifications.** JM highlighted that National Grid are currently in the process of completing a review of the funding position especially on the back of the recent consultation on the Future Role of the System Operator. MT highlighted the urgent position of getting this concluded, as Modifications will potentially be delayed in the future due to this outstanding action.
6098. SL questioned how the Code Administrator is funded, AW highlight that it is included within the RIIO price control and within the overall code facilitation section. There was a view from Panel members that in most instances National Grid can be viewed to act as a neutral party and so well placed to be the party funding the independent analysis.
6099. AW highlighted that the Proposer should be providing evidence/analysis to support their modification. GG noted that this presented a risk that the independence of the analysis would be called into question and that the cost of this work may be a concern to the Proposer, especially in respect of small parties and new entrants.
6100. SL questioned if a CUSC modification can be raised to clarify which party has responsibility for providing analysis for a modification, AW and JM to take that option away to review.
- ACTION NH to get a view on the funding process within Ofgem and JM to produce one pager slide, indicating where in the licence the Proposer or National Grid is required to complete analysis.**
6101. **Minute 5767: Run a 'lessons learnt' on CMP264/CMP265 and report back at January 2017 Panel meeting.** JM clarified that Caroline Wright as the Technical Secretary for the Workgroups is going to approach Workgroup members and run a lessons learnt exercise.
6102. **Minute 6013: HC to ensure that the request for nominations for CMP275 is also sent to aggregators.** This action is complete.
6103. **Minute 6018: NH to confirm that Ofgem are comfortable with the CUSC Forward Workplan so that the Panel can confirm that action on them to deliver this plan can be discharged.** NH to provide update, no adverse comments on the Workplan that was put forward and agreed to close the action.
6104. **Minute 6020: Panel to provide feedback to JM regarding Joint Code Administrator Forward Work Plan report.** Panel to provide comments on the Joint Code Forward Workplan. JM to re-issue back out to the Panel for comment.
6105. **Minute 6032: JM to provide updates or deliver a presentation, as appropriate, on the progress of the CMP271/CMP274 Workgroups on a monthly basis to the**

**Panel.** JM to provide update at ongoing Panel meetings and it was agreed to close the action.

6106. **Minute 6070: JH to send updated CMP276 slide deck to HC so that it can be republished on the website.** This action is complete
6107. **Minute 6072: HC to publish updated CMP276 slide deck sent by JH containing the updated view on the proposal against the Applicable CUSC Objectives.** This action is complete
6108. **Minute 6079: GG to address the issue of modifications being raised by parties following their proposals being rejected as WACMs by Workgroups at GSG.** This action will be addressed at next the GSG meeting in April 2017.

#### **4 Workgroups/Standing Groups & Review of Plan on a Page**

6109. The Panel reviewed the CUSC Plan on a Page and also the Forward Work Plan on a Page.
6110. JA queried if there was an updated timeline for CMP271/274 on the website.

**Action JM to review and issue the updated Terms of Reference for CMP271/274 timetable which will capture the updated timetable as per JA's query.**

6111. **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.
6112. The Workgroup are still due to meet and this is pending the discussions required between Ofgem, the Proposer (CS) and National Grid. It was also noted that it is likely an extension will be required for this Modification; however the exact timescales required are not known at this stage.
6113. CS highlighted that there has been some telephone discussions and that there is a meeting planned for the 15 March 2017 in Glasgow with the Ofgem representative, CS as Proposer and Jon Wisdom as the National Grid representative.
6114. NH believed that the Ofgem representative, Donald Smith, for the Modification does not require further analysis. There was some confusion as a number of Panel members stated that their understanding was that Ofgem had indicated that they required further analysis.

**ACTION NH to clarify from an Ofgem perspective whether and if required what further analysis is needed to progress CMP250.**

6115. **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)'.** NH confirmed that the modification has been sent back due to issues with the legal text in the Final Modification Report being inconsistent and clarity on whether the options submitted reimburse the right Users the right amount of the alleged overcharge.

6116. MT asked for GG's view as the Proposer of the Modification, GG commented that he was frustrated that the Final Modification Report (FMR) had been sent to the Authority for decision at the end of November and for it to now to be sent back at the end February was very disappointing. On the point of reimbursing the right Users, GG highlighted that Power Stations have been paying TNUoS, so it is unclear that this was not covered in the FMR.
6117. GG also highlighted that you could review more options, but there was no other option than compliance with EU Law even if it means customers are impacted. GG also commented that this potential compliance issue was initially raised at the Panel in January 2015; followed by repeated notifications that there was a risk of breach by GG and other industry participants.
6118. MT questioned whether the Panel were comfortable with NJ continuing to be Chair of the Workgroup. GG said that he had received a view from an industry participant, which he asked MT as Panel Chair to read out: *"NG must be very careful in how they Workgroup Chair meetings – in the light of NG being "in the dock", attempts to save alternative proposals that did not have majority support would be improper and may undermine statutory rights of appeal"*.
6119. The Panel confirmed that they were comfortable with NJ continuing to be the Workgroup Chair.
6120. JM presented the new timeline with the Modification going back to Workgroup and followed by a Code Administrator Consultation. MT checked with NH for an Ofgem perspective and NH supported the new timeline. The Panel agreed to the new timeline for CMP261.
6121. **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 of the impact of "Conventional Carbon" generation on transmission network investment costs in areas with low diversity of generation ideally ahead of the December 2016 Capacity Auction.
6122. The last CMP268 meeting was held on the 20 February 2017. This meeting covered a 'Teach-in' on CMP213 and NOA/ETYS process for network investment. The Workgroup discussed, with these presenters, whether they thought further analysis would be required. It was concluded that the fundamentals of the original analysis would not change should the analysis be re done. No Authority representative was available to attend the meeting; the Code Administrator is attempting to set up a call to discuss the meeting and their views following the send back. The next meeting is scheduled for the 13 March 2017 where the Workgroup will further discuss the analysis presented from CMP213.
6123. NH asked for clarification on CMP213 analysis and its relevance to CMP268
6124. **CMP271 'Improving the cost reflectivity of demand transmission charges'**. This CUSC modification proposal aims to improve the cost reflectivity of demand transmission charges

**And**

**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.

6125. The last meeting was held on the 17 February 2017. The Workgroup discussion focussed on the Charging Base work stream. The next pre-call will be held on the 6 March 2017 followed by the next full meeting on 16 March 2017. This meeting will be to discuss the residual work stream. Following this work stream, the Workgroup will come together on the 4 April 2017 and hold an initial brainstorm session to identify all potential alternatives. The Workgroup is on track with the current timetable.
6126. The Workgroup welcomed two new members from First Utility and Good Energy at the last meeting and one member from Eider Reserve Power has left the Workgroup. No Authority representative was available attend this meeting. JM checked that the Panel approved having the additional two new members, the Panel approved this request.
6127. JM confirmed that at the CMP271/274 Workgroup meeting, CMP276 was discussed at a high level subject to the Authority decision on urgency. It was concluded by the Workgroup members that an efficient use of industry time would be for the Code Administrator to hold the meetings for CMP276 on the same day where appropriate/ or the following day to CMP271/274 where there would be separate elements of the modifications (i.e. the Generation tariff) work that would need to be discussed.
6128. MT checked with NH that Ofgem were comfortable with the way that the two modifications CMP271 and CMP274 were progressing, NH confirmed that they were comfortable.
6129. **CMP275 'Transmission generator benefits in the provision of ancillary and balancing services – levelling the playing field.'** CMP275 seeks that a principle of financial mutual exclusivity is introduced to prevent BM units from accessing multiple sources of duplicate and overlapping revenue from ancillary services on the same asset.
6130. The first CMP275 WG was held on 15 February 2017. At the meeting the Workgroup raised some additional areas that should be included in the Terms of Reference. The Proposer took a number of actions to confirm the scope of the defect and what services it would actually impact as there was a view from some Workgroup members that the defect might be better addressed in the Procurement Guidelines rather than the CUSC. The next meeting is scheduled for 7 March 2017.
6131. AW highlighted that given the breadth of knowledge required, for some CUSC proposals National Grid are adopting a new approach of using of two representatives for modifications such as CMP275 where one representative would be a business lead and another would be knowledgeable in the CUSC changes.
6132. JM requested Panel approval for the amended Terms of Reference, which was agreed by the Panel.
6133. **CMP276 Socialising TO costs associated with "green policies"**. CMP276 proposes a reduction in the demand residual element of the TNUoS £/kW ("Triad") charge by creating two new charge lines for all demand offtakes:  
(i) with the level of charge based on a fixed charge per MPAN (or alternatively the import meter size of each consumer) and;

(ii) a simple per kWh charge on all consumers.

Currently demand residual is the cost bucket which is left to capture all TO costs that cannot be otherwise allocated. Unless there is change to the current methodology this is forecast to lead to high demand TNUoS payments at the time of Triads, which are widely recognised to be unacceptable and unsustainable. Modifications CMP264 and CMP265 deal with a subset of the symptoms only, because they define the defect too narrowly. Their definition prohibits the full range of potential solutions being considered, and by excluding certain types of meter and treating some meters differently to others, this inevitably leads to a discriminatory outcome. This modification is defined to address the underlying cause of the escalation in demand residual and proposes a simple, non-discriminatory approach to its resolution which addresses equitable competition in all markets, domestic and international, reduces total cost to consumers and has the structure to form an enduring solution.

6134. JM confirmed that currently we are awaiting a response from Ofgem regarding urgency. NH confirmed that this was still under review by the Authority.

6135. MT queried that the Terms of Reference still needed to be agreed for CMP276, there was a discussion around the Panel and agreed the Terms of Reference for CMP271 and CMP274 would be used as starting point. AP confirmed that he had provided some additional comments on the Terms of Reference for CMP276.

**ACTION - JM to send around a draft CMP276 Terms of Reference to the Panel utilising CMP271/274 and the additional comments from AP. Then Panel members to review and provide any additional points back to the Code Administrator.**

6136. There was a discussion on how the voting would work if there were a variety of different Workgroup members for CMP271, CMP274 and CMP276.

**ACTION - JM to review the Workgroup membership and provide an update at the next Panel meeting for CMP271, CMP274 and CMP276.**

6137. AW highlighted that from a National Grid perspective there was starting to be a resourcing concern due to the number and breadth of ongoing Workgroups, especially with the complexity of CMP271/274 and the send backs of CMP261 and CMP268.

6138. SL commented that he had a concern that Panel needed to have a legal view on the meaning of the CUSC definition 'Pending Modifications'.

**ACTION – JM to request a legal view on the 'Pending Modifications' definition in the CUSC.**

6139. **Governance Standing Group (GSG).** GG noted that a meeting took place 16 February 2017. The group identified the following areas that they will address in 2017:

- a. Applicable Objectives housekeeping review
- b. Role outlines guidance doc
- c. Review of templates
- d. Review of Section 11
- e. Review of Section 8
- f. Combining WG Reports

6140. The GSG will also review the issue of modifications being raised by parties following their proposals being rejected as WACMs by Workgroups which was raised at the Special CUSC Panel meeting.
6141. GG confirmed that for the GSG there was a short telephone discussion planned in April and another meeting in July. At some point later in the year the GSG would be issuing a short Consultation to seek stakeholder views on governance matters relevant to the work of GSG, which the Panel agreed to.
6142. **Transmission Charging Methodologies Forum (TCMF) and CUSC Issues Steering Group (CISG).** AW confirmed that the TCMF was now on a monthly basis. The February meeting was held via a webinar, the updates included the Proposers for CMP275 and CMP276, update on the Future role of the System Operator, and Charging Review work.
6143. The draft March TCMF agenda includes the ENA update on their TSO-DSO Charging workstream, Grid Code Open Governance, potentially delay charging and GG confirmed he may raise concerns on the Modification Applications arrangements.

## 5 CUSC Panel Recommendation Vote

6144. **CMP272 ‘Aligning Condition C5 and C10 of the CUSC to the license changes introduced by the Code Governance Review Phase 3’.** This CUSC modification proposal seeks to implement the license changes to the CUSC arising from Ofgem’s Code Governance Review (Phase 3).
6145. **CMP272 Vote 1** – Does the Original facilitate the objectives better than the Baseline?

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
James Anderson	Yes	Neutral	Neutral	Yes	Yes
Andy Pace	Yes	Neutral	Yes	Yes	Yes
Kyle Martin	Yes	Neutral	Neutral	Yes	Yes
Garth Graham	Yes	Neutral	Neutral	Yes	Yes
Andy Wainwright	Yes	Neutral	Yes	Yes	Yes
Paul Jones (Simon Lord)	Yes	Neutral	Yes	Yes	Yes
Simon Lord	Yes	Neutral	Yes	Yes	Yes
Cem Suleyman	Yes	Neutral	Neutral	Yes	Yes
Paul Mott	Yes	Neutral	Yes	Yes	Yes

6146. **CMP272 Vote 2** – Which option is the best?

Panel Member	BEST Option?
James Anderson	Original
Andy Pace	Original
Kyle Martin	Original
Garth Graham	Original
Andy Wainwright	Original
Paul Jones (Simon Lord)	Original
Simon Lord (Paul Jones)	Original
Cem Suleyman	Original
Paul Mott	Original

## 6 European Code Development

6147. NH confirmed that there is an Ofgem Meeting with Code Administrators planned for 14 March 2017; this meeting is to focus on the cross code dependencies linked to ensuring EU compliance. JM confirmed that he was attending the meeting from a Code Administrator perspective.

6148. GG queried whether the work around Requirements for Generators, would require the CUSC exhibits to be updated.

**ACTION – AW agreed to check whether the Requirements for Generators work would impact the CUSC exhibits.**

6149. **Joint European Stakeholder Group (JESG)** GG confirmed that the meeting on 21 February 2017 focussed on the Stakeholder update and Project Terre.

6150. GG also commented that National Grid had provided an update at JESG, that there had been a significant reduction in the number of proposed Modifications that are due to be raised to ensure EU Network Code implementation into the GB industry codes, including the CUSC. GG also stated that as he had not yet seen the detail behind the significant decrease, it was difficult to currently provide a view, but that he was initially concerned by the lack of changes especially on System Operation. GG confirmed that there would be a further update on the 17 March 2017.

## 7 Authority Decisions as at 24 February 2017

6151. NH confirmed that CMP261 had been sent back by the Authority.

6152. NH also noted that CMP 264/265 are still currently at Impact Assessment, they will potentially next week move to Consultation on the Minded to Position.



6153. NH confirmed that CMP251 is still dependant on the CMP261 decision.

**ACTION - NH to clarify the timeline for CMP251 and if a further consultation will be required on CMP261.**

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

6154. No updates provided.

## 9 AOB

6155. SL queried would it be possible to ask National Grid to review the CUSC indemnity provisions relating to Panel members to ensure that they are fit for purpose. SL believed that these were in place from CUSC inception but was not sure of the areas covered and how they would work in practice or if Panel members in conducting Panel activities would be covered by a National Grid policy. It would be hoped that Panel members would not need to fall back on their own Directors and officers provisions (if they have them) or professional indemnity insurance.

6156. JM responded from a Code Administrator perspective by highlighting the respective parts of the CUSC within 8.12 'Protections for Panel Members'. SL confirmed that he was content with the provisions and information that had been provided.

6157. MT queried if a non CUSC Party raised a modification, would 8.12 still be applicable.

**ACTION – JM to get a view on what would happen if a non CUSC Party raised a modification and whether 8.12 would still be applicable.**

6158. JM provided a brief update on the Grid Code Open Governance (GC0086) approval and the Independent Chair role.

6159. MT queried whether it was National Grid appointing the Independent Chair or the Code Administrator.

**ACTION – JM agreed to come back to March or April CUSC Panel, to gain views from Panel members on the options for the appointment process for the Independent Chairs for the CUSC and Grid code.**

**ACTION – AW to review whether National Grid will take a view on a joint Panel Chair and the clarification of whether the Code Administrator is acting as a representative for National Grid.**

6160. AW provided an update on the three questions on Modification Application fees highlighted within GG's e-mail correspondence to the Panel.

6161. AW provided an additional point on the generic framework changes, if a party raised a Modification Application and whether there could be a CUSC change that the two values could offset. AW commented that the values offsetting seemed a reasonable process, but there was a question on how it would be implemented, especially for the Finance Team and Transmission Owners.

6162. The feedback that AW provided on the 28 days period was that it is currently a 12 month process. GG commented that a new CUSC modification would be required to propose a reduction to 28 days.
6163. There was a discussion on Appropriate Transmission Owners reviewing a Modification Application, especially with periods where the transmission flow was going South to North, but this does not have seemed to have impacted the number of Transmission Owners who are reviewing Modification Applications i.e. in application to connect in northern Scotland regularly has three Transmission Owners reviewing the impact of a connection, but in Northern England only one Transmission Owner.

**ACTION - AW to take an action to clarify when Transmission Owners are required to review their Modification Application fees. AW also to send James Abrahams details to GG.**

## 10 Next meeting

6164. Special CUSC Panel Meetings have been planned in line with the CMP261 timeline for 10 March 2017 at 10.00am (AP provided his apologies) and 17 March 2017 at 9.00am.
6165. The next normal Panel meeting will take place on 31 March 2017 at National Grid House, Warwick.
6166. A Special CUSC Panel will take place on 10 July 2017 to discuss the CMP268 Workgroup Report.
- **Meeting No tbc: 10 July 2017 at National Grid House, Warwick (time tbc)**
    - Papers Day: 30 July 2017
      - *Proposed Agenda Items:*
        - CMP268 Workgroup Report