

Special CUSC Panel Minutes: 6 August 2021

CUSC Panel Minutes: Meeting Number 282

Date: 06/08/2021 **Location:** Microsoft Teams Meeting

Start: 10:00am **End:** 11:00am

Participants

Attendee	Initials	Company
Trisha McAuley	TM	Independent Panel Chair
Paul Mullen	PM	Code Administrator, National Grid Electricity System Operator
Ren Walker	RW	Technical Secretary, Code Administrator, National Grid Electricity System Operator
Jenny Doherty	JD	National Grid Electricity System Operator (Alternative)
Grace March	GM	Users' Panel Member
Joseph Dunn	JD	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Mark Duffield	MD	Users' Panel Member
Hilary Algert	HA	Authority Representative (Alternative)
Andy Pace	AP	Users' Panel Member
Paul Mott	PMO	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Cem Suleyman	CS	Users' Panel Member

Jeremy Caplin	JC	BSC Representative
Jennie Groome	JG	Code Administrator, National Grid Electricity System Operator (Chair of CMP368 & CMP369)
Apologies	Initials	Company
Jon Wisdom	JW	National Grid Electricity System Operator
Nadir Hafeez	NH	Authority Representative

1. Introductions and Apologies for Absence

10997. Apologies were received from Jon Wisdom and Nadir Hafeez.

2. Workgroup Reports

CMP368 & CMP369 'Updating Charges for the Physical Assets Required for Connection, Generation Output and Generator charges for the purpose of maintaining compliance with the Limiting Regulation & 'Consequential changes to Section 14 of the CUSC'

10998. JG delivered a presentation on CMP368 & CMP369. JG explained that CMP368 has been raised to give effect to the Authority determination within the CMP317/327 decision published on the 17 December 2020 to amend the definition of Assets Required for Connection, create new definitions of 'GB Generation Output' and define Generator charges for use in the Limiting Regulation range calculation. CMP369 proposes to update the legal text relating to 'Generation Output' detailed in the tariff setting methodology within Section 14.14.5 and the Ex-Post Reconciliation within Section 14.17.37 of the CUSC to align with the updated definitions introduced by CMP368. It also proposes to update the GCharge element within the legal text to align with the definitions introduced via CMP368 to facilitate the removal of 'Large Distributed Generators' charges from the compliance calculation as directed by the Authority.

10999. JG stated that the Workgroup Consultation was held between 11 June 2021 and 2 July 2021, with ten non-confidential responses received. The key themes from the Workgroup Consultation were:

- **Exclude both volumes and charges of LDG from compliance calculation or exclude volumes only.** Mixed response - Some felt excluding both was the correct interpretation of the Regulation and in line with the CMP317/327 Decision. Others believed since Distribution connected producers also contribute to overall cost recovery, the charges they pay should be included in the calculation of average tariffs. Some Workgroup members did not support inconsistent treatment of the charges and volumes as this could cause distortion.
- **Specific changes to a BCA that may trigger the reclassification of assets.** It was questioned whether when an asset changes hands between physical producers, it should trigger a reclassification of assets. The Workgroup noted that a "producer" is a "natural or legal person generating electricity". The Workgroup were concerned that this interpretation could lead producers to change their legal entities with the sole purpose of triggering a reclassification of their assets. The majority of Workgroup members agreed that a change of ownership should not change how network assets are treated. Further guidance was sought from Ofgem on this matter, however no further guidance could be provided.

- **Obligation on the ESO to publish** The majority of respondents agreed that there should be an outturn value and transparently show the working for the compliance calculation. It was agreed to incorporate into the legal text.
- **TNUoS VS Transmission Charges.** The majority of respondents agreed that the legal definitions should be limited to TNUoS charges only, as it is clear within Ofgem's decision what the TNUoS charges should encompass. The Workgroup discussed this further and it was concluded that the TNUoS charges definition would be used and clearly outlined in the legal text as the Transmission Charges definition couldn't be clearly defined.
- **Legal interpretation issues.** Respondents and Workgroup Members voiced concerns around the legal interpretation and lack of transparency in the calculation, stating that there has not been enough time allocated to this modification to develop robust, consistent, practically applicable business rules and that independent legal advice is necessary to determine exactly what is and is not within the Connection Exclusion.

11000. JG stated that 19 Workgroup Alternative CUSC Modifications were brought forward by the Workgroup for CMP368 and no WACMs were brought forward for CMP369. All of the WACMs refer to Distributed Generators / Embedded Generators rather than Large Distributed Generators as per Ofgem's Direction. This is because the AFLC SCR proposed that DG more than or equal to 1 MW should be captured as being liable for TNUoS after its implementation date. Therefore, workgroup members felt it was not necessary to make a distinction.

11001. JG explained that the WACMs are combinations of the following elements:

- Whether to **include the volumes and charges, exclude the volumes and charges** or **exclude the volumes only** associated Distributed Generators in/from the compliance calculation.
- Whether to **include** or **exclude** demand transmission charges paid by generators (previously referred to as Station Demand in the Workgroup Consultation) in/from the compliance calculation.
- What the **appropriate timestamp** should be for determining Pre-Existing Assets.
- What constitutes as a **sufficient level of 'interconnectedness'** for charges associated with assets to not fall within the Connection Exclusion.

11002. The Workgroup Vote took place on 28 July 2021. JG advised that for CMP368, the Workgroup by majority concluded that the Original, WACM7, WACM17, WACM18 and WACM19 better facilitated the applicable objectives than the current CUSC. For CMP369 the Workgroup concluded unanimously that the Original better facilitated the Applicable Objectives than the Baseline.

11003. AP questioned the impact that CMP368 & CMP369 has on consumers, stating that from reading the Workgroup Report it isn't clear. Panel members, who were also on the CMP368 & CMP369 Workgroup confirmed that the impact on consumers is minimal, as the modification is a matter of legal compliance and it makes sure the Limiting Regulation and Ofgem decision is put into the code.

11004. The Panel unanimously approved that the Terms of Reference have been met and agreed for CMP368/369 to proceed to Code Administrator Consultation. The Code Administrator Consultation will be issued on 10 August 2021 and will close 5pm on 1 September 2021.

(Post Meeting Note: Code Administrator Consultation was published on 10 August 2021)

3. AOB

10858. The Panel had no further business to raise.

The next CUSC Panel meeting will be held on Friday 27 August 2021.