




Draft Final Modification Report		At what stage is this document in the process?								
<h1 style="color: #00a651;">CMP277</h1> <h2 style="color: black;">Special License Condition 4J</h2>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border: 1px solid black; width: 30px;">01</td> <td style="border: 1px solid black; padding: 2px;">Initial Written Assessment</td> </tr> <tr> <td style="text-align: center; border: 1px solid black;">02</td> <td style="border: 1px solid black; padding: 2px;">Code Administrator Consultation</td> </tr> <tr> <td style="text-align: center; border: 1px solid black;">03</td> <td style="border: 1px solid black; padding: 2px;">Draft CUSC Modification Report</td> </tr> <tr> <td style="text-align: center; border: 1px solid black; background-color: #00a651; color: white;">04</td> <td style="border: 1px solid black; padding: 2px; background-color: #00a651; color: white;">Final CUSC Modification Report</td> </tr> </table>		01	Initial Written Assessment	02	Code Administrator Consultation	03	Draft CUSC Modification Report	04	Final CUSC Modification Report
01	Initial Written Assessment									
02	Code Administrator Consultation									
03	Draft CUSC Modification Report									
04	Final CUSC Modification Report									
<p>Purpose of Modification: Update Section 14.30.6 and 14.32 of the CUSC to reflect the changes made to the terms of the external BSUoS charges recoverable by the SO due to new License Condition 4J and changes to Special License Condition 4C.1.</p>										
<p>The purpose of this document</p> <p>This is the Final CUSC Modification Report which contains CUSC Panel Determination vote and has been prepared and issued by National Grid as Code Administrator under the rules and procedures specified within the CUSC. The purpose of this document is to notify the industry of results of the Panel's Determination Vote and that this proposal will be implemented within the CUSC subject to a 15 Working Day Appeals window.</p> <p>Published on: 30 May 2017</p> <p>Length of Appeals Window: 15 Working Days</p> <p>Responses by: 20 June 2017</p>										
	<p>This modification was raised 17 March 2017 by Stephen McAllister of National Grid and presented by the Proposer to the Panel on 31 March 2017.</p> <p>The Proposer recommended that this modification should proceed as such under a timetable agreed by the Panel because:</p> <ul style="list-style-type: none"> ➤ It reflects a License change currently under statutory consultation by Ofgem ➤ The SO wishes to have the ability to utilise the mechanism described in Special License Condition 4J as soon as possible, because the purpose of the mechanism is to reduce overall system costs, e.g. Reduce BSUoS. ➤ Ofgem desire the mechanism to be available to be operated from 1 April 2017. <p>The Panel considered the Proposer's recommendation and agreed unanimously that this proposal met the Self- Governance criteria and should progress straight to Code Administration Consultation. One response was received to the Code Administrator Consultation which supported the implementation of the Proposal.</p> <p>At the CUSC Panel meeting on 26 May 2017, the Panel voted on CMP277 and unanimously determined that this Proposal was better than the Baseline and should be implemented into the CUSC subject to a 15 Working Days Appeals window.</p>									
	<p>High Impact: NGET</p>									
	<p>Medium Impact</p>									



Low Impact All BSUoS payers, due to the fact that the mechanism described in Special License Condition 4J is designed to reduce BSUoS cost, however it is not anticipated to reduce cost in 2017-18 by more than £10mn.

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Any questions?

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Stephen McAllister



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National Grid Representative:

Stephen McAllister



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Timetable

The Panel agreed the following Self Governance timetable:

Code Administrator consultation issued (20 WD)	04/04/2017
Deadline for responses	05/05/2017
Draft CUSC Modification Report issued for industry comment	11/05/2017
Deadline for comment	18/05/2017
Draft CUSC Modification Report issued to CUSC Panel	18/05/2017
CUSC Panel determination vote	26/05/2017
Appeals window open (15WD)	30/05/2017
Appeals window closes	20/06/2017
Decision implemented in CUSC	22/06/2017

Proposer details

Details of Proposer: (Organisation Name)	Stephen McAllister National Grid
Capacity in which the CUSC Modification Proposal is being proposed: <i>(i.e. CUSC Party, BSC Party or "National Consumer Council")</i>	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Stephen McAllister National Grid 0118 9363223 Stephen.McAllister@nationalgrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Carol Carlin National Grid 0118 936 3923 Carol.Carlin@nationalgrid.com
Attachments (Yes/No): No If Yes, Title and No. of pages of each Attachment:	

Impact on Core Industry Documentation. Please mark the relevant boxes with an "x" and provide any supporting information

BSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
STC	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>

(Please specify)

This is an optional section. You should select any Codes or state Industry Documents which may be affected by this Proposal and, where possible, how they will be affected.

1 Summary

Defect

Update Section 14.30.6 and 14.32 of the CUSC to reflect the changes made to the terms of the external BSUoS charges recoverable by the SO due to new License Condition 4J and changes to Special License Condition 4C.1.

What

Referencing Ofgem's final proposals for electricity system operator incentives from April 2017, the relationship between National Grid Electricity transmission (NGET) and the transmission operators (TOs) is becoming more and more important with strong interdependencies between the two. However, there has been a gap identified in the current arrangements where the TO could increase expenditure to reduce overall system costs. However, there is no mechanism through which NGET can fund the TO for carrying out these works which lead to an overall saving.

Therefore Ofgem have introduced a new Special License Condition 4J which is only applicable between NGET SO and Scottish TOs. This condition establishes the value of SO to Scottish TOs cost allowance and places an obligation on NG to produce quarterly reports on use of the funding. It also establishes an incentive mechanism for part of the allowance. Therefore, to ensure that this is recovered correctly a change to the CUSC is needed relating to how BSUoS is calculated.

Why

The new License Condition 4J is being placed on the System Operator to allow it to procure services from the Scottish TOs when the costs of procurement are less than the savings achieved, e.g. to fund a temporary bypass circuit when a transmission circuit is out of service for maintenance in order to alleviate transmission constraint costs.

Related to this change, Ofgem have made changes to the names of the terms defining the external BSUoS cost elements in Special License Condition 4C.1

How

To keep the CUSC aligned to the License Conditions, the relevant text in 14.30.6 and 14.32 needs to be amended to reflect the License definitions. This will reflect the main components of the allowances:

- Outage costs (OC), which will be used by the SO to compensate the TO for changes to the TO works plan instigated by the SO.
- Commercial Operational Services (COS) is a new allowance. This incentivises SO and TO to work together to deliver works differently to reduce overall costs of the system.
- Joint Works (JW) Projects, where works cannot be funded elsewhere and must provide more value to customers than costs. The Authority will decide whether a project is sanctioned and the level of costs to be recovered.

The Incentive payment is decided by the Authority and will determine the level of payment based on the end of year report submitted by the SO which will provide details on the above three allowances.

OC expenditure and COS will be recovered via BSUoS and billed across all settlement periods. In the event a JW is used, billing will also be spread across all settlement periods.

2 Governance

The proposal is suitable for self-governance because the modification is the result of a License change. The modification is unlikely to discriminate between different classes of CUSC Parties and is unlikely to have a material effect on:

- i) Existing or future electricity customers;
- ii) Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,
- iii) The operation of the National Electricity Transmission System
- iv) Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies
- v) The CUSC's governance procedures or the CUSC's modification procedures

The CUSC needs to be modified as soon as possible to reflect the License changes currently under Statutory Consultation by Ofgem.

CUSC Panel view on the Proposal

The Proposer presented his Proposal to the Panel at the CUSC Panel meeting on 31 March 2017. The Panel agreed unanimously that the Proposal meets the Self Governance Criteria and agreed it should proceed to Code Administrator Consultation for 20 working days to allow the changes to be implemented in the CUSC as soon as possible as the new licence conditions will apply from 1 April 2017.

Ofgem desires the changes to be (retrospectively) effective from 1 April 2017.

Code Administrator Responses

One response was received to the Code Administrator Consultation. This response supported the Original Proposal and a summary of this response can be found within Section 10. Annex 1 of this report contains the complete responses received to this consultation.

This Draft CUSC Modification Report has been prepared in accordance with the terms of the CUSC. An electronic version of this document and all other CMP277 related documentation can be found on the National Grid website via the following link:

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP277/>

CUSC Panel Determination Vote

At the CUSC Panel meeting on 26 May 2017, the Panel voted on CMP277 and unanimously determined that this Proposal was better than the Baseline and should be implemented into the CUSC subject to a 15 Working Days Appeals window.

3 Why Change?

Ofgem are introducing a new License Condition 4J on the System Operator to allow it to procure services from the Scottish TOs when the costs of procurement are less than the savings achieved, e.g. to fund a temporary bypass circuit when a transmission circuit is out of service for maintenance in order to alleviate transmission constraint costs.

Related to this change, Ofgem have made changes to the names of the terms defining the external BSUoS cost elements in Special License Condition 4C.1

Some extracts from “Ofgem’s Final Proposals For Electricity System Operator Incentives April 2017” to explain the mechanism and rationale follow:

- 1.79. The relationship between NGET and the TOs is becoming increasingly important with strong interdependencies between the two. However, there is a gap in the current arrangements where the TO could incur increased expenditure to reduce overall system costs.
- 1.80. At present, there is no mechanism through which NGET can fund the TO for carrying out works which lead to overall system cost savings. For example, the TO could build a temporary tower so as to maintain a circuit operational when upgrading a section of the network, or add an additional shift of work to minimise the outage period.
- 1.88. We continue to believe that a pilot of the SO-TO mechanism would be useful to understand the effectiveness of the mechanism before making a decision on whether to expand, modify or remove it. We also believe it is appropriate for the pilot to exclude payments to NGET itself given the current integration between the SO and the TO in England and Wales.

Table 4: Summary of SO-TO mechanism

SO-TO Mechanism: Key facts and figures	
Size of fund pot for pilot scheme	£1.4million
Length of mechanism	one year pilot
Cap and floor	±£1m
Sharing factor	10%
Anticipated size of projects under mechanism	£10k - £100k

See details here: <https://www.ofgem.gov.uk/publications-and-updates/final-proposals-electricity-system-operator-incentives-april-2017>

4 Code Specific Matters

Technical Skill sets

Understanding of System Operator License Conditions.

Reference Documents

<https://www.ofgem.gov.uk/publications-and-updates/final-proposals-electricity-system-operator-incentives-april-2017>

5 Solution

The solution will be to amend the External BSUoS Charge for each settlement period calculation.

The text in CUSC 14.30.6 is:

$$\begin{aligned}
 BSUoS_{EXT_{jd}} &= CSOBM_{jd} + BSCCV_{jd} \\
 &+ [(IncPayEXT_d + BSCCA_d + ET_d - OM_d + RFIIR_d + ROV_d + BSFS_d + NC_d + IONT_d + LBS_d) \\
 &* \{ \left| \sum^+ (QMBSUoS_{jd} * TLM_{jd}) \right| + \left| \sum^- (QMBSUoS_{jd} * TLM_{jd}) \right| \} / \\
 &\sum_{j \in d} \{ \left| \sum^+ (QMBSUoS_{jy} * TLM_{jy}) \right| + \left| \sum^- (QMBSUoS_{jy} * TLM_{jy}) \right| \}]
 \end{aligned}$$

The text in CUSC 14.32, which is a worked example of BSUoS daily charge calculations is:

$$\begin{aligned}
 BSUoS_{EXT_{11}} &= CSOBM_{11} + BSCCV_{11} \\
 &+ [(IncPayEXT_1 + BSCCA_1 + ET_1 - OM_1 + RFIIR_1 + ROV_1 + BSFS_1 + NC_1 + IONT_1 + LBS_1) \\
 &* \{ \left| \sum^- (QM_{i1,1} * TLM_{i1,1}) \right| + \left| \sum^- (QM_{i1,1} * TLM_{i1,1}) \right| \} / \sum_{j=1} \{ \left| \sum^- (QM_{ij} * TLM_{ij}) \right| + \left| \sum^- (QM_{ij} * TLM_{ij}) \right| \}]
 \end{aligned}$$

Above texts need changed to reflect the modified terms of the External BSUoS charges defined in Special License Condition 4C.1:

$$\begin{aligned}
 Bxext_t &= CSOBM_t + BSCC_t + TotAdj_t - OM_t + IncPayExt_t + BSC_t + FIIR_t + SOTOC_t + LBS_t \\
 &\underline{[Adjusted to rename NC_t to SOTOC_t, RFIIR_t to FIIR_t, BSFS_t to BSC_t, remove ROV_t} \\
 &\underline{\text{and IONT_t terms.]}
 \end{aligned}$$

Also changes are needed to the BSUoS Acronym Definitions table 14.31.8.

6 Impacts & Other Considerations

This proposal is related to housekeeping proposal CMP278, the purpose of which is to update CUSC sections 14.30.11 and 14.32 to reflect the changed cap and collar and sharing factors of the Balancing Services Incentive Scheme as detailed in the current Ofgem Statutory License Consultation here: <https://www.ofgem.gov.uk/publications-and-updates/final-proposals-electricity-system-operator-incentives-april-2017>

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No

Consumer Impacts

The intent from Ofgem of Special License Condition 4J is to reduce BSUoS cost which should filter through to reduced costs for consumers.

Costs

Code administration costs	
Resource costs	<p>£0 - 0 Workgroup meetings</p> <p>£0 - Catering</p>
Total Code Administrator costs	£0

Industry costs (Standard CMP)	
Resource costs	<p>£0 - 0 Workgroup meetings</p> <p>£454 - 1 Consultation</p> <ul style="list-style-type: none"> • 0 Workgroup meetings • 0 Workgroup members • 1.5 man days effort per meeting • 1.5 man days effort per consultation response • 1 consultation respondent
Total Industry Costs	£454

7 Relevant Objectives

Impact of the modification on the Applicable CUSC Objectives (Charging):

Relevant Objective	Identified impact
(a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;	None
(b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);	Positive
(c) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses*;	Positive
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1; and	None
(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.	None

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

This change positively impacts charging objective (b) and (c) by properly accounting for changes in costs of the licensees business and properly takes account of developments in the licensees business.

8 Implementation

The CUSC needs to be modified as soon as possible to reflect the License changes currently under Statutory Consultation by Ofgem.

Ofgem desires the System Operator to be able to utilise this mechanism from 1 April 2017.

Expediting implementation will also ensure the System Operator is incentivised to utilise the mechanism to reduce BSUoS costs.

9 Legal Text

The text in CUSC 14.30.6 to be changed to:

$$\begin{aligned}
 &BSUoS_{EXT_{jd}} = CSOBM_{jd} + BSCCV_{jd} \\
 &+ [(IncpayEXT_d + BSCCA_d + ET_d - OM_d + FIIR_d + BSC_d + SOTOC_d + LBS_d) \\
 &* \{ \left| \sum^+ (QMBSUoS_{ijd} * TLM_{ijd}) + \left| \sum^- (QMBSUoS_{ijd} * TLM_{ijd}) \right| \right\} / \\
 &\sum_{j \in d} \{ \left| \sum^+ (QMBSUoS_{ij} * TLM_{ij}) \right| + \left| \sum^- (QMBSUoS_{ij} * TLM_{ij}) \right| \}]
 \end{aligned}$$

The text in CUSC 14.32 to be changed to:

$$\begin{aligned}
 &BSUoS_{EXT_{jd}} = CSOBM_{jd} + BSCCV_{jd} \\
 &+ [(IncpayEXT_d + BSCCA_d + ET_d - OM_d + FIIR_d + BSC_d + SOTOC_d + LBS_d) \\
 &* \{ \left| \sum^+ (QM_{t1,1} * TLM_{t1,1}) + \left| \sum^- (QM_{t1,1} * TLM_{t1,1}) \right| \right\} / \\
 &\sum_{j \in 1} \{ \left| \sum^+ (QM_{ij} * TLM_{ij}) \right| + \left| \sum^- (QM_{ij} * TLM_{ij}) \right| \}]
 \end{aligned}$$

Definitions to be added to 14.31.8:

Expression	Acronym	Unit	Definition
Black Start Costs	BSC	£	As defined in the Transmission Licence (means the allowed revenue from and associated with Black Start services in accordance with paragraph 4G.5 of Special Condition 4G (Black Start Allowed Revenue Cost Incentive))
SO Forecasting Incentive Payment	FIIR	£	As defined in the Transmission Licence (means the incentive payment which the licensee may derive from the forecasting incentive for Wind Generation Output and National Demand Wind Generation Forecasting Incentive in accordance with Special Condition 4H (Wind Generation Forecasting Incentive))
SO-TO funding allowance	SOTOC	£	As defined in the Transmission Licence (means the SO-TO Mechanism cost allowance calculated in accordance with 4C.29 Special Condition 4J (SO-

			TO Mechanism))
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Definitions to be deleted from 14.31.8:

Expression	Acronym	Unit	Definition
Black Start Feasibility Costs	BSFS	£	As defined in the Transmission Licence
Outage Cost Adjustment	IONT	£	As defined in the Transmission Licence
Non-Incentivised Costs	NC	£	As defined in the Transmission Licence
Wind Forecast Incentive Cost	RFIIR	£	As defined in the Transmission Licence
System Operator Innovation Roll-Out Value	ROV	£	As defined in the Transmission Licence

The terms within the definition of External BSUoS costs are to be aligned to the corresponding terms in the modified License condition 4C.1.

$$BXext_t = CSOBM_t + BSCC_t + TotAdj_t - OM_t + IncPayExt_t + BSC_t + FIIR_t + SOTOC_t + LBS_t$$

[Adjusted to rename NC_t to SOTOC_t, RFIIR_t to FIIR_t, BSFS_t to BSC_t, remove ROV_t and IONT_t terms.]

10 Responses to the Code Administrator Consultation

One response was received to the Code Administrator Consultation. Annex 1 of this report contains the complete responses received to this consultation.

The following table provides an overview of the response received:

	Do you believe that CMP277 better facilitates the Applicable CUSC Objectives? Please include your reasoning.	Do you support the proposed implementation approach? If not, please provide reasoning why.	Do you have any other comments?
ScottishPower Energy Management Ltd	<p>Yes. We agree with the Proposer that CMP278 will better facilitate CUSC Applicable Charging Objectives (ACO) (b) and (c) and overall better meet the ACOs.</p> <p>By reflecting the changed cap, collar and sharing factors and changed BSUoS terms from the Transmission Licence into the BSUoS Charging Methodology, CMP278 will better facilitate ACO (b) by ensuring that the charging methodology reflects the costs incurred in managing the transmission system. Similarly, CMP278 will better take account of developments in the Transmission Licensee's business by reflecting the changes to the Transmission Licence.</p>	Yes	No

11 CUSC Panel Determination Vote

The CUSC Panel met on 26 May 2017 and voted on the Original Proposal.

For reference the Use of System Charging Methodology Objectives are;

(a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;

(b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);

(c) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses*;

(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1; and

(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER). Overall the Panel view was split with one Panel member voting for the Original; five Panel members voting for the WACM and three Panel members voting for the Baseline. Therefore, the Panel voted by majority that the WACM should be implemented.

The Panel voted on CMP277 against the Applicable CUSC Objectives and unanimously determined that the Original was better than the baseline and should be implemented in the CUSC subject to a 15 Working day Appeals Window.

Vote 1 – Does the original facilitate the objectives better than the Baseline?

Each Panel member provided their voting opinion and also provided a voting statement which is shown after their voting table.

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

Voting Statements:

James Anderson

CMP277 will better facilitate Applicable CUSC Charging Objectives (ACCO) (b) and (c) and will overall better meet the ACCOs. By aligning the BSUoS Charging Methodology with the costs allowed to be recovered under new Special License Condition 4J, charges will better reflect the costs incurred.

Andy Pace

CMP277 positively impacts charging objective (b) and (c) by properly accounting for changes in costs of the licensees business and properly takes account of developments in the licensees business.

Kyle Martin

CMP277 better facilitates CUSC objectives B. and C. Neutral on A. D and E. The modification better represents the costs incurred by the SO through Special License Condition 4J. It also ensures that BSUoS reflects Special License Condition 4J.

Garth Graham

This change positively impacts charging objective (b) and (c) by properly accounting for changes in costs of the licensees business and properly takes account of developments in the licensees business.

Louise Schmitz

a), d) and e) Neutral

b) This modification impacts this objective positively as it properly accounts for changes in costs incurred by licensees in their transmission business.

c) This modification impacts this objective positively as it properly takes into account developments in the licences transmission business.

Paul Jones

Reflects changes made in the transmission licence.

Simon Lord

Change as required by the TO licence

Cem Suleyman

I agree that CMP277 better facilitates ACOs (b) and (c) for the same reasons as provided by the respective Proposers.

Paul Mott

CMP277 reflects into CUSC changes in licencees' costs, thus taking account of changes in licensee's business.

Vote 2 – Which option is best?

Panel Member	CMP277
James Anderson	Original
Andy Pace	Original
Kyle Martin	Original
Garth Graham	Original
Louise Schmitz	Original
Paul Jones	Original
Simon Lord	Original
Cem Suleyman	Original
Paul Mott	Original

12 Objections

If you wish to raise an objection please email the CUSC Panel Secretary at CUSC.Team@nationalgrid.com , with an explanation as to why you believe the CUSC Modification Proposal should not be implemented by 5:00pm on 20 June 2017.

This Approved CUSC Modification Self-Governance Proposal will not be implemented if an objection is received.

The CUSC Panel Secretary will notify the CUSC Panel, the Authority and CUSC Parties if an objection is received.

The CUSC Panel Secretary shall notify the Proposer, the additional information required, should the Proposer wish the CUSC Fast Track Modification to continue.

Annex 1 – Code Administrator Response

CUSC Code Administrator Consultation Response Proforma

CMP277 ‘Special License Condition 4J’

Industry parties are invited to respond to this Code Administrator Consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5:00pm on 5 May 2017** to cusc.team@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not be included within the Final Workgroup Report to the Authority.

Any queries on the content of the consultation should be addressed to Heena Chauhan at heena.chauhan@nationalgrid.com

These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

Respondent:	<i>James Anderson</i> <i>James.anderson@scottishpower.com</i>
Company Name:	<i>ScottishPower Energy Management Ltd</i>
Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries)	<p><i>For reference, the Applicable CUSC objectives are:</i></p> <p>Use of System Charging Methodology</p> <p>(a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;</p> <p>(b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);</p> <p>(c) That, so far as is consistent with sub-paragraphs</p>

	<p>(a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses*;</p> <p>(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1; and</p> <p>(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.</p> <p><i>*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).</i></p>
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Code Administrator Consultation questions

Q	Question	Response
1	Do you believe that CMP277 better facilitates the Applicable CUSC objectives? Please include your reasoning.	<p>We agree with the Proposer that CMP277 will better facilitate Applicable CUSC Charging Objectives (b) and (c) and will overall better meet those Charging Objectives.</p> <p>By aligning the BSUoS Charging Methodology with the coats allowed to be recovered under new Special License Condition 4J, charges will better reflect the costs incurred.</p> <p>CMP277 will also ensure the BSUoS Charging Methodology better reflects developments in the Licensee's Transmission License, in particular new Special License Condition 4J.</p> <p>CMP277 is neutral against the other Applicable Charging Objectives.</p>
2	Do you support the proposed implementation approach?	Yes.
3	Do you have any other comments?	No.