








Stage 3: Workgroup Report	At what stage is this document in the process?												
<h1>CMP272: Aligning Condition C5 and C10 of the CUSC to the licence changes introduced by the Code Governance Review Phase 3</h1>	<table> <tr> <td>01</td><td>Initial Written Assessment</td></tr> <tr> <td>02</td><td>Workgroup Consultation</td></tr> <tr> <td>03</td><td>Workgroup Report</td></tr> <tr> <td>04</td><td>Code Administrator Consultation</td></tr> <tr> <td>05</td><td>Draft CUSC Modification Report</td></tr> <tr> <td>06</td><td>Final CUSC Modification Report</td></tr> </table>	01	Initial Written Assessment	02	Workgroup Consultation	03	Workgroup Report	04	Code Administrator Consultation	05	Draft CUSC Modification Report	06	Final CUSC Modification Report
01	Initial Written Assessment												
02	Workgroup Consultation												
03	Workgroup Report												
04	Code Administrator Consultation												
05	Draft CUSC Modification Report												
06	Final CUSC Modification Report												
<p>Purpose of Modification: CMP272 seeks to implement licence changes to the CUSC arising from Ofgem's Code Governance Review (Phase 3).</p>													
	<p>This document contains the discussion of the Workgroup which formed in January 2017 to develop and assess the proposal, the responses to the Workgroup Consultation which closed on 24 January 2017 and the voting of the Workgroup which was held on 03 February 2017.</p>												
	<p>Low Impact: National Grid, CUSC Parties, the CUSC Panel</p>												

Contents		 Any questions?
1	About this document	3
2	Summary of change	4
3	Original Proposal Detail	5
4	Workgroup discussions	7
5	Workgroup Consultation Responses	16
6	Post Workgroup Consultation discussions	18
7	Workgroup Vote	26
8	Impact and Assessment	27
9	Relevant Objectives	28
10	Proposed Implementation and Transition	28
11	Draft legal text changes for original proposal	28
12	Terms of Reference	29
Annex 1 – Original Draft Legal TextAnnex 2 – Updated Original Draft Legal Text		30
Annex 3 – Ofgem’s Urgency response		32
Annex 4 – Workgroup attendance register		33
		 Taran.Heir@nationalgrid.com
		 07977 433974
		Proposer: Caroline Wright – National Grid
		 caroline.wright@nationalgrid.com
		 07970 498249

1 About this document

This document is the Workgroup Report that contains the discussion of the Workgroup which formed in January 2017 to develop and assess the proposal, the responses to the Workgroup Consultation which closed on 24 January 2017 and the voting of the Workgroup which was held on 03 February 2017.

2 Summary of change

What

- 2.1 CMP272 has been raised by National Grid to address the third phase of Ofgem's review of code governance focusses on ensuring that the governance arrangements of all industry codes deliver both complex changes and non-material self-governance changes in an efficient and timely manner.

Why

- 2.2 CMP272 has been raised to implement the licence changes to the CUSC arising from Ofgem's Code Governance Review (Phase 3).

How

- 2.3 It is proposed that the changes to licence conditions C5 and C10 be implemented in the CUSC. The legal text changes have been developed by National Grid's legal departments following discussions with their Ofgem counterparts.
- 2.4 This document describes the CMP272 CUSC Modification Proposal (the Proposal), summarises the deliberations of the Workgroup and sets out the options for potential Workgroup Alternative CUSC Modifications (WACMs).
- 2.5 CMP272 was proposed by National Grid and was submitted to the CUSC Modification Panel for their consideration on 14 December 2016. A copy of this Proposal is provided within Annex 1. The Panel decided to reject the Proposer's request for a Self-Governance Modification and suggested the Proposal be developed and assessed against the CUSC Applicable Objectives in accordance with an urgent timetable. This request for 'urgency' was approved by Ofgem on 20 December 2016 (Annex 3). The Workgroup convened on 6th, 26th and 31st January 2017.
- 2.6 CMP272 seeks to implement the license changes to the CUSC arising from Ofgem's Code Governance Review (Phase 3). The third phase of Ofgem's review of code governance focusses on ensuring that the governance arrangements of all industry codes deliver both non-material self-governance changes and more complex changes in an efficient and timely way.
- 2.7 This Workgroup Report has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid Website along with the Modification Proposal Form via the following link:
<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP272/>

3 Original Proposal Detail

CGR3 Licence changes

3.1 As part of Ofgem's Code Governance Review (CGR3) Final Proposal, the Authority consulted on licence drafting to introduce proposed amendments to the Significant Code Review (SCR) process. This Modification has been raised to align the license changes to the provisions set out in Section 8 and Section 11 of the CUSC.

Initial Proposal

3.2 As detailed on Ofgem's website¹ the changes to the CUSC Licence Conditions C5 and C10 relate to the introduction of more flexibility the CUSC Modifications process for SCRs. The changes relate to:

- i. introducing the ability for the Authority to raise a CUSC Modification following the end of a SCR;
- ii. introducing the ability for the Authority to end a SCR: Introducing an additional route to which the Authority can deem a SCR has ended;
- iii. introducing the ability for the Authority to lead an end to end CUSC SCR Modification.
- iv. Backstop Direction: introduce a Backstop Direction where by a CUSC Modification Proposal that has been made in relation to a SCR, the Authority may issue a Backstop Direction, which requires such proposal(s) and any alternatives to be withdrawn and which causes the Significant Code Review phase to recommence.

3.3 These changes will be reflected in Section 8 and Section 11 of the CUSC. The red-lined draft changes are included as Annexes to this Modification Proposal.

For information only:

Self-Governance

3.4 Part of Ofgem's CGR3 is to change the way that Modifications are assessed such they should be considered as self-governance unless the change can be argued by the Proposer that the defect is material enough and should therefore not be assessed as self-governance. This change is not subject to this Modification as no changes are required to the CUSC but has been included in this report for information only.

¹ <https://www.ofgem.gov.uk/publications-and-updates/decision-modify-gas-and-electricity-licences-implement-code-governance-review-phase-3-final-proposals>

New Applicable Objective

3.5 CGR3 will introduce a new Applicable CUSC Objective: “*promoting efficiency in the implementation and administration of the CUSC arrangements*”. The introduction of this new objective is not subject to this Modification as the change impact only the license and not the CUSC.

3.6 The full set of proposed legal text changes are detailed on Ofgem’s website:

www.ofgem.gov.uk/publications-and-updates/decision-modify-gas-and-electricitylicences-implement-code-governance-review-phase-3-final-proposals

Discussions at the December CUSC Panel

3.7 The proposal was presented to the Panel on 14 December 2016 with a request for Self-Governance.

3.8 The Authority supported the process for Self-Governance. One Panel Member did not agree that the Proposal met the criteria for Self-Governance and believed the changes to have a material impact. Another Panel Member also highlighted that not all codes had followed the Self-Governance route to implement the changes into their retrospective codes.

3.9 The Panel Member suggested for the Proposal to be progressed through a Workgroup in order to enable broader Industry views to be captured within the Modification Report.

3.10 The Authority continued to express preference for a Self-Governance modification however; the Panel debated whether this Proposal met the criteria for Self-Governance and by majority agreed that the Proposal did not meet the criteria.

3.11 The Panel also decided by majority that the Proposal should: be progressed by a Workgroup, a consultation issued for a 10 day period and for the Modification to follow an urgent timetable with a reduced quorum of Workgroup Members.

3.12 On 20 December 2016 Ofgem approved the request for urgency.

4 Workgroup discussions

- 4.1 The first Workgroup meeting was held on 6 January 2017. The Proposer provided an overview of the Modification Proposal. One Workgroup Member provided a set of proposed changes which the Workgroup discussed. The discussions focussed on walking through Section 8 of the CUSC to identify any areas of amendment to ensure that the licence changes to Conditions C5 and C10 were captured correctly in the draft legal text. The changes identified are outlined below.

Section 8 points:

- 4.2 The Workgroup identified a number of typographical errors, consistency and clarity changes to the proposed draft legal text. It was agreed by the Proposer that many of them should be incorporated into the original Proposal and they are listed below for reference. The initial suggested text can be found in Tables 1-4 below:
- 4.3 Table 1 details the typographical errors.
- 4.4 Table 2 details the changes to make the wording Section 8 consistent.
- 4.5 Table 3 details changes to make Section 8 clearer.
- 4.6 Table 4 details areas that may be included in potential Workgroup Alternative Code Modifications (WACMs).

Section 11 point:

- 4.7 The Workgroup suggested within Section 11 that “published” be added into the new text in terms of the description of ‘SCR Guidance’. The Original Proposal was updated to reflect this change.

Key:

Colour	Reason
	Indicates the suggested changes to the original proposal that the Workgroup consulted upon.

Table 1: Typographical errors

Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Will this be amended and updated in the Original Proposal or should this become a WACM?
8.16.10	Removal of the repetition of the word 'and'	Typo Workgroup member raised whether an additional 'and' was needed because then the paragraph is read as a whole there seems to be an unnecessary repetition of the word 'and'	Original - updated in Annex 2
8.17.6A(b)	Reference to 18.17.8 which should be 8.17.8	Typo Workgroup Member highlighted a typo in the reference to 18.17.8 which should be 8.17.8. The Proposer accepted this change as a typo.	Original - updated in Annex 2
8.17.6A(c)	Reference to 8.17.6B.2 which should be 8.17.B.3	Typo Workgroup questioned whether this is the correct reference and whether it should refer to 8.17.B.3 instead and also why reference to 8.71.6B.2	Original - updated in Annex 2
8.17.12	Reference to Paragraph 8.17.8 should be 8.17.11	Typo Workgroup Member highlighted error in reference to paragraph	Original - updated in Annex 2
8.17.12	Reference to 8.17.6(a) which	Typo	Original - updated in Annex 2

Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Will this be amended and updated in the Original Proposal or should this become a WACM?
	should be 8.17.6(b)	Paragraph 8.17.6(a) is applicable to NGET and not Authority Led modifications and so Paragraph 8.17.6(b) should be referenced instead.	
8.17.B.1	Reference should be made to Paragraph 8.17.C	Typo Workgroup Member highlighted this as a typo in the reference of paragraph to backstop direction.	Original - updated in Annex 2
8.17C.1	Phase should also be in bold	Typo Paragraph 8.17C: rather than referring to “ Significant Code Review phase”, this paragraph should use the defined term (i.e., it should read “ Significant Code Review Phase ”).	Original - updated in Annex 2
8.17C.1	Phase should also be in bold	Typo Paragraph 8.17C: rather than referring to “ Significant Code Review phase”, this paragraph should use the defined term (i.e., it should read “ Significant Code Review Phase ”).	Original - updated in Annex 2

Table 2: Consistency changes

Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Will this be amended and updated in the Original Proposal or should this become a WACM?
8.17.6(b)	Insert 'an Authority Led CUSC Modification' as new wording	Consistency Workgroup Member raised an inconsistency and suggested 'an Authority Led CUSC Modification' to be the new wording as per the definition used in Section 11.	Original - updated in Annex 2
8.17.8	Insertion of 'Authority Led Modification'	Consistency As mentioned above, Workgroup Member suggested creating consistency with Section 11.	Original - updated in Annex 2
8.17.10	Reference to Paragraph 8.17.6(a)	Consistency Workgroup Member suggested that we add (a) for clarity of the paragraph being referenced to.	Original - updated in Annex 2
8.17.12	Reference to Paragraph 8.17.6(a)	Consistency Workgroup Member suggested that we add (a) for clarity of the paragraph being referenced to.	Original - updated in Annex 2
8.17A.2 (b)	Insertion of 'Authority Led Modification'	Consistency As mentioned above, Workgroup Member suggested creating consistency with Section 11.	Original - updated in Annex 2
8.17A.3	Insertion of the wording 'Authority Led Modification'	Consistency As mentioned above, Workgroup Member suggested creating consistency	Original - updated in Annex 2

Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Will this be amended and updated in the Original Proposal or should this become a WACM?
		with Section 11.	
8.17A.8	Insertion of the wording 'Authority Led Modification'	Consistency As mentioned above, Workgroup Member suggested creating consistency with Section 11.	Original - updated in Annex 2
8.17.B.7	Insertion of wording from 8.17.9 and correct defined terms.	Consistency Workgroup Member suggested inserting wording to create consistency with 8.17.9 as well as making use of the correct defined terms of the voting rights of Panel Members	Original - updated in Annex 2

Table 3: Clarity changes

Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Will this be amended and updated in the Original Proposal or should this become a WACM?
8.17.9	Retain the use of the word 'such'	Clarity Workgroup Member suggested keeping the word 'such' because if it is removed it would imply any Authority conclusions and directions on anything may be considered as part of CGR3 opposed to only those in relation to SCR.	Original - updated in Annex 2
8.17A.1	Text to be amended so that it is clear who can raise the Proposal	Clarity Workgroup Member suggested re-wording of this paragraph to keep the intent but to distinguish between CUSC Led Modification and Authority Led Modification route.	Original - updated in Annex 2
8.17A.4	Insertion of reference to Paragraph 8.17A.1(b)	Clarity Workgroup Member suggested adding reference to (b) for completeness of the point being made elaborating that this section was written for National Grid to be able to withdraw an Authority Led CUSC Modification Proposal.	Original - updated in Annex 2
8.17.B2(d)	Use of the word 'proposed' as opposed to 'proposal'	Clarity Workgroup Member suggested rewording to save confusion between a Modification which is being proposed and a Modification which has become a Proposal.	Original - updated in Annex 2
8.17.B.3	Removal of the word 'urgency'	Clarity Workgroup Member suggested that when this paragraph is read in its entirety the wording implies that all Authority Led Modifications are to be treated as	This point is being reviewed by Ofgem. If agree with amendments then the original will be updated. If Ofgem do

Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Will this be amended and updated in the Original Proposal or should this become a WACM?
		'urgent'. However, they may or may not be 'urgent'.	not agree to the amendments it could be an option for a potential WACM.
8.17.B.5	Insertion of 8.17B.2 (d)	Clarity Workgroup Member suggested adding (d) for completeness and clarity.	Original - updated in Annex 2
8.17.B.5	Removal of the word 'urgency'	Clarity As per above, Workgroup Member suggested that when this paragraph is read in its entirety the wording implies that all Authority Led Modifications are to be treated as 'urgent'. However, they may or may not be 'urgent'.	This point is being reviewed by Ofgem. If agree with amendments then the original will be updated. If Ofgem do not agree to the amendments it could be an option for a potential WACM.
8.17.B.5	Revise wording of 'as soon as practicable'	Clarity Workgroup Member highlighted that the term 'as soon as practicable' implies that although the authority have the discretion to change the timetable, this wording implies that the authority can only extend the timetable and not shorten it.	This point is being reviewed by Ofgem. If agree with amendments then the original will be updated. If Ofgem do not agree to the amendments it could be an option for a potential WACM.
8.17.C.1	Insertion of CUSC Led Modification	Clarity Workgroup Member pointed out that a backstop direction only applies to an Authority Led CUSC Modification and so this should be made clear within the wording.	Original - updated in Annex 2

Table 4: Potential areas for WACMs:

Reference to Section for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Will this be amended and updated in the Original Proposal or should this become a WACM?
8.16.8	Remove reference to Paragraph 8.29	Suggestion Workgroup Member questioned why there is a reference to 8.17B in respect of CGR3? The view of the Workgroup was that if any kind of Proposal was not received by 5 working days then it should go to the next Panel Meeting.	This point is being reviewed by Ofgem. If agree that shouldn't include the reference the original will be updated. If Ofgem do not agree to the deletion it could be an option for a potential WACM.
8.17.6A	Insertion of statement	Suggestion Workgroup Member suggested the preceding text was open to interpretation and an additional statement is required to ensure provide clarity of the Authority's intentions.	Updated in Annex 2 for information but with Ofgem to determine if additional wording required. If Ofgem confirm the wording the original will be updated. If Ofgem do not agree to additional wording may be an option for a potential WACM.
8.17.B.2	Include reporting items a-k whilst keeping a focus on importance of a-c in order to include all reporting elements	Suggestion Workgroup Member suggested an Authority Led Proposal should include just as much information and items as a standard Report to promote consistency and understanding for Industry.	This point is being reviewed by Ofgem. If agree that additional wording should be included the original will be updated. If Ofgem do not agree to the additional wording could be an option for a potential WACM.
8.17.B.4	Duplication and requires rewording	Suggestion Workgroup Member suggested 8.17.B.3 and 8.17.B.4 is a repetition of	This point is being reviewed by Ofgem. If agree that additional wording should be included the original will be

		s8.17.B and so proposed re-wording.	updated. If Ofgem do not agree to the additional wording could be an option for a potential WACM.
--	--	-------------------------------------	---

5 Workgroup Consultation Responses

5.1 The Workgroup Consultation was issued on 10 January 2017 for 10 Working Days, with a close date of 24 January 2017. In addition to the standard Workgroup consultation questions, the Workgroup asked two specific questions:

- Do you agree with the changes made to the original proposal and if not please describe why.
- Are there any additional areas that the Workgroup should consider?

5.2 Two responses were received to the Workgroup Consultation and are detailed in the table 5 below.

5.3 The Workgroup noted the responses received.

Table 5: Workgroup Consultation responses

Response from	Q1: Do you believe that CMP272 Original proposal or either of the potential options for change better facilitates the Applicable CUSC Objectives?	Q2: Do you support the proposed implementation approach?	Q3: Do you have any other comments?	Q4: Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?	Q5: Do you agree with the changes made to the original proposal and if not please describe why	Q6: Are there any additional areas that the Workgroup should consider?
Garth Graham (SSE)	We believe that CMP272 Original (as revised in accordance with those elements listed in Tables 1, 2 and 3 of the Consultation document) and the potential Alternative(s) (constituting those elements listed in	We support the proposed implementation approach set out in Section 7 of the Consultation document.	We note that Table 4 lists items (relating to 8.16.8, 8.17.6A, 8.17.B2 and 8.17.B.4) which both individually and collectively are enhancements to the Original which ensure that any Alternative(s) with them	No.	We agree with all the changes made to the Original proposal as it clear that they address typographical error, ensure consistency of approach and provide clarity. All these attributes ensure that these changes better	None at this time.

	Table 4 of the Consultation document) do better facilitate Applicable Objectives (a) and (d) for the reasons set out in the Proposal.		is better (and 'best') in comparison to the Original. We note that Ofgem are currently reviewing the proposed wording associated with these four items and that they could be incorporated into the Original – if so then not only would this obviate the need for any Alternative(s), it would also ensure that the (revised) Original was 'best' in our view.		facilitate Applicable Objectives (a) and (d) than if these changes were not made (and the initial legal text that accompanied the Original submitted proposal stood).	
James Anderson (Scottish Power)	CMP272 Original Proposal and the potential WACM incorporating the changes outlined in Table 4 would both better meet the Applicable CUSC Objectives (ACOs) than the current baseline. In particular, we agree with the Proposer that they would better meet ACO (a) by aligning the CUSC with the Licence Conditions and ACO (d) by ensuring the efficient administration of CUSC changes arising from the SCR process and raised by the Authority.	The proposed implementation approach is appropriate.	We would support the inclusion of the additional changes to the legal text outlined in Table 4 within the Original Proposal as this would improve consistency of a Final Modification Report (FMR) arising from an SCR with FMRs arising from Modifications raised through other means.	No.	Yes. We agree with the changes proposed in Tables 1, 2, 3 and 4	No.

6 Post Workgroup Consultation discussions

- 6.1 The Workgroup Consultation provided information on aspects of potential legal text changes that were to be reviewed by Ofgem. At its meetings following the Workgroup Consultation the Workgroup discussed the response from Ofgem on the potential changes and the implications of these. The views on each of the potential changes are summarised in table 6 below.
- 6.2 The Workgroup focussed discussions on Section 8.17.6 and the end of a Significant Code Review Phase and the implications of CGR3 introducing the ability for the Authority to lead an end to end CUSC SCR Modification. The Workgroup raised concerns that the way the Original Proposed text was drafted did not clearly indicate that:
- The Authority could instruct The Company (National Grid) to raise a CUSC Modification Proposal; or
 - The Authority could raise a CUSC Modification Proposal that followed standard industry practice (e.g. Industry Workgroups); or
 - The Authority could raise a CUSC Modification Proposal and run the process end to end.

Table 6: Summary of discussions and outcome

Key:

Colour	Reason
	Indicates that the original proposal has been updated.
	Original Proposed text to be retained with no changes

Change No	Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Post Workgroup Consultation Update.
1	8.16.10	Removal of the repetition of the word 'and'	Typo Workgroup member raised whether an additional 'and' was needed because then the paragraph is read as a whole there seems to be an unnecessary repetition of the word 'and'	Accepted to be incorporated into Original Proposal.
2	8.17.6A(b)	Reference to 18.17.8 which should be 8.17.8	Typo Workgroup Member highlighted a typo in the reference to 18.17.8 which should be 8.17.8. The Proposer accepted this change as a typo.	Accepted to be incorporated into Original Proposal.
3	8.17.6A(c)	Reference to 8.17.6B.2 which should be 8.17.B.3	Typo Workgroup questioned whether this is the correct reference and whether it should refer to 8.17.B.3 instead and also why reference to 8.71.6B.2	Accepted to be incorporated into Original Proposal.
4	8.17.12	Reference to Paragraph 8.17.8 should be 8.17.11	Typo Workgroup Member highlighted error in reference to paragraph	Accepted to be incorporated into Original Proposal.
5	8.17.12	Reference to 8.17.6(a) which	Typo	Accepted to be incorporated into

Change No	Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Post Workgroup Consultation Update.
		should be 8.17.6(b)	Paragraph 8.17.6(a) is applicable to NGET and not Authority Led modifications and so Paragraph 8.17.6(b) should be referenced instead.	Original Proposal.
6	8.17.B.1	Reference should be made to Paragraph 8.17.C	Typo Workgroup Member highlighted this as a typo in the reference of paragraph to backstop direction.	Accepted to be incorporated into Original Proposal.
7	8.17C.1	Phrase should also be in bold	Typo Paragraph 8.17C: rather than referring to “ Significant Code Review phase”, this paragraph should use the defined term (i.e., it should read “ Significant Code Review Phase ”).	Accepted to be incorporated into Original Proposal.
8	8.17C.1	Phase should also be in bold – covers 2 nd ref in the paragraph	Typo Paragraph 8.17C: rather than referring to “ Significant Code Review phase”, this paragraph should use the defined term (i.e., it should read “ Significant Code Review Phase ”).	Accepted to be incorporated into Original Proposal.
9	8.17.6A(b)	Insert ‘an Authority Led CUSC Modification’ as new wording	Consistency Workgroup Member raised an inconsistency and suggested ‘an Authority Led CUSC Modification’ to be the new wording as per the definition used in Section 11.	Accepted to keep original proposal.

Change No	Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Post Workgroup Consultation Update.
10	8.17.8	Insertion of 'Authority Led Modification'	Consistency As mentioned above, Workgroup Member suggested creating consistency with Section 11.	Accepted to keep Original Proposal
11	8.17.10	Reference to Paragraph 8.17.6(a)	Consistency Workgroup Member suggested that we add (a) for clarity of the paragraph being referenced to.	Accepted to be incorporated into Original Proposal.
12	8.17.12	Reference to Paragraph 8.17.6(a)	Consistency Workgroup Member suggested that we add (a) for clarity of the paragraph being referenced to.	Accepted to be incorporated into Original Proposal.
13	8.17A.2 (b)	Insertion of 'Authority Led Modification'	Consistency As mentioned above, Workgroup Member suggested creating consistency with Section 11.	Accepted to keep Original Proposal
14	8.17A.3	Insertion of the wording 'Authority Led Modification'	Consistency As mentioned above, Workgroup Member suggested creating consistency with Section 11.	Accepted to keep Original Proposal
15	8.17A.8	Insertion of the wording 'Authority Led Modification'	Consistency As mentioned above, Workgroup Member suggested creating consistency with Section 11.	Accepted to keep Original Proposal

Change No	Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Post Workgroup Consultation Update.
16	8.17.B.7	Insertion of wording from 8.17.9 and correct defined terms.	Consistency Workgroup Member suggested inserting wording to create consistency with 8.17.9 as well as making use of the correct defined terms of the voting rights of Panel Members	Accepted to be incorporated into Original Proposal.
17	8.17.9	Retain the use of the word 'such'	Clarity Workgroup Member suggested keeping the word 'such' because if it is removed it would imply any Authority conclusions and directions on anything may be considered as part of CGR3 opposed to only those in relation to SCR.	Accepted to keep Original Proposal
18	8.17A.1	Text to be amended so that it is clear who can raise the Proposal	Clarity Workgroup Member suggested re-wording of this paragraph to keep the intent but to distinguish between CUSC Led Modification and Authority Led Modification route.	Accepted to be incorporated into Original Proposal.
19	8.17A.4	Insertion of reference to Paragraph 8.17A.1(b)	Clarity Workgroup Member suggested adding reference to (b) for completeness of the point being made elaborating that this section was written for National Grid to be able to withdraw an Authority Led CUSC Modification Proposal.	Accepted to keep Original Proposal
20	8.17.B2(d)	Use of the word 'proposed' as	Clarity Workgroup Member suggested rewording to save confusion between a	Accepted to be incorporated into Original Proposal.

Change No	Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Post Workgroup Consultation Update.
		opposed to 'proposal'	Modification which is being proposed and a Modification which has become a Proposal.	
21	8.17.B.3	Removal of the word 'urgency'	Clarity Workgroup Member suggested that when this paragraph is read in its entirety the wording implies that all Authority Led Modifications are to be treated as 'urgent'. However, they may or may not be 'urgent'.	Accepted to be incorporated into Original Proposal with additional wording taken from the licence.
22	8.17.B.5	Insertion of 8.17B.2 (d)	Clarity Workgroup Member suggested adding (d) for completeness and clarity.	Accepted to be incorporated into Original Proposal.
23	8.17.B.5	Removal of the word 'urgency'	Clarity As per above, Workgroup Member suggested that when this paragraph is read in its entirety the wording implies that all Authority Led Modifications are to be treated as 'urgent'. However, they may or may not be 'urgent'.	Accepted to be incorporated into Original Proposal with additional wording taken from the licence.
24	8.17.B.5	Revise wording of 'as soon as practicable'	Clarity Workgroup Member highlighted that the term 'as soon as practicable' implies that although the authority have the discretion to change the timetable, this wording implies that the authority can only extend the timetable and not shorten it.	Accepted to be incorporated into Original Proposal with additional wording taken from the licence
25	8.17.C.1	Insertion of CUSC Led Modification	Clarity Workgroup Member pointed out that a backstop direction only applies to	Accepted to be incorporated into Original Proposal.

Change No	Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Post Workgroup Consultation Update.
			an Authority Led CUSC Modification and so this should be made clear within the wording.	
26	8.16.8	Remove reference to Paragraph 8.29	Suggestion Workgroup Member questioned why there is a reference to 8.17B in respect of CGR3? The view of the Workgroup was that if any kind of Proposal was not received by 5 working days then it should go to the next Panel Meeting.	Accepted to keep Original Proposal
27	8.17.6A	Insertion of statement	Suggestion Workgroup Member suggested the preceding text was open to interpretation and an additional statement is required to ensure provide clarity of the Authority's intentions.	Accepted to keep Original Proposal
28	8.17.B.2	Include reporting items a-k whilst keeping a focus on importance of a-c in order to include all reporting elements	Suggestion Workgroup Member suggested an Authority Led Proposal should include just as much information and items as a standard Report to promote consistency and understanding for Industry.	Accepted to be incorporated into Original Proposal with insertion of 'as identified in the licence'
29	8.17.B.4	Duplication and requires rewording	Suggestion Workgroup Member suggested 8.17.B.3 and 8.17.B.4 is a repetition of s8.17.B and so proposed re-wording.	Accepted to be updated into Original Proposal

Change No	Section 8 Reference highlighted for change	Suggested Amendment	Reason: Typo/Consistency/Clarity/Suggestion	Post Workgroup Consultation Update.
30	Section 11	Insertion of definitions	Clarity	Accepted to be incorporated into Original Proposal

7 Workgroup Vote

- 7.1 The Workgroup believe that the Terms of Reference have been fulfilled and CMP272 has been fully considered.
- 7.2 The Workgroup considered a number of options that could have become potential Workgroup Alternative CUSC Modifications (WACMs) but considered that as the Original Proposal had been updated to reflect the areas of concern no potential WACMs should be proposed.
- 7.3 The Workgroup met on 3 February 2017 and voted on whether the Original would better facilitate the Applicable CUSC Objectives than the baseline and what option was best overall. Note vote 2 (does the WACM facilitate the objectives better than the Original) was not held due to no WACMs being proposed.
- 7.4 The voting record is detailed below.

Vote 1: does the original or WACM facilitate the objectives better than the Baseline?

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
Caroline Wright – National Grid					
Original	Y	-Neutral	Y	Y	Y
Voting Statement: The updated Original Proposal correctly reflects the required Licence changes.					

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
Garth Graham – SSE					
Original	Y	-Neutral	Y	Y	Y
Voting Statement: The updated Original Proposal correctly reflects the required Licence changes.					

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
James Anderson – Scottish Power					

Original	Y	-Neutral	Y	Y	Y
Voting Statement: The updated Original Proposal correctly reflects the required Licence changes.					

Vote 3: Which option is best?

Workgroup Member	BEST Option?
Caroline Wright – National Grid	Original
Garth Graham – SSE	Original
James Anderson – Scottish Power	Original

8 Impact and Assessment

Impact on the CUSC

- 8.1 Changes to Section 8 and 11 – please refer to section 4 and Annex 1 and Annex 2 for the legal text changes.

Consumer Impacts

- 8.2 The Proposer considers that this will not have any material impact on consumers from the implementation of this Modification.

Environment Impacts

- 8.3 The Workgroup has not assessed the impact on Greenhouse Gas Emissions.

Engagement with Authority

- 8.4 Ofgem has been fully engaged with the changes to the Codes and Licences that National Grid administer.

Impact on Core Industry Documents

- 8.5 None

Impact on other Industry Documents

8.6 None

9 Relevant Objectives

9.1 This Proposed Modification will better facilitate:

- **Applicable CUSC Objective (a)** 'the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence' by ensuring that the CUSC correctly reflects the conditions under which the Authority can raise or direct the licensee to raise Modifications relating to electricity regulation.
- **Applicable CUSC Objective (d)** 'promoting efficiency in the implementation and administration of the CUSC arrangements' by ensuring that the CUSC accurately reflects the provisions set out in Standard Licence Conditions to permit the Authority to raise Modification Proposals and SCR processes, ensuring such Modifications Proposals are progressed efficiently and effectively.

9.2 The proposed changes will aid the acceleration in the change process and enable more efficient delivery of priority Modifications.

9.3 The full set of proposed legal text changes are detailed on Ofgem's website:

www.ofgem.gov.uk/publications-and-updates/decision-modify-gas-and-electricity-licences-implement-code-governance-review-phase-3-final-proposals

10 Proposed Implementation and Transition

10.1 It is proposed that CMP272 is implementation by 14 March 2017.

11 Draft legal text changes for original proposal

11.1 Annex 1 contains the Original Draft Legal Text. Post the three Workgroup Meetings, which identified a number of amendments to the Original Proposal, Annex 2 contains the updated track marked legal changes. The full legal drafting provided by National Grid's legal department and has been developed in conjunction with Ofgem's legal department. This has been updated following discussions after the Workgroup meetings. These updates are described in sections 4 and 6 and shown in Tables 1-4 and 6.

12 Terms of Reference

Workgroup Terms of Reference and Membership

TERMS OF REFERENCE FOR CMP272

CMP272 seeks to implement the licence changes to the CUSC arising from Ofgem's Code Governance Review (Phase 3).

Responsibilities

1. The Workgroup is responsible for assisting the CUSC Modifications Panel in the evaluation of CUSC Modification Proposal **CMP272** tabled by National Grid at the Modifications Panel meeting on 14 December 2016.
2. The proposal must be evaluated to consider whether it better facilitates achievement of the Applicable CUSC Objectives. These can be summarised as follows:

Standard Applicable Objectives

- (a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission License;
 - (b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;
 - (c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency; and
 - (d) Promoting efficiency in the implementation and administration of the system charging methodology.
3. It should be noted that additional provisions apply where it is proposed to modify the CUSC Modification provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

Scope of work

4. The Workgroup must consider the issues raised by the Modification Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.
5. The Workgroup is responsible for the formulation and evaluation of any Workgroup Alternative CUSC Modifications (WACMs) arising from Group discussions which would, as compared with the Modification Proposal or the current version of the CUSC, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified.
6. The Workgroup should become conversant with the definition of Workgroup Alternative CUSC Modification which appears in Section 11 (Interpretation

and Definitions) of the CUSC. The definition entitles the Group and/or an individual member of the Workgroup to put forward a WACM if the member(s) genuinely believes the WACM would better facilitate the achievement of the Applicable CUSC Objectives, as compared with the Modification Proposal or the current version of the CUSC. The extent of the support for the Modification Proposal or any WACM arising from the Workgroup's discussions should be clearly described in the final Workgroup Report to the CUSC Modifications Panel.

7. Workgroup members should be mindful of efficiency and propose the fewest number of WACMs possible.
8. All proposed WACMs should include the Proposer(s)'s details within the final Workgroup report, for the avoidance of doubt this includes WACMs which are proposed by the entire Workgroup or subset of members.
9. There is an obligation on the Workgroup to undertake a period of Consultation in accordance with CUSC 8.20. The Workgroup Consultation period shall be for a period of **10 working days** as determined by the Modifications Panel.
10. Following the Consultation period the Workgroup is required to consider all responses including any WG Consultation Alternative Requests. In undertaking an assessment of any WG Consultation Alternative Request, the Workgroup should consider whether it better facilitates the Applicable CUSC Objectives than the current version of the CUSC.

As appropriate, the Workgroup will be required to undertake any further analysis and update the original Modification Proposal and/or WACMs. All responses including any WG Consultation Alternative Requests shall be included within the final report including a summary of the Workgroup's deliberations and conclusions. The report should make it clear where and why the Workgroup chairman has exercised his right under the CUSC to progress a WG Consultation Alternative Request or a WACM against the majority views of Workgroup members. It should also be explicitly stated where, under these circumstances, the Workgroup chairman is employed by the same organisation who submitted the WG Consultation Alternative Request.

11. The Workgroup is to submit its final report to the Modifications Panel Secretary on **10 February 2017** for circulation to Panel Members. The final report conclusions will be presented to the CUSC Modifications Panel meeting on **17 February 2017**.

Membership

12. It is recommended that the Workgroup has the following members:

Role	Name	Representing
Chairman	Nick Pittarello	National Grid
National Grid and Representative Proposer	Caroline Wright	National Grid
Industry Representatives	Garth Graham	SSE

Industry Representatives	James Anderson	Scottish Power
Authority Representatives	Nadir Hafeez	OFGEM
Technical secretary	Taran Heir	National Grid

NB: A Workgroup must comprise at least 4 members (who may be Panel Members). The roles identified with an asterisk in the table above contribute toward the required quorum, determined in accordance with paragraph 14 below.

13. The chairman of the Workgroup and the Modifications Panel Chairman must agree a number that will be quorum for each Workgroup meeting. The agreed figure for CMP272 is that at least FOUR Workgroup members must participate in a meeting for quorum to be met. On 5 January 2017 the CUSC Panel agreed to reduce the number of members to THREE due to no nominations being received.

14. A vote is to take place by all eligible Workgroup members on the Modification Proposal and each WACM. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference). The Workgroup chairman shall not have a vote, casting or otherwise]. There may be up to three rounds of voting, as follows:

- Vote 1: whether each proposal better facilitates the Applicable CUSC Objectives;
- Vote 2: where one or more WACMs exist, whether each WACM better facilitates the Applicable CUSC Objectives than the original Modification Proposal;
- Vote 3: which option is considered to BEST facilitate achievement of the Applicable CUSC Objectives. For the avoidance of doubt, this vote should include the existing CUSC baseline as an option.

The results from the vote and the reasons for such voting shall be recorded in the Workgroup report in as much detail as practicable.

15. It is expected that Workgroup members would only abstain from voting under limited circumstances, for example where a member feels that a proposal has been insufficiently developed. Where a member has such concerns, they should raise these with the Workgroup chairman at the earliest possible opportunity and certainly before the Workgroup vote takes place. Where abstention occurs, the reason should be recorded in the Workgroup report.

16. Workgroup members or their appointed alternate are required to attend a minimum of 50% of the Workgroup meetings to be eligible to participate in the Workgroup vote.

17. The Technical Secretary shall keep an Attendance Record for the Workgroup meetings and circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the final Workgroup report.

18. The Workgroup membership can be amended from time to time by the CUSC Modifications Panel.

Appendix 1

Proposed CMP272 Timetable

07 December 2016	CUSC Modification Proposal submitted
14 December 2016	CUSC Modification tabled at Panel meeting
19 December 2016	Panel's view on urgency submitted to Ofgem for consultation
19 December 2016	Request for Workgroup members (5 Working days)
06 January 2017	Workgroup meeting 1
10 January 2017	Workgroup Consultation issued (10 Working Days)
24 January 2017	Deadline for responses
27 January 2017	Workgroup meeting 2 (WG review Consultation Reponses) and agree options for WACMs and Voting
03 February 2017	Workgroup report issued to CUSC Panel
10 February 2017	Special CUSC Panel meeting to discuss Workgroup Report

10 February 2017	Code Administrator Consultation issued (5 Working days)
17 February 2017	Deadline for responses
17 February 2017	Draft FMR published for industry comment (2 Working days)
21 February 2017	Deadline for comments
21 February 2017	Draft FMR circulated to Panel
24 February 2017	CUSC Panel Recommendation vote
24 February 2017	FMR circulated for Panel comment (2 Working days)
28 February 2017	Deadline for Panel comment
28 February 2017	Final report sent to Authority for decision
07 March 2017	Indicative Authority Decision due (5 Working days)
14 March 2017	Implementation date (5 Working days later)

Annex 1 – Original Draft Legal Text

- (d) nothing in this Section 8 shall prevent a **Proposer** from submitting a revised proposal in compliance with the requirements of Paragraph 8.16.4 in respect of the same subject-matter.

8.16.6 Subject to Paragraph 8.17A.8 and without prejudice to the development of a **Workgroup Alternative CUSC Modification(s)** pursuant to Paragraphs 8.20.10 and 8.20.15, the **CUSC Modifications Panel** shall direct in the case of (a), and may direct in the case of (b), the **Panel Secretary** to reject a proposal pursuant to Paragraph 8.16, other than a proposal submitted by **The Company** pursuant to a direction issued by the **Authority** following a **Significant Code Review** in accordance with Paragraph 8.17.6, if and to the extent that such proposal has, in the opinion of the **CUSC Modifications Panel**, substantially the same effect as:

- (a) a **Pending CUSC Modification Proposal**; or
- (b) a **Rejected CUSC Modification Proposal**, where such proposal is made at any time within two (2) months after the decision of the **Authority** not to direct **The Company** to modify the **CUSC** pursuant to the **Transmission Licence** in the manner set out in such **CUSC Modification Proposal**,

and the **Panel Secretary** shall notify the **Proposer** accordingly.

8.16.7 Promptly upon receipt of a **CUSC Modification Proposal**, the **Panel Secretary** shall:

- (a) allocate a unique reference number to the **CUSC Modification Proposal**;
- (b) enter details of the **CUSC Modification Proposal** on the **CUSC Modification Register**.

| 8.16.8 Subject to Paragraphs 8.8.6, 8.29 and ~~8.2917B~~, where the **CUSC Modification Proposal** is received more than five (5) **Business Days** prior to the next **CUSC Modifications Panel** meeting, the **Panel Secretary** shall place the **CUSC Modification Proposal** on the agenda of the next **CUSC Modifications Panel** meeting and otherwise shall place it on the agenda of the next succeeding **CUSC Modifications Panel** meeting.

8.16.9 It shall be a condition to the right to make a proposal to modify the **CUSC** under this Paragraph 8.16 that the **Proposer**:

- (a) grants a non-exclusive royalty free licence to all **CUSC Parties** who request the same covering all present and future rights, **IPRs** and moral rights it may have in such proposal (as regards use or application in Great Britain); and
- (b) warrants that, to the best of its knowledge, information and belief, no other person has asserted to the **Proposer** that such person has any **IPRs** or normal rights or rights of confidence in such proposal,

and, in making a proposal, a **Proposer** which is a **CUSC Party** shall be deemed to have granted the licence and given the warranty in (a) and (b) above.

The provisions of this Paragraph 8.16.9 shall apply to any **WG Consultation Alternative Request**, and also to a **Relevant Party** supporting a **CUSC Modification Proposal** in place of the original Proposer in accordance with Paragraph 8.16.10 (a) for these purposes the term **Proposer** shall include any such **Relevant Party** or a person making such a **WG Consultation Alternative Request**.

8.16.10 Subject to Paragraph 8.17A.8 (which deals with rejection by the **Panel Secretary** of **CUSC Modification Proposals** which are necessary to comply with or implement the **Electricity Regulation** and/or any relevant legally binding decisions of the **European Commission** and/or the **Agency**), and Paragraph 8.17A.4 (which deals with withdrawal of an **CUSC Modification Proposal** in relation to a **Significant Code Review**) and Paragraph 8.17C.1 (which deals with the withdrawal of a **CUSC Modification Proposal** following a **Backstop Direction**) and Paragraph 8.17.7, (which deals with the withdrawal of a **CUSC Modification Proposal** made pursuant to a direction following a **Significant Code Review**), a **Proposer** may withdraw his support for a **Standard CUSC Modification Proposal** by notice to the **Panel Secretary** at any time prior to the **CUSC Modifications Panel Recommendation Vote** undertaken in relation to that **Standard CUSC Modification Proposal** pursuant to Paragraph 8.23.4, and a **Proposer** may withdraw his support for a **CUSC Modification Proposal** that meets the **Self-Governance Criteria** by notice to the **Panel Secretary** at any time prior to the **CUSC Modifications Panel Self-Governance Vote** undertaken in relation to that **CUSC Modification Proposal** pursuant to Paragraph 8.25.9, and a **Proposer** may withdraw his support for a **CUSC Modification Fast Track Proposal** by notice to the **Panel Secretary** at any time prior to the **Panel's** vote on whether to approve the **CUSC Modification Fast Track Proposal** pursuant to Paragraph 8.29 in which case the **Panel Secretary** shall forthwith:

- (a) notify those parties specified in Paragraph 8.16.1 as relevant in relation to the **CUSC Modification Proposal** in question (a "**Relevant Party**") that he has been notified of the withdrawal of support by the **Proposer** by publication on the **Website** and (where relevant details are supplied) by electronic mail. A **Relevant Party** may within five (5) **Business Days** notify the **Panel Secretary** that it is prepared to support the **CUSC Modification Proposal** in place of the original **Proposer**. If such notice is received, the name of such **Relevant Party** shall replace that of the original **Proposer** as the **Proposer**, and the **CUSC Modification Proposal** shall continue. If more than one notice is received, the first received shall be utilised;
- (b) if no notice of support is received under (a), the matter shall be discussed at the next **CUSC Modifications Panel** meeting. If the **CUSC Modifications Panel** so agrees, it may notify **Relevant Parties** that the **CUSC Modification Proposal** is to be withdrawn, and a further period of five (5) **Business Days** shall be given for support to be indicated by way of notice;
- (c) if no notice of support is received under (a) or (b), the **CUSC Modification Proposal** shall be marked as withdrawn on the **CUSC Modification Register**;

Code Administrator as Critical Friend

8.16.11 The **Code Administrator** shall provide assistance insofar as is reasonably practicable and on reasonable request to parties with an interest in the **CUSC Modification Process** (including, in particular, **Small Participants** and consumer representatives, and, for the purposes of preparing modifications to the **Charging Methodologies** only, **Materially Affected Parties**) that request it in relation to the **CUSC**, as provided for in the **Code Administration Code of Practice**, including, but not limited to, assistance with:

- (a) Drafting a **CUSC Modification Proposal** including, in relation to **Materially Affected Parties**, drafting a **CUSC Modification Proposal** in respect of the **Charging Methodologies**;
- (b) Understanding the operation of the **CUSC**;
- (c) Their involvement in, and representation during, the **CUSC Modification Process** (including but not limited to **CUSC Modifications Panel**, and/or **Workgroup** meetings) as required or as described in the **Code Administration Code of Practice**; and
- (d) Accessing information relating to the **Charging Statements** (subject to any charge made by **The Company** to cover its reasonable costs of providing the **Charging Statements** in accordance with Paragraph 8.16.12), and any amendment, revision or notice of proposed amendment to the **Charging Statements**, **CUSC Modification Proposals** and/or **CUSC Modifications Proposals** that have been implemented.

8.16.12 **The Company** may provide information in accordance with paragraphs 9 and 10 of standard condition C4 (Charges for use of system) and paragraphs 13 and 14 of standard condition C6 (Connection charging methodology) of the **Transmission Licence**; and insofar as reasonably practicable, the provision by **The Company** of such other information or assistance as a **Materially Affected Party** may reasonably request for the purposes of preparing a proposal to modify the **Charging methodologies**.

8.17 SIGNIFICANT CODE REVIEW

Significant Code Review Phase

- 8.17.1 If any party specified under Paragraph 8.16.1 makes a **CUSC Modification Proposal** during a **Significant Code Review Phase**, unless exempted by the **Authority** or unless Paragraph 8.17.4(b) applies, the **CUSC Modifications Panel** shall assess whether the **CUSC Modification Proposal** falls within the scope of a **Significant Code Review** and the applicability of the exceptions set out in Paragraph 8.17.4 and shall notify the **Authority** of its assessment, its reasons for that assessment and any representations received in relation to it as soon as practicable.
- 8.17.2 The **CUSC Modifications Panel** shall proceed with the **CUSC Modification Proposal** made during a **Significant Code Review Phase** in accordance with Paragraph 8.18 (notwithstanding any consultation undertaken pursuant to Paragraph 8.17.5 and its outcome), unless directed otherwise by the **Authority** pursuant to Paragraph 8.17.3.
- 8.17.3 Subject to Paragraph 8.17.4, the **Authority** may at any time direct that a **CUSC Modification Proposal** made during a **Significant Code Review Phase** falls within the scope of a **Significant Code Review** and must not be

made during the **Significant Code Review Phase**. If so directed, the **CUSC Modifications Panel** will not proceed with that **CUSC Modification Proposal**, and the **Proposer** shall decide whether the **CUSC Modification Proposal** shall be withdrawn or suspended until the end of the **Significant Code Review Phase**. If the **Proposer** fails to indicate its decision whether to withdraw or suspend the **CUSC Modification Proposal** within twenty-eight (28) days of the **Authority's** direction, it shall be deemed to be suspended. If the **CUSC Modification Proposal** is suspended, it shall be open to the **Proposer** at the end of the **Significant Code Review Phase** to indicate to the **CUSC Modifications Panel** that it wishes that **CUSC Modification Proposal** to proceed, and it shall be considered and taken forward in the manner decided upon by the **CUSC Modifications Panel** at the next meeting, and it is open to the **CUSC Modifications Panel** to take into account any work previously undertaken in respect of that **CUSC Modification Proposal**. If the **Proposer** makes no indication to the **CUSC Modifications Panel** within twenty-eight (28) days of the end of the **Significant Code Review Phase** as to whether or not it wishes the **CUSC Modification Proposal** to proceed, it shall be deemed to be withdrawn.

8.17.4 A **CUSC Modification Proposal** that falls within the scope of a **Significant Code Review** may be made where:

- (a) the **Authority** so determines, having taken into account (among other things) the urgency of the subject matter of the **CUSC Modification Proposal**; or
- (b) the **CUSC Modification Proposal** is made by **The Company** pursuant to Paragraph 8.17.6.

8.17.5 Where a direction under Paragraph 8.17.3 has not been issued, paragraph 8.17.4 does not apply and the **CUSC Modifications Panel** considers that a **CUSC Modification Proposal** made during a **Significant Code Review Phase** falls within the scope of a **Significant Code Review**, the **CUSC Modifications Panel** may consult on its suitability as part of the **Standard CUSC Modification Proposal** route set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.

End of Significant Code Review Phase

8.17.6 Within twenty-eight (28) days after the **Authority** has published its **Significant Code Review** conclusions, the **Authority** may:-

(a) issue to **The Company** directions, including directions to **The Company** to make **CUSC Modification Proposals**:-; or

(b) itself make a **CUSC Modification Proposal** arising from the relevant **Significant Code Review**

8.17.6A If the **Authority** issues a statement that it will continue work and/or issue a direction in accordance with Paragraph 8.17.6C, then the **Significant Code Review Phase** will be deemed to have ended when:

(a) the **Authority** issues a statement that the **Significant Code Review Phase** has ended;

(b) one of the circumstances in Paragraphs 8.17.6(a) or 18.17.8 occurs (irrespective of whether such circumstance occurs within 28 days after the

Authority has published its **Significant Code Review** conclusions); or

(c) the **Authority** makes a decision consenting or otherwise to the modification of the **CUSC** following the **CUSC Modification Panel's** submission of its report under Paragraph 8.17.6B.2.

8.17.7 Where the **Authority** issues directions pursuant to Paragraph 8.17.6(a), **The Company** shall comply with those directions and the **Significant Code Review Phase** shall be deemed to have ended on the date on which **The Company** makes a **CUSC Modification Proposal** in accordance with the **Authority's** directions.

Formatted: Font color: Auto

8.17.8 Where ~~The Company~~ the **Authority** makes a **CUSC Modification Proposal** in accordance with the **Authority's** directions pursuant to 8.17.6(b), the **Significant Code Review Phase** shall be deemed to have ended on the date on which the **Authority** makes such **CUSC Modification Proposal**.

Formatted: Font: Bold

Formatted: Font: Bold

8.17.6 8.17.9 Where a **CUSC Modification Proposal** is raised pursuant to Paragraph 8.17.6, that **CUSC Modification Proposal** shall be treated as a **Standard CUSC Modification Proposal** and shall proceed through the process for **Standard CUSC Modification Proposals** set out in Paragraphs 8.18, 8.19, 8.20, 8.22 and 8.23. ~~Such~~ **Authority** conclusions and directions shall not fetter the voting rights of the **Panel Members** or any recommendation it makes in relation to any **CUSC Modification Proposal** or the recommendation procedures informing the **CUSC Modification Report**.

Formatted: Indent: Left: 1.5 cm, Hanging: 1.48 cm, No bullets or numbering, No widow/orphan control, Tab stops: 1.5 cm, Left

~~8.17.7~~ 8.17.10 **The Company** may not, without the prior consent of the **Authority**, withdraw a **CUSC Modification Proposal** made pursuant to a direction issued by the **Authority** pursuant to Paragraph 8.17.6.

Formatted: Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Aligned at: 1.5 cm + Tab after: 3 cm + Indent at: 3 cm, No widow/orphan control

~~8.17.8~~ 8.17.11 If within twenty-eight (28) days after the **Authority** has published its **Significant Code Review** conclusions, the **Authority** issues to **The Company** a statement that no directions will be issued in relation to the **CUSC**, then the **Significant Code Review Phase** shall be deemed to have ended on the date of such statement.

Formatted: Indent: Left: 1.5 cm, Hanging: 1.5 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Aligned at: 1.5 cm + Tab after: 3 cm + Indent at: 3 cm

~~8.17.9~~ 8.17.12 Unless the **Authority** issues a statement in accordance with Paragraph 8.17.6A, if up to and including twenty-eight (28) days from the **Authority's** publication of its **Significant Code Review** conclusions, the **Authority** has issued to **The Company** neither directions pursuant to Paragraph 8.17.6, nor a statement pursuant to Paragraph 8.17.8, ~~nor has the Authority made a CUSC Modification Proposal as described in Paragraph 8.17.6(a)~~ then the **Significant Code Review Phase** will be deemed to have ended.

8.17A AUTHORITY RAISED OR DIRECTED MODIFICATION

8.17A.1 The **Authority** may:

(a) itself; or

(b) direct **The Company** to

raise a **CUSC Modification Proposal** that is in respect of a Significant Code Review or where the **Authority** reasonably

considers that such **CUSC Modification Proposal** is necessary to comply with or implement the **Electricity Regulation** and/or any relevant legally binding decisions of the European Commission and/or the **Agency**.

- 8.17A.2 **The Company** shall comply with any directions from the **Authority** in relation to setting and/or amending a timetable for;
- (a) the raising of a **CUSC Modification Proposal** pursuant to Paragraph 8.17A.1(b); and/or
- (b) where the **Authority** has approved a **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1, implementation of such **CUSC Modification Proposal**.
- 8.17A.3 In respect of a **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1, the **CUSC Modification Panel** shall comply with any timetable(s) directed by the **Authority** in relation to setting and/or amending a timetable for the completion of all relevant steps of the **CUSC Modification Process** or such other processes set out in this Section 8.
- 8.17A.4 Notwithstanding any other Paragraphs in this Section 8, a **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1:
- (a) shall not be withdrawn by the **Transmission Company** and/or the **CUSC Modification Panel** without the prior consent of the **Authority**.
- (b) shall not be amalgamated with any other **CUSC Modification Proposal** without the prior consent of the **Authority**.
- 8.17A.5 If, pursuant to paragraph 8.17A.4(a), the **Authority** consents to the withdrawal of a **CUSC Modification Proposal**, the provisions of Paragraph 8.16.10 shall apply to such **CUSC Modification Proposal**.
- 8.17A.6 In respect of any **CUSC Modification Proposal** which has been raised pursuant to Paragraph 8.17A.9, the views of the relevant **Workgroup**, the voting rights of the **CUSC Modifications Panel** or the recommendation of the **CUSC Modifications Panel** shall not be fettered or restricted notwithstanding that such **CUSC Modification Proposal** has been raised under Paragraph 8.17A.9.
- 8.17A.7 A **CUSC Modification Proposal** shall still be assessed against the **Self Governance Criteria** and **Fast Track Criteria** notwithstanding that it has been raised pursuant to Paragraph 8.17A.1.
- 8.17A.8 A **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1 shall not be rejected by the **Panel Secretary** pursuant to Paragraphs 8.16.5 or 8.16.6.
- 8.17A.9 In relation to any **CUSC Modification Proposal** raised by **The Company** other than pursuant to Paragraph 8.17A.1, where the **Authority** reasonably considers such **CUSC Modification Proposal** to be necessary to comply with or implement the **Electricity Regulation** and/or any relevant legally binding decision of the **European Commission** and/or the **Agency**, the provisions of

Paragraphs 8.17A.2 to 8.17A.8 shall apply.

8.17B AUTHORITY LED SCR MODIFICATION

8.17B.1 Where the **Authority** has issued a statement in accordance with Paragraph 8.17.6A and/or a **Backstop Direction** in accordance with Paragraph 8.17.6C, the **Authority** may submit an **Authority Led CUSC Modification Proposal** for an **Authority Led CUSC Modification** directly to the **CUSC Panel**.

8.17B.2 In response to an **Authority Led CUSC Modification Proposal** the **CUSC Panel** shall prepare an **Authority Led CUSC Modification Report** which shall include:

(a) an evaluation of the proposed modification; and

(b) an assessment of the extent to which the proposed modification would better facilitate achievement of the applicable **CUSC** objective(s); and

(c) a detailed explanation of the **CUSC Panel's** reasons for that assessment (such assessment to include, where the impact is likely to be material, an assessment of the proposal on greenhouse gas emissions, to be conducted in accordance with such guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the **Authority** from time to time); and

(d) a timetable for implementation of the modification, including the date with effect from which such modification could take effect.

8.17B.3 The **Authority Led CUSC Modification Report** shall be submitted to the **Authority** as soon after the **Authority Led CUSC Modification Proposal** is submitted for evaluation as is appropriate (taking into account the complexity, importance and urgency of the modification).

8.17B.4 The **Authority** can require the revision and re-submission of the **Authority Led CUSC Modification Report**, such resubmission to be made, if required by a direction issued by the **Authority** in accordance with Paragraph 8.23.12, as soon after the **Authority's** direction as is appropriate (taking into account the complexity, importance and urgency of the modification).

8.17B.5 The timetable referred to in Paragraph 8.17B.2 for implementation of any modification shall be in accordance with any direction(s) issued by the **Authority** for the implementation of a modification pursuant to Paragraph 8.17A.2, or where no such direction has been issued by the **Authority**, the timetable shall be such as will enable the modification to take effect as soon as practicable after the **Authority** has directed that such modification should be made, account being taken of the complexity, importance and urgency of the modification with the **Authority** having discretion to change the timetable.

8.17B.6 The timetable for the completion of the procedural steps for an **Authority Led CUSC Modification**, as outlined in Paragraphs 8.17B.2, 8.17B.3, 8.17B.4, shall be set by the **Authority** in its sole discretion.

8.17B.7 The **Authority's** published conclusions and **Authority Led CUSC Modification Proposal** shall not fetter the voting rights of the members of the **CUSC Panel** or the recommendation procedures informing the report

described at Paragraph 8.17B.2.

8.17C BACKSTOP DIRECTION

8.17C.1 Where a **CUSC Modification Proposal** has been made in relation to a **Significant Code Review** in accordance with Paragraph 8.17A.1 or 8.17B.1 the **Authority** may issue a direction (a "**Backstop Direction**"), which requires such proposal(s) and any alternatives to be withdrawn and which causes the **Significant Code Review** phase to recommence. Paragraph 8.16.10 shall not apply when a **Backstop Direction** is issued.

8.18 CUSC MODIFICATION PROPOSAL EVALUATION

8.18.1 This Paragraph 8.18 is subject to the **Urgent CUSC Modification Proposals** procedures set out in Paragraph 8.24 and the **Significant Code Review** procedures set out in Paragraph 8.17.

8.18.2 A **CUSC Modification Proposal** shall, subject to Paragraph 8.16.8, be discussed by the **CUSC Modifications Panel** at the next following **CUSC Modifications Panel** meeting convened.

8.18.3 The **Proposer's** representative shall attend such **CUSC Modifications Panel** meeting and the **CUSC Modifications Panel** may invite the **Proposer's** representative to present his **CUSC Modification Proposal** to the **CUSC Modifications Panel**.

8.18.4 The **CUSC Modifications Panel** shall evaluate each **CUSC Modification Proposal** against the **Self-Governance Criteria**.

8.18.5 The **CUSC Modifications Panel** shall follow the procedure set out in Paragraph 8.25 in respect of any **CUSC Modification Proposal** that the **CUSC Modifications Panel** considers meets the **Self-Governance Criteria** unless the **Authority** makes a direction in accordance with Paragraph 8.25.2 and in such a case that **CUSC Modification Proposal** shall be a **Standard CUSC Modification Proposal** and shall follow the procedure set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.

~~8.18.6~~ **8.18.6** Unless the **Authority** makes a direction in accordance with Paragraph 8.25.4, a **CUSC Modification Proposal** that the **CUSC Modifications Panel** considers does not meet the **Self-Governance Criteria** shall be a **Standard CUSC Modification Proposal** and shall follow the procedure set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.

~~8.18.7~~ **8.18.7** The **CUSC Modifications Panel** shall evaluate each **CUSC Modification Fast Track Proposal** against the **Fast Track Criteria**.

~~8.18.8~~ **8.18.8** The **CUSC Modifications Panel** shall follow the procedure set out in Paragraph 8.29 in respect of any **CUSC Modification Fast Track Proposal**. The provisions of Paragraphs 8.19 to 8.25 shall not apply to a **CUSC Modification Fast Track Proposal**.

8.19 PANEL PROCEEDINGS

Formatted: Outline numbered +
Level: 4 + Numbering Style: 1, 2, 3, ...
+ Aligned at: 1.5 cm + Tab after: 3
cm + Indent at: 3 cm

Formatted: Indent: Left: 1.5 cm,
Hanging: 1.48 cm, No bullets or
numbering

has undertaken all preparatory steps necessary to undertake the activity in 1 above; the date which is 30 days (or the first **Business Day** following this) from the date of payment of the **Cancellation Charge** by the **User**;

"Short Term Capacity"

the right to export on to the **National Electricity Transmission System** power in accordance with the provisions of **CUSC**;

"Significant Code Review"

a review of one or more matters which the **Authority** considers is likely to:

(a) relate to the **CUSC** (either on its own or in conjunction with other Industry Codes); and

(b) be of particular significance in relation to its principal objective and/or general duties (under section 3A of the Act), statutory functions and/or relevant obligations arising under EU law, and

concerning which the **Authority** has issued a notice to the **CUSC Parties** (among others, as appropriate) stating:

(i) that the review will constitute a significant code review;

(ii) the start date of the significant code review; and

(iii) the matters that will fall within the scope of the review;

"Significant Code Review Phase"

the period

commencing either:

(i) on the start date of **Significant Code Review** as stated in the notice issued by the **Authority**; or

Formatted: Outline numbered + Level: 6 + Numbering Style: i, ii, iii, ... + Aligned at: 4.5 cm + Tab after: 6 cm + Indent at: 6 cm

Formatted: Font: Not Bold

(ii) on the date the **Authority** makes a direction under Paragraph 8.17C (a "Backstop Direction"); or

and

Formatted: Indent: Left: 6 cm

ending either:

(a) on the date on which the **Authority** issues a statement that no directions will be issued in relation to the **CUSC**; or

(b) if no statement is made under Paragraph 8.17.11 or 8.17.6A (a), on the date on which **The Company** has made a **CUSC Modification Proposal** in accordance with Paragraph 8.17.6; or

the Authority makes a modification proposal in respect of a Significant Code Review under Paragraph 8.17A.1; or

(c) immediately, if neither a statement, a modification proposal nor directions are ~~issued-made~~ by the **Authority** up to and including twenty eight (28) days from the **Authority's** publication of its **Significant Code Review** conclusions; or

(d) if a statement has been made under Paragraph 8.17.6A or a direction has been made under Paragraph 8.17C (a "Backstop Direction"), on the date specified in accordance with Paragraph 8.17.6A.

"Site Common Drawings"

as defined in the **Grid Code**;

"Site Load"

the sum of the **BM Unit Metered Volumes (QM_{ij})**, expressed as a positive number, of **BM Units** within the **Trading Unit** with QM_i less than zero during the three **Settlement Periods** of the **Triad** (i.e. $\sum QM_{ij}$ where $QM_{ij} < 0$), which may comprise **Station Load** and **Additional Load**;

"Site Responsibility Schedule"

a schedule containing the information and prepared on the basis of the provisions set out in Appendix 1 of the **CC**;

"Site Specific Maintenance Charge"

the element of the **Connection Charges** relating to maintenance and repair calculated in accordance with the **Connection Charging Methodology**;

"Site Specific Requirements"

those requirements reasonably required by **The Company** in accordance with the **Grid Code** at the site of connection of a **Relevant Embedded Medium Power Station** or a **Relevant Embedded Small Power Station**;

"Small Independent Generating Plant"

a **Medium Power Station**;

"Small Participant"

(a) a generator, supplier, distributor, or new entrants to the electricity market in Great Britain that can demonstrate to the **Code Administrator** that it is resource-constrained and, therefore in particular need of assistance;

(b) any other participant or class of participant that the **Code Administrator** considers to be in particular need of assistance; and

(c) a participant or class of participant that the **Authority** has notified to the **Code Administrator** as being in particular need of assistance;

"Small Power Station"

as defined in the **Grid Code**;

"Small Power Station Trading"

a **Trading Party** trading on behalf of one or more **Small Power**

ANNEX 1 – INTERPRETATION AND DEFINITIONS

Insert the following new definitions in alphabetical order:

“Authority Led CUSC Modification”

a proposal to modify the **CUSC** which directly arises from a **Significant Code Review** and where the process of the modification is led by the **Authority** in accordance with its **SCR Guidance**;

“Authority Led CUSC Modification Proposal”

a proposal for an **Authority Led CUSC Modification** which has been submitted pursuant to and in accordance with Section 8 Paragraph 8.17B;

“Authority Led CUSC Modification Report”

means, in relation to an **Authority Led CUSC Modification Proposal**, the report prepared pursuant to and in accordance with Section 8 Paragraph 8.17B.2;

“Backstop Direction”

has the meaning given to it in Section 8 Paragraph 8.17C;

“SCR Guidance”

means a document of that title created and maintained by the **Authority** to provide guidance to interested parties on the conduct of a **Significant Code Review** by the **Authority**;

END OF SECTION 11

Formatted: Left

Formatted: Left

Annex 2 – Updated Original Draft Legal Text

- (d) nothing in this Section 8 shall prevent a **Proposer** from submitting a revised proposal in compliance with the requirements of Paragraph 8.16.4 in respect of the same subject-matter.

8.16.6 Subject to Paragraph 8.17A.8 and without prejudice to the development of a **Workgroup Alternative CUSC Modification(s)** pursuant to Paragraphs 8.20.10 and 8.20.15, the **CUSC Modifications Panel** shall direct in the case of (a), and may direct in the case of (b), the **Panel Secretary** to reject a proposal pursuant to Paragraph 8.16, other than a proposal submitted by **The Company** pursuant to a direction issued by the **Authority** following a **Significant Code Review** in accordance with Paragraph 8.17.6, if and to the extent that such proposal has, in the opinion of the **CUSC Modifications Panel**, substantially the same effect as:

- (a) a **Pending CUSC Modification Proposal**; or
- (b) a **Rejected CUSC Modification Proposal**, where such proposal is made at any time within two (2) months after the decision of the **Authority** not to direct **The Company** to modify the **CUSC** pursuant to the **Transmission Licence** in the manner set out in such **CUSC Modification Proposal**,

and the **Panel Secretary** shall notify the **Proposer** accordingly.

8.16.7 Promptly upon receipt of a **CUSC Modification Proposal**, the **Panel Secretary** shall:

- (a) allocate a unique reference number to the **CUSC Modification Proposal**;
- (b) enter details of the **CUSC Modification Proposal** on the **CUSC Modification Register**.

8.16.8 Subject to Paragraphs 8.8.6, 8.29 and 8.17B, where the **CUSC Modification Proposal** is received more than five (5) **Business Days** prior to the next **CUSC Modifications Panel** meeting, the **Panel Secretary** shall place the **CUSC Modification Proposal** on the agenda of the next **CUSC Modifications Panel** meeting and otherwise shall place it on the agenda of the next succeeding **CUSC Modifications Panel** meeting.

8.16.9 It shall be a condition to the right to make a proposal to modify the **CUSC** under this Paragraph 8.16 that the **Proposer**:

- (a) grants a non-exclusive royalty free licence to all **CUSC Parties** who request the same covering all present and future rights, **IPRs** and moral rights it may have in such proposal (as regards use or application in Great Britain); and
- (b) warrants that, to the best of its knowledge, information and belief, no other person has asserted to the **Proposer** that such person has any **IPRs** or normal rights or rights of confidence in such proposal,

and, in making a proposal, a **Proposer** which is a **CUSC Party** shall be deemed to have granted the licence and given the warranty in (a) and (b) above.

The provisions of this Paragraph 8.16.9 shall apply to any **WG Consultation Alternative Request**, and also to a **Relevant Party** supporting a **CUSC Modification Proposal** in place of the original Proposer in accordance with Paragraph 8.16.10 (a) for these purposes the term **Proposer** shall include any such **Relevant Party** or a person making such a **WG Consultation Alternative Request**.

8.16.10 Subject to Paragraph 8.17A.8 (which deals with rejection by the **Panel Secretary** of **CUSC Modification Proposals** which are necessary to comply with or implement the **Electricity Regulation** and/or any relevant legally binding decisions of the **European Commission** and/or the **Agency**), Paragraph 8.17A.4 (which deals with withdrawal of an **CUSC Modification Proposal** in relation to a **Significant Code Review**) and Paragraph 8.17C.1 (which deals with the withdrawal of a **CUSC Modification Proposal** following a **Backstop Direction**) and Paragraph 8.17.7, (which deals with the withdrawal of a **CUSC Modification Proposal** made pursuant to a direction following a **Significant Code Review**), a **Proposer** may withdraw his support for a **Standard CUSC Modification Proposal** by notice to the **Panel Secretary** at any time prior to the **CUSC Modifications Panel Recommendation Vote** undertaken in relation to that **Standard CUSC Modification Proposal** pursuant to Paragraph 8.23.4, and a **Proposer** may withdraw his support for a **CUSC Modification Proposal** that meets the **Self-Governance Criteria** by notice to the **Panel Secretary** at any time prior to the **CUSC Modifications Panel Self-Governance Vote** undertaken in relation to that **CUSC Modification Proposal** pursuant to Paragraph 8.25.9, and a **Proposer** may withdraw his support for a **CUSC Modification Fast Track Proposal** by notice to the **Panel Secretary** at any time prior to the **Panel's** vote on whether to approve the **CUSC Modification Fast Track Proposal** pursuant to Paragraph 8.29 in which case the **Panel Secretary** shall forthwith:

- (a) notify those parties specified in Paragraph 8.16.1 as relevant in relation to the **CUSC Modification Proposal** in question (a "**Relevant Party**") that he has been notified of the withdrawal of support by the **Proposer** by publication on the **Website** and (where relevant details are supplied) by electronic mail. A **Relevant Party** may within five (5) **Business Days** notify the **Panel Secretary** that it is prepared to support the **CUSC Modification Proposal** in place of the original **Proposer**. If such notice is received, the name of such **Relevant Party** shall replace that of the original **Proposer** as the **Proposer**, and the **CUSC Modification Proposal** shall continue. If more than one notice is received, the first received shall be utilised;
- (b) if no notice of support is received under (a), the matter shall be discussed at the next **CUSC Modifications Panel** meeting. If the **CUSC Modifications Panel** so agrees, it may notify **Relevant Parties** that the **CUSC Modification Proposal** is to be withdrawn, and a further period of five (5) **Business Days** shall be given for support to be indicated by way of notice;
- (c) if no notice of support is received under (a) or (b), the **CUSC Modification Proposal** shall be marked as withdrawn on the **CUSC Modification Register**;

Code Administrator as Critical Friend

8.16.11 The **Code Administrator** shall provide assistance insofar as is reasonably practicable and on reasonable request to parties with an interest in the **CUSC Modification Process** (including, in particular, **Small Participants** and consumer representatives, and, for the purposes of preparing modifications to the **Charging Methodologies** only, **Materially Affected Parties**) that request it in relation to the **CUSC**, as provided for in the **Code Administration Code of Practice**, including, but not limited to, assistance with:

- (a) Drafting a **CUSC Modification Proposal** including, in relation to **Materially Affected Parties**, drafting a **CUSC Modification Proposal** in respect of the **Charging Methodologies**;
- (b) Understanding the operation of the **CUSC**;
- (c) Their involvement in, and representation during, the **CUSC Modification Process** (including but not limited to **CUSC Modifications Panel**, and/or **Workgroup** meetings) as required or as described in the **Code Administration Code of Practice**; and
- (d) Accessing information relating to the **Charging Statements** (subject to any charge made by **The Company** to cover its reasonable costs of providing the **Charging Statements** in accordance with Paragraph 8.16.12), and any amendment, revision or notice of proposed amendment to the **Charging Statements**, **CUSC Modification Proposals** and/or **CUSC Modifications Proposals** that have been implemented.

8.16.12 **The Company** may provide information in accordance with paragraphs 9 and 10 of standard condition C4 (Charges for use of system) and paragraphs 13 and 14 of standard condition C6 (Connection charging methodology) of the **Transmission Licence**; and insofar as reasonably practicable, the provision by **The Company** of such other information or assistance as a **Materially Affected Party** may reasonably request for the purposes of preparing a proposal to modify the **Charging methodologies**.

8.17 SIGNIFICANT CODE REVIEW

Significant Code Review Phase

8.17.1 If any party specified under Paragraph 8.16.1 makes a **CUSC Modification Proposal** during a **Significant Code Review Phase**, unless exempted by the **Authority** or unless Paragraph 8.17.4(b) applies, the **CUSC Modifications Panel** shall assess whether the **CUSC Modification Proposal** falls within the scope of a **Significant Code Review** and the applicability of the exceptions set out in Paragraph 8.17.4 and shall notify the **Authority** of its assessment, its reasons for that assessment and any representations received in relation to it as soon as practicable.

8.17.2 The **CUSC Modifications Panel** shall proceed with the **CUSC Modification Proposal** made during a **Significant Code Review Phase** in accordance with Paragraph 8.18 (notwithstanding any consultation undertaken pursuant to Paragraph 8.17.5 and its outcome), unless directed otherwise by the **Authority** pursuant to Paragraph 8.17.3.

8.17.3 Subject to Paragraph 8.17.4, the **Authority** may at any time direct that a **CUSC Modification Proposal** made during a **Significant Code Review Phase** falls within the scope of a **Significant Code Review** and must not be

made during the **Significant Code Review Phase**. If so directed, the **CUSC Modifications Panel** will not proceed with that **CUSC Modification Proposal**, and the **Proposer** shall decide whether the **CUSC Modification Proposal** shall be withdrawn or suspended until the end of the **Significant Code Review Phase**. If the **Proposer** fails to indicate its decision whether to withdraw or suspend the **CUSC Modification Proposal** within twenty-eight (28) days of the **Authority's** direction, it shall be deemed to be suspended. If the **CUSC Modification Proposal** is suspended, it shall be open to the **Proposer** at the end of the **Significant Code Review Phase** to indicate to the **CUSC Modifications Panel** that it wishes that **CUSC Modification Proposal** to proceed, and it shall be considered and taken forward in the manner decided upon by the **CUSC Modifications Panel** at the next meeting, and it is open to the **CUSC Modifications Panel** to take into account any work previously undertaken in respect of that **CUSC Modification Proposal**. If the **Proposer** makes no indication to the **CUSC Modifications Panel** within twenty-eight (28) days of the end of the **Significant Code Review Phase** as to whether or not it wishes the **CUSC Modification Proposal** to proceed, it shall be deemed to be withdrawn.

8.17.4 A **CUSC Modification Proposal** that falls within the scope of a **Significant Code Review** may be made where:

- (a) the **Authority** so determines, having taken into account (among other things) the urgency of the subject matter of the **CUSC Modification Proposal**; or
- (b) the **CUSC Modification Proposal** is made by **The Company** pursuant to Paragraph 8.17.6.

8.17.5 Where a direction under Paragraph 8.17.3 has not been issued, paragraph 8.17.4 does not apply and the **CUSC Modifications Panel** considers that a **CUSC Modification Proposal** made during a **Significant Code Review Phase** falls within the scope of a **Significant Code Review**, the **CUSC Modifications Panel** may consult on its suitability as part of the **Standard CUSC Modification Proposal** route set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.

End of Significant Code Review Phase

8.17.6 Within twenty-eight (28) days after the **Authority** has published its **Significant Code Review** conclusions, the **Authority** may:-

(a) issue to **The Company** directions, including directions to **The Company** to make **CUSC Modification Proposals**;- or

(b) itself make a **CUSC Modification Proposal** arising from the relevant **Significant Code Review**

8.17.6A If the **Authority** issues a statement that it will continue work and/or issue a direction in accordance with Paragraph 8.17.6C, then the **Significant Code Review Phase** will be deemed to have ended when:

(a) the **Authority** issues a statement that the **Significant Code Review Phase** has ended;

(b) one of the circumstances in Paragraphs 8.17.6(a) or 8.17.8 occurs (irrespective of whether such circumstance occurs within 28 days after the

Authority has published its **Significant Code Review** conclusions); or

~~(c) the **Authority** makes a decision consenting or otherwise to the modification of the **CUSC** following the **CUSC Modification Panel's** submission of its report under Paragraph 8.17.6B..~~

8.17.7 Where the **Authority** issues directions pursuant to Paragraph 8.17.6(a) **The Company** shall comply with those directions and the **Significant Code Review Phase** shall be deemed to have ended on the date on which **The Company** makes a **CUSC Modification Proposal** in accordance with the **Authority's** directions.

8.17.8 Where ~~**The Company**~~ the **Authority** makes a **CUSC Modification Proposal** in accordance with the ~~**Authority's**~~ directions pursuant to 8.17.6(b), the **Significant Code Review Phase** shall be deemed to have ended on the date on which the **Authority** makes such **CUSC Modification Proposal**.

8.17.9 Where a **CUSC Modification Proposal** is raised pursuant to Paragraph 8.17.6, that **CUSC Modification Proposal** shall be treated as a **Standard CUSC Modification Proposal** and shall proceed through the process for **Standard CUSC Modification Proposals** set out in Paragraphs 8.18, 8.19, 8.20, 8.22 and 8.23. Such **Authority** conclusions and directions shall not fetter the voting rights of the **Panel Members** or any recommendation it makes in relation to any **CUSC Modification Proposal** or the recommendation procedures informing the **CUSC Modification Report**.

8.17.10 **The Company** may not, without the prior consent of the **Authority**, withdraw a **CUSC Modification Proposal** made pursuant to a direction issued by the **Authority** pursuant to Paragraph 8.17.6 (a).

8.17.11 If within twenty-eight (28) days after the **Authority** has published its **Significant Code Review** conclusions, the **Authority** issues to **The Company** a statement that no directions will be issued in relation to the **CUSC**, then the **Significant Code Review Phase** shall be deemed to have ended on the date of such statement.

8.17.12 ~~#~~Unless the **Authority** issues a statement in accordance with Paragraph 8.17.6A, if up to and including twenty-eight (28) days from the **Authority's** publication of its **Significant Code Review** conclusions, the **Authority** has issued to **The Company** neither directions pursuant to Paragraph 8.17.6 (a), nor a statement pursuant to Paragraph 8.17.811, nor has the **Authority** made a **CUSC Modification Proposal** as described in Paragraph 8.17.6(ab) then the **Significant Code Review Phase** will be deemed to have ended.

8.17A AUTHORITY RAISED OR DIRECTED MODIFICATION

8.17A.1 The **Authority** may:

(a) itself; or

(b) direct **The Company** to

raise a **CUSC Modification Proposal** that is in respect of a **Significant Code Review** or where the **Authority** reasonably considers that such **CUSC Modification Proposal** is necessary to

comply with or implement the **Electricity Regulation** and/or any relevant legally binding decisions of the European Commission and/or the **Agency**, or, pursuant to 8.17A.1(a) in respect of a Significant Code Review raise a Proposal.

- 8.17A.2 **The Company** shall comply with any directions from the **Authority** in relation to setting and/or amending a timetable for;
- (a) the raising of a **CUSC Modification Proposal** pursuant to Paragraph 8.17A.1(b); and/or
- (b) where the **Authority** has approved a **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1, implementation of such **CUSC Modification Proposal**.
- 8.17A.3 In respect of a **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1, the **CUSC Modification Panel** shall comply with any timetable(s) directed by the **Authority** in relation to setting and/or amending a timetable for the completion of all relevant steps of the **CUSC Modification Process** or such other processes set out in this Section 8.
- 8.17A.4 Notwithstanding any other Paragraphs in this Section 8, a **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1:
- (a) shall not be withdrawn by the **Transmission Company** and/or the **CUSC Modification Panel** without the prior consent of the **Authority**.
- (b) shall not be amalgamated with any other **CUSC Modification Proposal** without the prior consent of the **Authority**.
- 8.17A.5 If, pursuant to paragraph 8.17A.4(a), the **Authority** consents to the withdrawal of a **CUSC Modification Proposal**, the provisions of Paragraph 8.16.10 shall apply to such **CUSC Modification Proposal**.
- 8.17A.6 In respect of any **CUSC Modification Proposal** which has been raised pursuant to Paragraph 8.17A.9, the views of the relevant **Workgroup**, the voting rights of the **CUSC Modifications Panel** or the recommendation of the **CUSC Modifications Panel** shall not be fettered or restricted notwithstanding that such **CUSC Modification Proposal** has been raised under Paragraph 8.17A.9.
- 8.17A.7 A **CUSC Modification Proposal** shall still be assessed against the **Self Governance Criteria** and **Fast Track Criteria** notwithstanding that it has been raised pursuant to Paragraph 8.17A.1.
- 8.17A.8 A **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1 shall not be rejected by the **Panel Secretary** pursuant to Paragraphs 8.16.5 or 8.16.6.
- 8.17A.9 In relation to any **CUSC Modification Proposal** raised by **The Company** other than pursuant to Paragraph 8.17A.1, where the **Authority** reasonably considers such **CUSC Modification Proposal** to be necessary to comply with or implement the **Electricity Regulation** and/or any relevant legally binding decision of the **European Commission** and/or the **Agency**, the provisions of

Paragraphs 8.17A.2 to 8.17A.8 shall apply.

8.17B AUTHORITY LED SCR MODIFICATION

8.17B.1 Where the **Authority** has issued a statement in accordance with Paragraph 8.17.6A and/or a **Backstop Direction** in accordance with Paragraph 8.17C, the **Authority** may submit an **Authority Led CUSC Modification Proposal** for an **Authority Led CUSC Modification** directly to the **CUSC Panel**.

8.17B.2 In response to an **Authority Led CUSC Modification Proposal** the **CUSC Panel** shall prepare an **Authority Led CUSC Modification Report** which shall include all the items listed in 8.23.2 (a)-(k) and in particular, as identified in the Licence:

(a) an evaluation of the proposed modification; and

(b) an assessment of the extent to which the proposed modification would better facilitate achievement of the applicable **CUSC** objective(s); and

(c) a detailed explanation of the **CUSC Panel's** reasons for that assessment (such assessment to include, where the impact is likely to be material, an assessment of the proposal on greenhouse gas emissions, to be conducted in accordance with such guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the **Authority** from time to time); and

(d) a timetable for implementation of the proposed modification, including the date with effect from which such proposed modification could take effect.

8.17B.3 The **Authority Led CUSC Modification Report** shall be submitted to the **Authority** taking into account the complexity, importance and urgency of the proposed modification, and in accordance with the time periods specified in the CUSC, which shall not be extended unless approved by the Panel and not objected to by the Authority after receiving notice in accordance with the timetable set by the Authority in Paragraph 8.17B.6.

8.17B.4 The **Authority** can require the revision and re-submission of the **Authority Led CUSC Modification Report**, such resubmission to be made, if required by a direction issued by the **Authority** in accordance with Paragraph 8.23.12, as soon after the **Authority's** direction as is appropriate taking into account the complexity, importance and urgency of the proposed modification and in accordance with the time periods specified in the CUSC, which shall not be extended unless approved by the Panel and not objected to by the Authority after receiving notice in accordance with the timetable set by the Authority in Paragraph 8.17B.6.

8.17B.5 The timetable referred to in Paragraph 8.17B.2 (d) for implementation of any proposed modification shall be in accordance with any direction(s) issued by the **Authority** for the implementation of a proposed modification pursuant to Paragraph 8.17A.2, or where no such direction has been issued by the **Authority**, the timetable shall be such as will enable the modification to take effect as soon as practicable after the **Authority** has directed that such modification should be made, account being taken of the complexity, importance of the proposed modification and in accordance with the time periods specified in the CUSC, which shall not be extended unless approved

by the Panel and not objected to by the Authority after receiving notice with the Authority having discretion to change the timetable.

8.17B.6 The timetable for the completion of the procedural steps for an **Authority Led CUSC Modification**, as outlined in Paragraphs 8.17B.2, 8.17B.3, 8.17B.4, shall be set by the **Authority** in its sole discretion.

8.17B.7 The **Authority's** published conclusions and directions and the **Authority Led CUSC Modification Proposal** shall not fetter the voting rights of the **Panel Members** or any recommendation it makes in relation to any **Authority Led CUSC Modification Proposal** or the procedures informing the report described at Paragraph 8.17B.2.

8.17C BACKSTOP DIRECTION

8.17C.1 Where an **CUSC Modification Proposal** has been made in relation to a **Significant Code Review** in accordance with Paragraph 8.17A.1 ~~or 8.17B.1~~, the **Authority** may issue a direction (a "**Backstop Direction**"), which requires such proposal(s) and any alternatives to be withdrawn and which causes the **Significant Code Review** phase to recommence. ~~Paragraph 8.16.10 shall not apply when a Backstop Direction is issued.~~

8.18 CUSC MODIFICATION PROPOSAL EVALUATION

8.18.1 This Paragraph 8.18 is subject to the **Urgent CUSC Modification Proposals** procedures set out in Paragraph 8.24 and the **Significant Code Review** procedures set out in Paragraph 8.17.

8.18.2 A **CUSC Modification Proposal** shall, subject to Paragraph 8.16.8, be discussed by the **CUSC Modifications Panel** at the next following **CUSC Modifications Panel** meeting convened.

8.18.3 The **Proposer's** representative shall attend such **CUSC Modifications Panel** meeting and the **CUSC Modifications Panel** may invite the **Proposer's** representative to present his **CUSC Modification Proposal** to the **CUSC Modifications Panel**.

8.18.4 The **CUSC Modifications Panel** shall evaluate each **CUSC Modification Proposal** against the **Self-Governance Criteria**.

8.18.5 The **CUSC Modifications Panel** shall follow the procedure set out in Paragraph 8.25 in respect of any **CUSC Modification Proposal** that the **CUSC Modifications Panel** considers meets the **Self-Governance Criteria** unless the **Authority** makes a direction in accordance with Paragraph 8.25.2 and in such a case that **CUSC Modification Proposal** shall be a **Standard CUSC Modification Proposal** and shall follow the procedure set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.

8.18.6 Unless the **Authority** makes a direction in accordance with Paragraph 8.25.4, a **CUSC Modification Proposal** that the **CUSC Modifications Panel** considers does not meet the **Self-Governance Criteria** shall be a **Standard CUSC Modification Proposal** and shall follow the procedure set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.

8.18.7 The **CUSC Modifications Panel** shall evaluate each **CUSC Modification**

has undertaken all preparatory steps necessary to undertake the activity in 1 above; the date which is 30 days (or the first **Business Day** following this) from the date of payment of the **Cancellation Charge** by the **User**;

"Short Term Capacity"

the right to export on to the **National Electricity Transmission System** power in accordance with the provisions of **CUSC**;

"Significant Code Review"

a review of one or more matters which the **Authority** considers is likely to:

(a) relate to the **CUSC** (either on its own or in conjunction with other Industry Codes); and

(b) be of particular significance in relation to its principal objective and/or general duties (under section 3A of the Act), statutory functions and/or relevant obligations arising under EU law, and

concerning which the **Authority** has issued a notice to the **CUSC Parties** (among others, as appropriate) stating:

(i) that the review will constitute a significant code review;

(ii) the start date of the significant code review; and

(iii) the matters that will fall within the scope of the review;

"Significant Code Review Phase"

the period

commencing **either:**

(i) on the start date of a **Significant Code Review** as stated in the notice issued by the **Authority**; **or**

(ii) on the date the **Authority** makes a direction under Paragraph 8.17C (a "**Backstop Direction**")

and

ending either:

(a) on the date on which the **Authority** issues a statement that no directions will be issued in relation to the **CUSC**; or

(b) if no statement is made under Paragraph 8.17.11 or 8.17.6A, on the date on which **The Company** has made a **CUSC Modification Proposal** in accordance with Paragraph 8.17.6, or the **Authority**

~~makes a modification proposal in respect of a **Significant Code Review** under Paragraph 8.17A.1; or if the **Authority** issues a statement that it will continue work and/or issues a **Backstop Direction**, either:~~

~~(i) when the **Authority** issues a statement that the **Significant Code Review Phase** has ended; or~~

~~(c) immediately, if neither a statement, a modification proposal nor directions are made by the **Authority** up to and including twenty eight (28) days from the **Authority's** publication of its **Significant Code Review** conclusions; or~~

~~(d) if a statement has been made under Paragraph 8.17.6A or a direction has been made under Paragraph 8.17C (a "**Backstop Direction**"), on the date specified in accordance with Paragraph 8.17.6A.ii) a **CUSC Modification Proposal** or an **Authority Led CUSC Modification Proposal** is raised in relation to a **Significant Code Review** in accordance with Paragraph 8.17A.1 (irrespective of whether this is within 28 days after the **Authority** has published its **Significant Code Review** conclusions); or~~

~~(iii) the **Authority** makes a decision consenting or otherwise to the modification of the **CUSC** following the **CUSC Modification Panel's** submission of its report under Paragraph 8.17B.3.~~

~~(c) if no statement is made under Paragraph (a) above, 8.17.11 or 8.17.6A, on the date on which **The Company** has made a **CUSC Modification Proposal** in accordance with Paragraph 8.17A.1 8.17.6, or the **Authority** makes a modification proposal in respect of a **Significant Code Review** under Paragraph 8.17A.1; or~~

~~(dc) immediately, if neither a statement, a modification proposal nor directions are made by the **Authority** up to and including twenty eight (28) days from the **Authority's** publication of its **Significant Code Review** conclusions; or~~

~~(d) if a statement has been made under Paragraph [] 8.17.6A or a direction has been made under Paragraph 8.17C (a "**Backstop Direction**"), on the date specified in accordance with Paragraph 8.17.6A[].~~

"Site Common Drawings"

as defined in the **Grid Code**;

"Site Load"

the sum of the **BM Unit Metered Volumes (QM_{ij})**, expressed as a positive number, of **BM Units** within the **Trading Unit** with QM_i less than zero during the three **Settlement Periods** of the **Triad** (i.e. $\sum QM_{ij}$ where $QM_{ij} < 0$), which may comprise **Station Load** and **Additional Load**;

ANNEX 1 – INTERPRETATION AND DEFINITIONS

Insert the following new definitions in alphabetical order:

“Authority Led CUSC Modification”	a proposal to modify the CUSC which directly arises from a Significant Code Review and where the process of the modification is led by the Authority in accordance with its SCR Guidance ;
“Authority Led CUSC Modification Proposal”	a proposal for an Authority Led CUSC Modification which has been submitted pursuant to and in accordance with Section 8 Paragraph 8.17B;
“Authority Led CUSC Modification Report”	means, in relation to an Authority Led CUSC Modification Proposal , the report prepared pursuant to and in accordance with Section 8 Paragraph 8.17B.2;
“Backstop Direction”	has the meaning given to it in Section 8 Paragraph 8.17C;
“SCR Guidance”	means <u>any</u> document of that title created, published and maintained <u>as amended from time to time</u> , by the Authority to provide guidance to interested parties on the conduct of a Significant Code Review by the Authority ;

END OF SECTION 11

Annex 3 – Ofgem’s Urgency response



Making a positive difference
for energy consumers

Michael Toms
CUSC Panel Chair
c/o National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick CV34 6DA

Direct dial: 0141 331 6007
Email: Lesley.Nugent@ofgem.gov.uk

Date: 20 December 2016

Dear Mike,

CUSC Modifications Panel request on urgency for CMP272 'Aligning Condition C5 and C10 of the CUSC to the licence changes introduced by the Code Governance Review Phase 3'

On 8 December 2016, National Grid (the 'Proposer') raised Connection and Use of System Code ('CUSC') modification proposal CMP272 'Aligning Condition C5 and C10 of the CUSC to the licence changes introduced by the Code Governance Review Phase 3'. CMP272 seeks to reflect changes in the transmission licence introduced by the Code Governance Review (Phase 3) – namely the Significant Code Review process – into the CUSC and in particular sections 8 and 11 of the CUSC.

The Proposer requested that CMP272 be treated as Self-Governance. At a CUSC Panel meeting on 14 December, the CUSC Modifications Panel (the 'Panel') did not consider that CMP272 met the Self-Governance criteria and recommended that CMP272 be developed by a Workgroup following an urgent timetable.

On 19 December 2016, you wrote to inform us of the Panel's majority view that CMP272 should be treated as urgent as there is a requirement to implement these changes within the CUSC by 31 March 2017.

This letter **gives our approval** for CMP272 to be progressed on an urgent basis, following the Panel's proposed timetable set out in the Appendix to your letter.

Our decision

We have considered the request and views of the Panel on urgency. On balance, we consider that the proposed modification does meet our criteria for urgency. Specifically, we view CMP272 as addressing "...a current issue that if not urgently addressed may cause a party to be in breach of any legal requirement".¹ The legal requirement in this instance being the licence obligation to have in place the corresponding changes (introduced by the Code Governance Review (Phase 3)) in the CUSC by 31 March 2017.

We note that the CUSC modification process is designed to allow sufficient opportunity for industry to consider, and submit their views about, a modification proposal. We

¹ https://www.ofgem.gov.uk/system/files/docs/2016/02/160217_urgency_letter_and_amended_criteria_2.pdf

consider that this should apply in the case of CMP272, albeit based on an accelerated urgent timetable as supported by the majority of the Panel. We note that CMP272 was originally raised on 29 September but withdrawn as a result of inaccuracies. We are disappointed that the Proposer delayed bringing this modification to the Panel giving rise to the need for an urgent timetable to be requested.

In granting this request for urgency, we have made no assessment of the merits of the proposal and nothing in this letter in any way fetters our discretion in respect of this proposal.

Yours sincerely,

Lesley Nugent
Head, Industry Codes & Licensing
Duly authorised on behalf of the Authority

Annex 4 – Workgroup attendance register

A – Attended

X – Absent

O – Alternate

D – Dial-in

Name	Organisation	Role	6 January 2017	26 January 2017	31 January 2017	3 February 2017
Nick Pittarello	National Grid	Chair	A/D	A	X	A
Taran Heir	National Grid	Technical Secretary (Alternate Chair)	A/D	X	A	A
Caroline Wright	National Grid	Proposer	A/D	A	X	A
John Martin	National Grid	Alternate Proposer	X	X	A	X
Garth Graham	SSE	Workgroup Member	A/D	A/D	A	A/D
James Anderson	Scottish Power	Workgroup Member	A/D	A/D	A/D	A/D
Nadir Hafeez	Ofgem	Workgroup Observer	A/D	A/D	A/D	A/D