

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	221
<b>Date of meeting</b>	27 April 2018
<b>Location</b>	National Grid House

## Attendees

Name	Initials	Position
Trisha McAuley	TM	Panel Chair
Chrissie Brown	CB	Code Administrator (Interim)
Joseph Henry	JH	Panel Secretary
Shazia Akhtar	SA	Code Administrator (Observer)
Nadir Hafeez	NH	Authority Representative
Louise Schmitz	LS	National Grid Panel Member
Garth Graham	GG	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Simon Lord	SL	Users' Panel Member
Robert Longden	RL	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Nick Rubin (dial-in)	NR	ELEXON
Damien Clough	DC	ELEXON (Observer)
Kate Dooley (dial-in)	KD	Users Panel Member Alternate
Andy Pace	AP	Consumers' Panel Member
Trevor Rhodes	TR	Users Panel Alternate
Michael Jenner	MJ	User's Panel Member Alternate
John Twomey	JT	National Grid
Angela Quinn	AQ	National Grid Legal
Rachel Tullis	RT	National Grid (Proposer)
John Martin	JM	National Grid (Proposer)
Urmi Mistry	RT	National Grid (Proposer)

## 1 Introductions and Apologies for Absence

Apologies were received from Laurence Barrett and Robert Longden. Trevor Rhodes and Michael Jenner attended as their alternates. Shazia Akhtar was introduced as a new member of the Code Governance team who will be working on CUSC moving forward. Nick Rubin advised that Damien Clough, also of Elexon, had dialled into the meeting with him as an observer.

## 2 Approval of previous meeting Minutes

7332. The minutes from the CUSC Panel meeting held on 23 March 2018 were approved on the basis that amendments sent in by NH, LS and GG had been incorporated. JH confirmed that they had duly been incorporated.

7333. LS and GG briefly discussed an issue arising from the minutes, namely minute 7265. LS advised GG that she may have misunderstood GG request in terms of providing written confirmation of what connection agreements are in place for storage. LS stated that she was of the opinion that the minutes of the previous Panel meeting would be sufficient to meet the request of GG. TM opened this up to Panel members, who concurred that the minutes were sufficient.

### 3 Prioritisation

7334. TM recapped that Panel had agreed the rationale at last Panel meeting in April. TM thanked the group who met, as instructed per action detailed in Minute 7277. JT recapped that complexity, importance and urgency as the preferred approach as opposed to bullet points or a scoring methodology, and this was in tune with what was previously requested by the Panel in March.

7335. JT communicated that new resource has been agreed for the Code Governance team. JT stated that there would be an additional four team members added to the pre-existing structure, and has reinforced to The Company that in flight and anticipated workload made this new resource a requisite. JT explained to Panel that recruitment is currently ongoing, and once completed this would take the team headcount to an additional 5 FTE over the previous levels in financial year 2017/18.

7336. AP requested if the priority tick boxes highlighted to Panel in March's meeting would continue, and if there would be any scoring mechanism implemented to help with prioritisation. JT responded by stating that increased onus would be placed on "judgement calls" as opposed to "tick boxing" exercise. TM reiterated this, saying that she saw these new points agreed by the sub group of Panel members instigated as a result of Minute 7277 as high level guidance, which would better interface with industry as opposed to scoring or weighting. AP stated that he agreed.

7337. GG discussed a hypothetical scenario whereby a charging modification could potentially be raised as well as non-charging modification in terms of urgency. GG explained that both modifications could theoretically be applied before the next April charging year, but charging modifications may need to be progressed prior to this date in order to be in place for the requisite impacts to take effect. GG furthered this point by explaining that the mutual relationships between modifications could potentially see a scenario where one modification could potentially impinge on another if progressed prior to it, but not vice versa. JT agreed, and said this would be refined as the process moves forward. TM stated that it was her opinion that it was a benefit that Panel has a high level view of such contingencies.

7338. CB highlighted the Code Administrator consultation workload in May and June 2018. A slide was shown to the Panel illustrating this. GG asked where CMP295 and CMP298 were on this slide. CB confirmed this specific slide was based on modifications that were to be progressed to the Code Administrator Consultation stage gate, and that the proposers of the aforementioned modifications envisaged that the modifications would require work groups, subject to Panel approval at a later point in this meeting.

7339. JT talked the Panel through the latest prioritisation stack. It was explained that the modifications due to be raised at Panel later in the meeting have been added to the stack at the bottom in terms of priority, but this would change pending Panel decisions on how the modifications would progress. GG stated that further input would be given regarding this during the meeting.

7340. NR enquired whether the new Code Administrator resource would reduce the need to prioritise modifications. JT stated that he would not expect the current need to prioritise modifications to change due to the volume of modifications in flight currently, and the modifications in the pipeline. JT also highlighted that the pressure on industry resource due to the current volume of modifications was not insignificant, and hence prioritisation would still be relevant. This was echoed by TM who stated that prioritisation would still be needed, regardless of any developments in regards to resource.

#### 4 Review of Actions

7341. **Minute 7528 – JT and NH to confirm implementation date of Consultative Board**

NH explained that the Authority did not prioritise the implementation of the Consultative Board in its Forward Work Plan and therefore this piece of work was 'on hold'. Consequentially, the Panel decided that this action should be closed down accordingly after TM posed the question in regards to continuation of the action.

7342. **Minute 7264 - NH to clarify Ofgem position on GC0100-102 submission to the European Commission**

NH explained to the Panel that the Authority's Legal team were making further checks into this matter and he would update in due course. **Action to remain open in the interim period.**

7343. **Minute 7277: JT, RL, LB and GG to convene action group after JT circulates his work. Action Group to draft explanatory definitions of urgency, complexity and importance that could guide the Panel in future prioritisation discussions.**

As detailed in minute 7344, the above mentioned Panel members met to discuss definitions of urgency, complexity and importance. As such, this action was agreed by the Panel to be complete and was subsequently closed.

7344. **Minute 7294: CB to find out timescales for CMP285 legal text to be provided**

CB advised the Panel that the legal text for CMP285 was still under review by the National Grid legal team. **Action to remain open in the interim period.**

7345. **Minute 7308: GG to seek Workgroup members for CMP291 and Code Administrator to extend nomination period by two weeks.**

CB advised the Panel that the requisite number of Workgroup members to form a quorum for CMP291 has now been found, and that the modification would now be progressed to Workgroup stage, in line with prioritisation work. As a result, this action was closed accordingly.

#### 5 In flight Modifications

7346. LS stated that she believed that the In Flight Modifications 'Plan on a Page', a visual which details where each specific modification currently sits, would better serve the Panel if it was to be presented at the end of the In Flight Modifications section of each CUSC Panel Meeting. The Panel agreed with LS assessment.

7347. **CMP271 'Improving the cost reflectivity of demand transmission charges'**. This CUSC modification Proposal aims to improve the cost reflectivity of demand transmission charges.

**And**

7348. **CMP274 'Winter TNUoS Time of Use Tariff (TToUT) for Demand TNUoS'**. This CUSC modification Proposal aims to improve the cost reflectivity of demand transmission charges.

**And**

7349. **CMP276 Socialising TO costs associated with "green policies"**. CMP276 proposes a reduction in the demand residual element of the TNUoS £/kW ("Triad") charge by creating two new charge lines for all demand offtakes:

- (i) With the level of charge based on a fixed charge per MPAN (or alternatively the import meter size of each consumer) and;
- (ii) A simple per kWh charge on all consumers.

7350. CB advised the Panel that CMP271, CMP274 and CMP276 are still on hold, and that the Code Administrator will continue to update the Panel on any progress in this area. CB advised the Panel that time may be better used if an update on these modifications was only to be given when there is some movement, as they are contingent on the scope of the Targeted Charging Review/Significant Code Review that The Authority are currently looking into. TM asked NH whether this would be a lengthy process, to which NH advised that it would. LS stated that The Authority had indicated that there would be a consultation in summer 2018 around this, to which TR advised that he believed that we may not see any movement of this until September, despite The Authority initially indicating a final consultation in Q2 of 2018.

7351. **CMP275 'Transmission generator benefits in the provision of ancillary and balancing services – levelling the playing field'**. CMP275 seeks that a principle of financial mutual exclusivity is introduced to prevent BM units from accessing multiple sources of duplicate and overlapping revenue from ancillary services on the same asset.

7352. JH gave a presentation to the Panel around CMP275. Panel were advised that the Workgroup met on 26 March 2018 and voted on the original modification proposal as raised by UK Power Reserve and four potential WACMs, three raised by the proposer and one by National Grid. The Workgroup voted against the three alternate solutions raised by UK Power Reserve. National Grid's alternate proposal became WACM1 as it was supported by the majority of the Workgroup as detailed in the Workgroup Report submitted to the CUSC Panel.

7353. JH advised the Panel that current baseline was voted, by majority of the Workgroup as better than both the original proposal and WACM1. JH continued through the presentation and illustrated to the Panel how the agreed Terms of Reference were met

by the Workgroup. The Panel was asked by JH if the modification could move to Code Administrator Consultation stage. The Panel had received the papers and copy of the latest CMP275 report less than 5 working days prior to the Panel meeting, and the Panel were asked by TM if they had had sufficient time to review the contents. Some Panel members had stated that they had not. Panel were given until 12 noon on 4 May 2018 to review accordingly. It was agreed by the Panel members that if they had no further comment, CMP 275 could proceed to the Code Administrator Consultation stage gate, with said consultation to be published by 5pm on 8 May 2018, giving Industry the standard 15 Working Day timescale in which to respond.

**Action: Panel Members to provide comment on CMP275 if necessary by 4 May 2018; Code Administrator to publish Code Administrator Consultation with Standard Timescales for response (15 Working Days).**

7354. As an aside, GG mentioned that he believed that prior to the legal separation between National Grid System Operator, and National Grid Transmission Owner, that reference to both parties, in CUSC documentation etc., should be identified as such as opposed to both being referred to as 'NGET' in the interim to reflect the planned legal separation. LS stated that she agreed with GG.

**Action: Code Administrator to Ensure all references to NGET identify if it is 'SO' or 'TO' moving forwards.**

7355. **CMP280 'Creation of a New Generator TNUoS Demand Tariff which Removes Liability for TNUoS Demand Residual Charges from Generation and Storage Users'**. CMP280 aims to remove liability from Generator and Storage Parties for the Demand Residual element of the TNUoS tariff.

**And**

**CMP281 'Removal of BSUoS Charges From Energy Taken From the National Grid System by Storage Facilities'**. CMP281 aims to remove liability from storage facilities for Balancing Services Use of System (BSUoS) charges on imports.

7356. JH advised the Panel that the next Workgroup for CMP280 and CMP281 was arranged for 10 May 2018, and that the Workgroup would be sent a finalised agenda and collated feedback on the Working group report 5 working days prior. It was advised that no extension was required at the moment, but JH did advise that new timelines could be presented to the Panel at May's meeting pending the outcomes of the discussions held on 10 May 2018.

7357. **CMP285 'CUSC Governance Reform – Levelling the Playing Field'**. CMP285 seeks to reform CUSC governance to enhance the independence and diversity of Panel members and ensure wider engagement from CUSC signatories.

7358. As Minute Number 7342, Panel were advised by JH that draft legal text was with National Grid legal team for review, and it was hoped that the Workgroup would be able to see this prior to May's meeting.

7359. **CMP286 'Improving TNUoS Predictability through Increased Notice of the Target Revenue used in the TNUoS Tariff Setting Process'**. The purpose of this modification proposal is to improve the predictability of TNUoS demand charges by

bringing forward the date at which the target revenue used in TNUoS tariff setting is fixed to allow customer prices to more accurately reflect final TNUoS rates.

**And**

7360. **CMP287 ‘Improving TNUoS Predictability through Increased Notice of Inputs Used in the TNUoS Tariff Setting Process’.** The purpose of this modification proposal is to improve the predictability of TNUoS demand charges by bringing forward the date at which certain parameters used in TNUoS tariff setting (such as demand forecasts) are fixed to allow customer prices to more accurately reflect final TNUoS rates.
7361. JH advised the Panel that the Workgroup was due to meet on 18 May 2018 at National Grid House. Due to there being issues around CUSC parties being tentative around releasing commercially sensitive data around risk premia, the progress of this modification has been delayed, and the Panel agreed timelines were looking to be unlikely to be met. JH advised that after conversations with the proposer, that the Panel were requested to give a three month extension to the timelines to allow the Workgroup to meet again and iron out any potential issues which were impinging on the progress of the modification.
7362. Panel began by discussing the merits of the requested extension. AP asked JH for some information on how the extension would benefit the modification process, and if it would indeed give the time needed for CMP286 and CMP287 Workgroup to resolve these issues, especially as the disclosure of commercially sensitive information by the participants had previously been an issue. GG explained that risk premia should reduce over time. LS stated that the Workgroup had previously asked to give numerical values. LS stated CMP250 presented several issues in terms of providing anything quantitative in terms of analysis, and that further analysis would be needed by Workgroup.
7363. TM asked the Panel to decide on whether to grant the extension requested. The Panel confirmed that they were happy to grant the extension as requested. AP stated that he was happy to grant this extension as long as the Workgroup were reminded of the timescales and the need progress the modification onwards. GG stated that it should be highlighted to the Proposer that Ofgem could be asked if they could add data to help the issue.
7364. **CMP288 ‘Explicit Charging Arrangements for Customer Delays’.** The purpose of this modification is to introduce explicit charging arrangements to recover additional costs incurred by Transmission Owners and TNUoS liable parties as a result of transmission works undertaken early due to a User initiated delay to the Completion Date of the works, or to facilitate a backfeed.

**AND**

7365. **CMP289 ‘Consequential change to support the introduction of explicit charging arrangements for customer delays and backfeeds via CMP288’.** The purpose of this modification is to introduce changes to non-charging sections of the CUSC to support the introduction of explicit charging arrangements to recover additional costs incurred by Transmission Owners and TNUoS liable parties as a result of transmission works undertaken early due to a User initiated delay to the Completion Date of the

works, or to facilitate a backfeed. The changes to the charging element of the CUSC are covered under CMP288.

7366. JH advised the Panel that discussions had been held with the Proposer in regards to the Workgroup, with an indicative date for the first Workgroup being 16 May 2018. A poll was sent to Workgroup members to be decided on a date and this would be confirmed in the week commencing 30 April 2018.
7367. **CMP290 'Housekeeping change to CUSC Section 14 required as a result of the implementation of CMP264, CMP265, CMP268 and CMP282'**. This modification proposes to Housekeeping change to CUSC Section 14 required as a result of the implementation of CMP264, CMP265, CMP268 and CMP282 on 1st April 2018 to rectify minor typographical errors, correct formatting and consistency and to update/remove paragraph numbering and incorrect references.
7368. JH advised the Panel that CMP290 was implemented on 1 April 2018.
7369. **CMP 291 'The open, transparent, non-discriminatory and timely publication of the harmonised rules for grid connection (in accordance with the RfG, DCC and HVDC) and the harmonised rules on system operation set out within the Bilateral Agreements'**. The purpose of this modification is to set out within the CUSC the obligations in the EU Connection Network Codes and System Operation Guideline as they relate to the harmonised rules for connection and system operation in GB.
7370. As per minute 7354, it was advised that CMP291 that had enough members to form a quorum. JH advised the Panel that he would be working with GG to ascertain suitable dates and meetings would be put in based on prioritisation work which is ongoing.
7371. **CMP 292 'Introducing a Section 8 cut-off date for changes to the Charging Methodologies'**. The purpose of this modification is to ensure that the charging methodologies (all Charging Methodologies as defined in the CUSC) are fixed in advance of the relevant Charging Year to allow The Company – as Electricity System Operator - to appropriately set and forecast charges. Introducing a cut-off date for changes to the methodologies will help to reduce the risk of charges out-turning differently to the forecasts produced by the Company and created by Users.
7372. JH advised that the first Workgroup for CMP292 was to be finalised pending the outcome of the prioritisation discussion later in the Panel meeting.
7373. **Governance Standing Group (GSG)**
7374. GG stated that the CUSC Governance standing group had yet to meet in April 2018.
7375. **Transmission Charging Methodologies Forum (TCMF) and CUSC Issues Steering Group (CISG).**
7376. LS stated that TCMF and CISG took place on 11 April 2018. LS advised that 7 potential new modifications to the CUSC were discussed. LS advised that the next TCMF and CISG will take place on 09 May 2018.

7377. **CMP293: National Grid Legal Separation changes to CUSC sections, Exhibits & Schedules (non charging).** This proposal seeks to modify the CUSC to reflect the creation of a new National Grid Electricity System Operator (NGESO) that is legally separated from National Grid Electricity Transmission Limited (NGET). The specific CUSC references have been updated in order to ensure the System Operator and Transmission Owner obligations are clear; and
7378. **CMP294: National Grid Legal Separation Changes to CUSC Section 14.** This proposal seeks to modify the CUSC to reflect the creation of a new National Grid Electricity System Operator (NGESO) that is legally separated from National Grid Electricity Transmission Limited (NGET). The specific CUSC references have been updated in order to ensure the System Operator and Transmission Owner obligations are clear.
7379. JM, the proposer of CMP293 and CMP294 from National Grid, presented slides to the Panel detailing the scope and reasons for the modifications in question. JM gave a brief background to the upcoming legal separation between National Grid's System Operator business and its Transmission Owner operations. JM explained that the purpose of the modifications was to address the defect that the CUSC does not currently account for the legal separation of the system operator and transmission owner within National Grid Group on 1st April 2019. The CUSC modifications are to ensure that the correct obligations are on both The Company (as System Operator, 'NGESO') and NGET (Transmission Owner) moving forwards. This was explained on slide 3 of the presentation.
7380. After Slide 3 was discussed, GG highlighted that he had noticed some issues in regards to the novation. GG stated that the proposed wording around the form in terms of "substantially similar", showing that this actually shows there is potential to be a difference. GG suggested wording of "in the form stated by NG", as there is no risk that powers would not be transferred over accordingly. JM noted that this was useful feedback. **Action placed on JM to reword phrase "Substantially Similar" in regards to CMP293/294.**
7381. JM continued with his presentation, summarising the solution for both modifications, and highlighting how these solutions matched the applicable CUSC objectives. JM requested that this modification should be progressed and submitted to the Authority for decision. JM stated that as proposer, National Grid did not believe that it meets the self-governance criteria as the modification is going to have a material effect on the operation of the National Electricity Transmission System and the CUSC's governance procedures.
7382. These Modification Proposals seek to amend the CUSC to reflect the new legal entity and change in role of NGET to an onshore transmission licensee. JM stated that the modifications would change CUSC Sections 1,2,4,5,6,8,9,10,11,12 and 14, the Majority of the Schedules and Exhibits, and finally provide for novation and a form of Novation Agreement.
7383. GG stated that the inclusion of Transmission Owners in Section 5 of the CUSC was not needed for operation of NETS prior to now (CUSC 5.2.1). GG stated that he was unsure as to why this is required post legal separation. GG highlighted that he could envisage there being issues in regards to emergency de-energisation, with a



hypothetical scenario where there could be one instruction issued from the TO, and one from SO. **Action – JM to take provide further clarification to GG on inclusion of Transmission Owners in Section 5.**

7384. GG stated that a discussion with lawyers may be needed in regards to suspending modification post implementation, as this may cause issue when it reaches Ofgem Lawyers. NH noted GG's point but was content that sufficient discussions were taking place for this not to be of concern. NR observed that NGET are raising a variety of modifications, all seeking to make clear how SO separation from TO is taking place. However, NR noted that there are a number of nuances which could lead to a level of inconsistency across modification being raised. NR urged caution to NGET and the Panel around cross code considerations.
7385. AQ stated that this would be quite difficult without wholesale change to replicate consistency across the codes. NR stated that the difficulty is the consistency of how legal separation would be implemented across codes, and noted NGET will host a webinar to discuss. NR also stated he took AQ's point in regards to nuances of different codes, but there would continue to be a risk of slight differences with issues such as definitions. LS stated that she agreed that this should be done correctly first time, but the issue may be exacerbated by differing legal entities. AQ stated she was welcome to feedback, but all codes have a concept already of SO and TO difference, and approach mirrors what happens in Scotland in regards to RTLS.
7386. AQ stated that the drafting is trying to achieve the changing role of NGET and entities' to achieve the moving of codes in regards to licence change in the same way. AQ stated that CUSC changes seem less as SO facing, but Grid Code and System Operator Transmission Owner Code (STC) are more prevalent due to the fact there are more TO facing elements within these codes.
7387. MJ asked if CMP293/94 could be put through self-governance. TM noted point but said it would be discussed thereafter. NR stated that it was important that differences should not impinge the motive of the modifications, and that timetables were important.
7388. GG stated in terms of the legal text in section 14.15.125 that wording around the SO/TO price control was unclear. LS advised that this may need to be corrected.
7389. CB took the Ppanel through the proposed Code Administrator approach. MJ advised he believed time could be saved as modification was low risk. SL agreed. GG stated he disagrees as material effect on stakeholders around novation agreements could significantly impact commercial arrangements. GG stated that this warrants that Ofgem are in the best position to make the decision. PJ stated that he believed that not everything mentioned under the CUSC would need to be novated. AQ stated Section10 lists what agreements are going to be novated, and this ability is outlined therein. AQ confirmed that stakeholders would have same rights post novation agreement.
7390. AQ continued, stating that the novation agreement also states that interface agreements would not be novated. AQ stated that industry had been consulted about any other agreements where it would be positive to move over. AQ stated that bi-lateral agreements would be less onerous on NGET and industry. PJ stated that this could potentially need some more scrutiny so it is not quite as simple as a rebadging process. PJ continued, stating that as such, he does not see these modifications as self-governance. GG asked whether novation agreement was published as part of

legal text. AQ advised that is was. The Panel agreed that these modifications do not fall under self-governance.

7391. CB stated that it is proposed that a webinar would be set up to discuss the legal changes, and the modification would proceed to Code Administrator Consultation thereafter. GG stated that the materiality of this and option of the webinar would suggest that in terms of procedure in Schedule 8, a Workgroup would be needed. JM stated that the webinar was purely for feedback on legal text. JM stated that he could come back to the Panel with the legal text after the proposed webinar and then publish final legal text. GG stated he would be happy with that. LS stated the view that a Workgroup would not be best use of industry time nor for engaging feedback. JA stated that the CUSC mailing list should be used to engage participants for webinar. AQ welcomed suggestions to make webinar more engaging. GG returned to 10.4.1, stating that it would be worth sending out section 10 and the novation agreement, highlighting this in particular to participants. The Panel agreed.

7392. TM asked whether the Webinar should take place and if the proposals should proceed to Code Administrator Consultation. Panel agreed. CB discussed timetable and stated that Code Administrator Consultation would be issued on the week commencing 28 May 2018.

**ACTION: JM to resubmit Legal Text following Webinar should there be any amendments following CAC.**

7393. **CMP295 - Contractual Arrangements for Virtual Lead Parties (Project TERRE)** Under BSC P344 and GC0097, and future market arrangements, an aggregator will combine the export capabilities of SVA-registered embedded generation to participate in the BM. In order to facilitate Grid Code compliance, and to ensure appropriate rights/obligations for Virtual Lead Parties (as to be defined in BSC P344), accession to the CUSC is necessary and entry into specific CUSC contracts is required; and

7394. **CMP296 - Aligning the CUSC to the BSC post-P344 (Project TERRE) to exempt Virtual Lead Parties from BSUoS.** BSC Modification P344 introduces a new class of BMU, and a new class of BMU registrant to the BSC ("Virtual Lead Parties"); it is necessary to amend the CUSC to expand the BSUoS exemption to these Virtual Lead Parties; and

7395. **CMP297: Aligning CUSC and BSC post-TERRE (Section 11) – consequential modification to introduce definition of Virtual Lead Party.** CMP297 aims to alter Section 14 of the CUSC such that the extant BSUoS exemption which applies to Interconnector BMUs can be expanded to cover Virtual Lead Parties. This consequential CMP seeks to amend Section 11 to introduce a definition of 'Virtual Lead Party'.

7396. RT of National Grid attended the Panel as alternate proposer for National Grid of modifications CMP295, CMP296 and CMP297. RT took the Panel through slides detailing all three modifications. A brief background to the three modifications were given by RT, who explained that all three modifications were needed due to the implementation of Project TERRE, predominately as a knock on effect of BSC modification P344 and Grid Code Modification GCO097.

7397. RT began her presentations to the Panel with CMP295. RT explained that under the BSC, a VLP will be able to aggregate multiple sites (generation and/or demand) to

create a Balancing Mechanism Unit. RT further explained that the VLP – as the aggregator – does not itself own the connection points and isn't the DNO's connection customer, and that those sites will take instruction to provide Ancillary/Balancing Services via a Virtual Lead Party (VLP).

7398. RT explained that as things stand, the concept of a VLP does not currently exist within the CUSC itself, and small embedded parties would not have a contractual relationship with National Grid. This modification would look to introduce this concept into the CUSC, to align with the BSC post Project TERRE.
7399. RT proposed to the Panel that normal procedures should apply to CMP295 due to the materiality of the modification, and the Workgroup should take place as per procedure. RT also highlighted the materiality to National Grid, stating that the new contract would modify obligations/rights on the System Operator through the introduction of contractual interactions with a new CUSC Party.
7400. RT also highlighted the principles of the change, highlighting that the change would be limited to SVA settlement, highlighting the nuances around VLPs, which include but are not limited exemption from UoS charges, and that the modification was required to ensure ascension to the CUSC sections 1, 5, 6, 7, 8, and 11. RT also stated that there would be no changes needed to pre-existing BELLA and BEGA arrangements.
7401. GG spoke in regards to whether demand was included in the scope of the modification. RT advised in regards to feedback, and stated this was correct. JA mentioned this was correct as it includes any shift in demand. NR stated that the defect description in the modification may now be wrong. RT stated she believed that the defect was still correct. GG stated that he disagreed, highlighting that demand is not included.
7402. LS questioned in regards to the possibility that, if Panel believed the scope was too narrow, could it be arranged that defect was amended. RT stated she believed the defect addresses contractual obligation for VLPs as opposed to the scope. CB stated that the defect was the introduction of VLPs into the contractual arrangements. TM asked if modification was around introduction of VLP. PJ agreed and stated that the defect exists but its description was inaccurate. **Action: Proposal form to be updated with correct wording**
7403. GG stated that it was his opinion that CMP291 may cover off many of the same issues which CMP295 has within its scope. RT questioned GG on the matter, asking whether CMP291 looks to introduce VLPs. GG stated that CMP291 facilitates aspects of this and shares similarities, and that CMP291 introduces amendments to the connection agreements that currently do not exist in the exhibits to the CUSC as BCAs.
7404. GG stated that it was more efficient to include CMP295 under the ongoing modification process for CMP291. CB stated she believes that there is overlap but not completely, and the defects are different. LS said they could hypothetically go to the same Workgroup.
7405. GG stated that The Authority has given previous indications to pending modification rules as to whether one is alike another. GG pre-empted that Ofgem may consider this in the round. GG also stated CMP295 could delay CMP291 as a by-product of the potential work required in its scope. RT stated this modification is for VLPs as a consequence of P344, whereas CMP291 is broader in scope.

7406. LS asked for a collective view and clarity on views whether CMP295 could be addressed as a WACM of CMP291, or go under same the Workgroup but maintain its separate modification in its own right.
7407. NR noted that CMP295 and other TERRE modifications would need to be implemented at same time as TERRE (P344 and GC0097). NR reminded the Panel of implementation timescales.
7408. AP asked GG if he felt CMP295 would delay CMP291. GG said that the similarities were the introduction of bilateral connection agreements for aggregators, and could lead to a hypothetical situation whereby CMP295 goes ahead of CMP291 in terms of priority, but addressed similar issues. GG stated he would be unsure what the Authority would do in this scenario as the same section of the CUSC would be changed. GG stated he believed CMP291 is broader. TM mentioned that NR previous point would be considered.
7409. SL stated having looked at the defect of CMP295 that he would be comfortable that both modifications could be progressed; PJ reiterated that he thought that they should be managed carefully but processed together and could encompass an interim agreement in terms of Project TERRE which could be replaced at a later date. PJ stated he also believed CMP291 supports the end result of CMP295, but also something more “pragmatic” would need to be implemented for TERRE. JA stated that he agreed, opining that the timeline for CMP295 would need to be expedited to comply with Project TERRE.
7410. TM asked the Panel to agree that CMP291 and CMP295 are “stand alone” modifications, but the Terms of Reference for each modification could be updated to reflect similarities. CB amended the ToR for the CMP295 workgroup to ensure close working with CMP291, which in turn ensures that the BCAs are compatible, with potential barriers and unintended consequences addressed. **ACTION: New ToRs to be distributed.**
7411. JA highlighted potential issues with referring to specific locations in the proposed new Virtual Lead Party Generation Agreement in regards to aggregators, and adding/removing said locations. PJ stated that his impression was that this was just needed to achieve GC obligations. PJ stated that GC0097 delivers a particular solution where location is specified by GSP group. GG stated that this would make the defect incorrect as GC0097 was dealing with aggregators. PJ pointed out that this modification is relating specifically to Project TERRE (P344, GC0097), regardless of wider implications of CMP291.
7412. LS stated that appropriate links and simplicity of arrangements were important. GG pointed out as a matter of caution that parties would have to provide data on an MPAN basis as a result of GC0104 and GC0106.
7413. GG said drafting of 4.3 and 4.4 are discriminatory. This potential issue was subsequently added to Terms of Reference by CB for consideration by the Workgroup. CB stated that the GC0097 Code Administrator Consultation is to be released Monday. In summary, the Panel agreed that CMP295 should progress to Workgroup Stage, but must be aware of crossovers with CMP291.
7414. The topic of conversation moved on to CMP296 and CMP297. RT presented to the Panel. In regards to CMP296, RT stated that currently, only BMUs associated to Interconnectors are currently excluded and as such, VLP sites will remain registered to

Supplier Base BMU, the Supplier will still be charged for relevant metered volumes. Without a CUSC change, VLPs will also be charged BSUoS.

7415. RT iterated that it was the National Grid position that this amounted to inefficient charging of metered volumes. RT also highlighted the “broad support for Project TERRE” and that CMP296 is a consequential modification of P344. RT also highlighted that CMP296 is binary in nature with multiple WACMs not anticipated. RT advised the Panel that it was envisaged that CMP296 would proceed straight to Code Administrator Consultation alongside CMP297.
7416. RT advised the meeting that should be considered in conjunction with CMP296; in that it introduces a definition of Virtual Lead Party to CUSC Section 11. RT advised that the definition is being derived through Balancing & Settlement Code process, and that the CUSC definition would be “as defined in the Balancing and Settlement Code”. RT recommended that CMP297 proceed straight to Code Administrator Consultation as it is a binary change needed to implement CMP296.
7417. GG discussed CMP297 in regards to the issue of financial liability exemption to VLPs. RT stated that this is to avoid double counting in supplier BMU base. PJ explained to GG that the modification was purely in regards to BSUoS, as opposed to imbalance, to avoid customers being charged twice for BSUoS. GG asked if there were other ways to transfer BSUoS costs as an unintended consequence. PJ stated that signals should not be provided by BSUoS. GG stated he was nervous at the idea of creating a party which does not have to pay something and associated unintended consequential issues. PJ stated BSUoS liability remains with balancing responsible party. PM questioned if this would be applicable for TNUoS. LS stated that she would take this offline. CB confirmed that this would be a separate modification. NR stated that customers that sit behind VLP BMU could be double charged. NR agreed with GG that one of the ToR for the modifications should be to consider if there are any unintended consequences. GG stated there was potentially a way of charging a VLP and not a supplier to address potential unintended consequences and this proposal should go to The Authority to decide. PJ said he is comfortable with the proposal as it provides consistency with principles. The Panel agreed that both modifications should proceed straight to Code Administrator Consultation.  
**ACTION: LS to look into TNUoS issue as raised by PM.**
7418. **CMP298: Updating the Statement of Works process to facilitate aggregated assessment of relevant and collectively relevant embedded generation.** This modification is needed due to increasing levels of embedded generation connections the process for assessing their overall impact on the transmission system needs to be revised allowing the System Operator to recognise the changes caused by multiple small scale connections and plan accordingly.
7419. RT took the Panel through slides detailing CMP298. RT explained that the Statement of Works process, outlined in CUSC section 6.5 (Obligations of Users Who Own or Operate Distribution Systems) and the process between National Grid and Distribution Network Operators (DNO), does not cover any processes between DNOs and Distributed Generators as things stand. As such, it is considered that the current Statement of Works process is not fit for purpose. This is further exacerbated by the fact that it can take up to twelve months to complete from the initial distribution generation application, and also by the issue that the current process does not take into account the cumulative impact of distribution generation. RT also gave an explanation of the ongoing Appendix G Trial and its links to the modification.

7420. RT further explained the defect, highlighting that Section 6.5 of the CUSC gives obligations to Users that operate Distribution Systems when connecting Relevant Embedded Small or Relevant Embedded Medium Power Stations. The Panel were informed that aggregated assessment enables National Grid to take in to consideration the cumulative effect of multiple embedded power stations which may not, as standalone entities, carry a more meaningful impact to the NETS. However, when viewed collectively, the impact is more significant. RT stated that following a successful trial by National Grid and some DNOs of aggregated assessment, the CUSC should be updated to introduce this new process, and to expand the concept of 'relevant' to 'collectively relevant' to reflect that embedded power stations may be 'relevant' when considered with other similar power stations. RT also highlighted to erroneous references to Exhibit S which referred to Statement of Works which need to be amended.
7421. RT continued by describing the scope of the modification. RT explained that changes to CUSC Section 6.5 were a requisite, in order to facilitate the Appendix G/Transmission Impact Assessment process. RT also explained that the pre-existing Statement of Works process would be retained for single applications, if and when appropriate; that an option for aggregated application as per Appendix G trials would be implemented, and also a high level process between National Grid and DNOs for Appendix G updates to be outlined in the CUSC.
7422. RT advised the Panel that for this modification that normal governance rules should apply, and that the proposal should be sent to a Workgroup for assessment. RT also asked that the request for Workgroup nominations is sent to the ENA DER Connections Steering Group and 'Workstream 1 Product 7' group looking at SOW to ensure that individuals who have been engaging in the Appendix G trials were aware.
7423. MJ stated he believed the proposed modification was welcome within industry. MJ sought clarification on whether there would be a cut-off point in regards to aggregation of projects and delayed. RT stated headroom was identified at GSP level, and the DNO would update on generation coming in regularly; if generation subsequently does not go ahead, SoW would be reordered accordingly. MJ asked whether there would be more visibility of what was connecting at the GSP level. RT confirmed that there would be.
7424. AP asked for more detail around the arrangement. LS stated this was SO-DNO arrangement and not vice versa. MJ stated this was around information flow between SO and DNO. GG stated that he would like to understand why the proposed solution talks about Small and Medium embedded generation, but did not include generation Types B, C and D. The terms of reference for the Workgroup were updated accordingly to reflect GG's concern.
7425. GG stated he would like the Workgroup to consider all trial Appendix G documentation as he discussed in June 2016 with the Panel. This was also noted in the Terms of Reference.
7426. GG continued by highlighting that he had concerns in regards that NGET allows itself to amend appendix G's, but Generators would not see this evolution due to lack of visibility. RT stated she is proposing a framework which would give enough information as required, and this would be discussed in Workgroup. CB stated that this should be looked at in Terms of Reference. LS agreed that GG's concerns were

valid and that the Panel would make sure Terms of Reference would be inclusive of this point on transparency. MJ discussed consumer impacts. MJ stated that more detail would be beneficial.

7427. PM asked if there were any cross code impacts. RT confirmed that there are potential STC and DCUSA impacts. TM stated this may need to be included in the ToR. This was added to the Terms of Reference accordingly.
7428. The Panel agreed that the proposal should be sent to Workgroup and then subsequently to Ofgem for decision. CB advised that the Code Administrator would send a request for Workgroup members out to industry.
7429. **CMP299: Consequential changes to the CUSC to facilitate the 2018-2021 ESO Incentive Scheme.** The aim of this modification is to update the CUSC (Section 14.30 onwards), in line with the new Electricity System Operator (ESO) Incentive Scheme which is detailed within National Grid's Licence. Changes have been approved and when implemented, they will be effective from on the 1<sup>st</sup> April 2018.
7430. UM presented CMP299 to the Panel, as proposer from National Grid. UM explained that the ESO regulatory and incentive framework for 2018-21 had been revamped. UM continued by explaining that there is now a single evaluative incentive covering all of the ESO's activities, and that this is worth  $\pm$ £30m per year as an incentive to National Grid as System Operator. UM further advised to the Panel that there would be no more BSIS hereafter. It was also highlighted to the Panel that the new incentive went live on 01 April 2018.
7431. UM stated that the proposal in itself would see an intrinsic change to how external incentive scheme payment element is generated, and sees a shift from a mechanistic approach to an evaluative approach. UM referred to the Ofgem decision letter on the consultation, stating that Ofgem published this on 28 March 2018. The letter outlined that Ofgem were going ahead with changes consulted on with minor typographical changes and suggested NGET change not appropriate at this time. Ofgem also opined on reconciliation of BSUoS and associated volatility. UM highlighted that Ofgem stated that the license should allow for an adjustment in relevant year t+1, and that Ofgem are happy to work on this with the ESO and industry to determine method for future years.
7432. UM moved to highlight the required change to CUSC Section 14.30.6 which would be needed to attain the desired outcome of this modification, namely the 'External BSUoS Charge for each Settlement Period (BSUOSEXTjd)'. UM highlighted the formulaic changes needed. UM then proceeded to walk through the specific changes to CUSC Section 14. UM recommended to the Panel that the modification could proceed to Code Administrator Consultation stage.
7433. GG noted a typographical error on slide 3, noting "performance panel" singular should replace "performance panels" plural. GG a stated that a modification would be required for enduring solution, as per discussion around discussion around Ofgem's decision as highlighted earlier in the meeting [minute 7431].
7434. On the subject of CUSC section 14.13.8, GG sought clarity on the impact on recovery year 2018/19. GG stated proposal isn't clear that it would be recoverable on T+1. UM and LS referred GG to recent BSUoS Circular publications on this topic. GG questioned the ability to recover in March 2019. UM stated that when it comes to

adjustment that would be something National Grid would work through this year. If industry deems an adjustment needed to licence this could be facilitated. NH stated that this was fine from an Ofgem perspective as changes reflected in licence.

7435. NR asked if National Grid assume they have exceeded their incentive objectives. UM stated that she is not close to the detail but a forecast has been produced, is in the forward plan and BSUoS circular. GG asked that this be included in Code Administrator consultation document.

7436. GG asked what would happen in terms of under or over reconciliation, and whether there would be any implications on interest owed by National Grid. LS stated that interest was as standard. GG asked if hypothetically National Grid forecasted low and recovered too little, would the interest generators and suppliers pay on the difference be at a different rate to the NGET WACC, and would this be fair. LS stated that this was covered under existing CUSC methodology in CUSC section 6. GG stated that there may be a perverse incentive to under forecast performance. LS stated that this would not be the case and clarified later in the meeting that it would be recovered following the standard BSUoS reconciliation process including any application of interest rates

**Action: UM to provide GG with further detail in regards to his questions around National Grid Forecasting**

7437. GG asked when Ofgem will establish the Performance Panel. NH stated he would establish this as soon as possible

**Action: NH to ascertain when Ofgem intend to establish a Performance Panel.**

7438. Panel agreed that CMP299 should proceed straight to Code Administrator Consultation and be sent to The Authority for Decision. It was agreed by all Panel members that CMP299 was not Self Governance due to its materiality. LS confirmed to NR that BSIS has always been recovered differently in the price control. NH confirmed that the modification should be progressed as soon as possible. TM noted the importance of the Ofgem decision being reflected in the licence.

## **7 Discussion on Prioritisation Stack**

7439. CB confirmed that the stack reflects today's Panel decision in terms of the decisions made at the Panel are as per the recommendation of the Proposers. CB stated that there are four Code Administrator Consultations to be issued following the Panel based on the decisions made.

7440. GG stated, in terms of the Code Administrator Consultations, that the Project TERRE modifications, namely CMP295, CMP296 and CMP297 should take precedence over CMP293 and CMP294 due to Project TERRE implementation timescales and that CMP299 should rank above CMP296 and CMP297 due to licence implications highlighted in minute 7431, but also that CMP296 and CMP297 should be prioritised above CMP293 and CMP294.

7441. CB advised that the Code Administrator consultation for CMP275 will be ready to be release in week commencing 7 May 2018, and shouldn't be delayed pending further comments from Panel members prior to Noon on 04 May 2018.



7442. Other Panel members were asked to agree with GG's assessment. AP stated that CMP299, CMP295, CMP296 and CMP297 need to be progressed at the same time due to overarching deadlines. PJ talked about system impacts and cross code impacts, namely P344 and GC0097, and hence fulfil the overarching complexity criteria discussed previously by the Panel. TM stated that she agreed. LS stated that data between systems is important in this case. MJ asked PJ whether system issues could see a TERRE delay. PJ discussed the mandatory deadline for TSOs, but also mentioned that it was optional for balancing parties to participate. CB said it was important to coincide these modifications with P344 and GC0097 implementation. Panel agreed the prioritisation stack for modifications which are to go to Code Administrator Consultation.
7443. Modifications due to be or being developed by a Workgroup were discussed next. It was highlighted that CMP295 and CMP298 need to be filtered in to the current inflight modification stack. TM noted that CMP295 is part of Project TERRE and would need to be prioritised accordingly. PJ stated that urgency needs to be in place for CMP295, but there is less pressure on this due to lack of system impacts.
7444. MJ stated that due to the replacement of Statement of Works trial, and a partial solution, CMP298 could go below modifications in terms of prioritisation that have less of a developed solution. MJ stated that CMP298 is welcomed by industry and explained this was due to delays potentially being reduced. Ranking the modification was discussed by the Panel. GG stated that due to feedback given by MJ, it should be placed above CMP292, as it is unlikely CMP292 will be implemented before 2019, due to not being able to go before Ofgem by September 2018 and due to the fact the Workgroup is yet to begin. The prioritisation stack was agreed by the Panel.

## **8 European Code Development**

7445. No Update was given this month

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

7446. NH advised that two Targeted Charging Review workshops were recently held in Glasgow and London to discuss scope and nature of user groups and seek views on Ofgem analysis work so far. The outputs from both workstreams will be presented and discussed at the third Charging Futures Forum on 23 May 2018.
7447. NH advised that the Charging Delivery Body meeting would be held on 08 May 2018.
7448. DCUSA GDPR modification – LS stated that NGET do not hold any PII level data as we don't go down to MPAN level. GG stated that the GC0104 proposed solution would make NGET go down to MPAN level in granularity. LS stated she would bare this in mind
7449. CB discussed the Relevant Interruptions Report. GG said discussions have been ongoing. GG asked if work could be done, going back to claim no.40, confirming the number of working days they had been in process, and giving confirmation by claim number, as the information in the Relevant Interruptions Report was erroneous. CB stated that there were no process issues to highlight in terms of the production and

assessment of claims but that there maybe with the updating of internal systems when letters are sent to which the information is pulled from to compile the Report.

**Action – CB to investigate Relevant Interruption Claims Report**

**9 AOB**

7450. CB advised that a modification on the Force Majeure definition was raised on System Operator Transmission Owner Code (STC), which may be raised on CUSC side. The Proposer is not CUSC party. The Panel requested that this Proposal was circulated to Panel members for their review.

**Action: STC Modification to be circulated to CUSC Panel members**

**10 Next meeting**

7451. It was confirmed to the Panel that the next normal Panel meeting will be held on **25 May 2018** at National Grid House.