

# CUSC Special Panel

**Wednesday 9 February 2022**

**Online Meeting via Teams**

# WELCOME

**nationalgrid**ESO



# New modifications submitted



**CMP383 – Updating recovery of CMP381 deferred costs from 1 April 2022**

**Jenny Doherty – National Grid ESO**

# Critical Friend Feedback – CMP383

Code Administrator comments	Amendments made by the Proposer
<p>Proposed wording to make clear which of the Ofgem Urgency Criteria applied</p> <p>Added timeline but sought clarity as to when a decision is required by</p>	<p>All proposed amendments added to Final Proposal Form and ESO confirmed decision is required by 31 March 2022.</p>

# Ofgem's Urgency Criteria

Ofgem's current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or
- b) A significant impact on the safety and security of the electricity and/or gas systems; or
- c) A party to be in breach of any relevant legal requirements.

More information can be found at:

[https://www.ofgem.gov.uk/system/files/docs/2016/02/urgency\\_criteria.pdf](https://www.ofgem.gov.uk/system/files/docs/2016/02/urgency_criteria.pdf)

# Proposer's Justification vs Ofgem's Urgency Criteria

The Proposer recommends that this modification should be treated as an Urgent Modification proposal and go straight to Code Administrator Consultation

Ofgem's Urgency Criteria	Proposer's Justification
a) A significant commercial impact on parties, consumers or other stakeholder(s).	The Proposer believes this has a “significant commercial impact” on all BSUoS liable users, as it changes the timeframes over which the CMP381 costs are recovered, therefore as much visibility of this change as possible is important.
b) A significant impact on the safety and security of the electricity and/or gas systems.	
c) A party to be in breach of any relevant legal requirements	The Proposer argues that, without this change, the ESO could be in “breach of legal requirements”, as currently the CUSC requires the ESO to recover costs from 1 <sup>st</sup> April 2022, which is not currently allowed under the ESO's licence.

# Legal Text Options

The Proposer would welcome feedback from Panel on the best approach to take forward – changes in **red text**.

Option 1 – Include a placeholder for the working day after the licence goes live and add the date in when known - *will be known before the modification concludes*.

14.30.24 During the **Financial Year** 2022/23, **between [xxx 2022] and 31 March 2023 inclusive**, the formula in 14.30.10 shall be updated so that Exceptional Costs (BSUoSEXC<sub>d</sub>) in **Settlement Day** d are added as follows;

Option 2 - Link back to the licence, without specifying the exact date

14.30.24 During the **Financial Year** 2022/23-, **beginning the Business Day following the necessary licence changes coming into effect to implement recovery of CMP381 deferred costs and 31<sup>st</sup> March 2023 inclusive**, the formula in 14.30.10 shall be updated so that Exceptional Costs (BSUoSEXC<sub>d</sub>) in **Settlement Day** d are added as follows:

# Timeline for CMP383 – Proposed Urgent Timeline - Code Administrator Consultation

Milestone	Date	Milestone	Date
Modification presented to Panel	9 February 2022	Final Modification Report issued to Panel to check votes recorded correctly	11 March 2022
Ofgem grant Urgency	11 February 2022 (5pm)	Final Modification Report issued to Ofgem	14 March 2022
Code Administrator Consultation (10 working days)	14 February 2022 to 28 February 2022 (5pm)	Ofgem decision	By 31 March 2022
Draft Final Modification Report (DFMR) issued to Panel	2 March 2022	Implementation Date	The working day following the ESO licence change coming into effect, allowing recovery of CMP381
Panel undertake DFMR recommendation vote	10 March 2022		



# Timeline for CMP383 – Proposed Standard Timeline - Code Administrator Consultation

Milestone	Date	Milestone	Date
Modification presented to Panel	9 February 2022	Final Modification Report issued to Panel to check votes recorded correctly	28 March 2022
Code Administrator Consultation (15 working days)	14 February 2022 to 7 March 2022 (5pm)	Final Modification Report issued to Ofgem	5 April 2022
Draft Final Modification Report (DFMR) issued to Panel	17 March 2022	Ofgem decision	TBC
Panel undertake DFMR recommendation vote	25 March 2022	Implementation Date	TBC

# What can only be changed by Urgency - CUSC

Milestone	Standard Timescale	Referenced in CUSC Section 8	Referenced in CACOP V5.1	Referenced in Terms of Reference	Comments
<b>Workgroup Nominations</b>	15 working days	No	No	No	15WD appears to be industry practice but nothing preventing Panel agreeing to a shorter period without the need for Urgency
<b>Workgroup Consultation</b>	15 working days	Yes – 8.20.7 and 8.20.8(d)	Yes - Principle 10 ( <i>Standard 15 Business Days</i> )	Yes	CACOP Principle 10 states a standard 15 business days. In theory, Panel under 8.20.7 and 8.20.8(d) can set a shorter period (as part of the Terms of Reference; however the standard Terms of Reference states 15 WD) without the need for Urgency
<b>Workgroup Report to Panel</b>	5 working days	No	No	No	Panel can agree to a shorter period without the need for Urgency.
<b>Code Administrator Consultation</b>	15 working days (1 month if EBGL)	Yes – 8.22.2	Yes - Principle 10 ( <i>Standard 15 Business Days</i> )	No	CACOP Principle 10 states a standard 15 business days. 1 month if EBGL.
<b>DFMR to Panel</b>	5 working days	Yes – 8.23.3	No	No	Must be 5WD notice (8.23.3)
<b>FMR to Panel to check Votes</b>	5 working days	Yes – 8.23.5	No	No	Must be 5WD notice (8.23.5)

# CMP383 - the asks of Panel

- **PROVIDE VIEWS** on proposed options for the Legal Text
- **AGREE** that this Modification should proceed directly to Code Administrator Consultation
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **VOTE** whether or not to recommend Urgency
- **AGREE** timetable for Urgency
- **NOTE** next steps:
  - Under CUSC Section 8.24.4, we will now consult the Authority as to whether this Modification is an Urgent CUSC Modification Proposal
    - Letter to be sent to Ofgem 9 February 2022
    - Ofgem approval of Urgent treatment sought by 5pm on 11 February 2022
    - Code Administrator Consultation to be run from 14 February 2022 to 5pm on 28 February 2022

# New modifications submitted

*CMP384 – Apply adjustments for inflation to  
manifest error thresholds using Indexation*

**Ryan Ward – ScottishPower Renewables**



# Critical Friend Feedback – CMP384

Code Administrator comments	Amendments made by the Proposer
<p>Proposed that the issue/defect is narrowed</p> <p>Proposed wording to make clear which of the Ofgem Urgency Criteria applied and asked Proposer to provide further justification</p> <p>Added timeline</p> <p>Added definitions</p>	<p>All proposed amendments added to Final Proposal Form</p>



# Ofgem's Urgency Criteria

Ofgem's current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or
- b) A significant impact on the safety and security of the electricity and/or gas systems; or
- c) A party to be in breach of any relevant legal requirements.

More information can be found at:

[https://www.ofgem.gov.uk/system/files/docs/2016/02/urgency\\_criteria.pdf](https://www.ofgem.gov.uk/system/files/docs/2016/02/urgency_criteria.pdf)

# Proposer’s Justification vs Ofgem’s Urgency Criteria

The Proposer recommends that this modification should be treated as an Urgent Modification proposal and go straight to Code Administrator Consultation

Ofgem’s Urgency Criteria	Proposer’s Justification
a) A significant commercial impact on parties, consumers or other stakeholder(s).	<p><b>This modification proposal is linked to a current and imminent issue that will have a significant commercial impact on CUSC parties (the Proposer argues this impact to be &gt;£250K to each party) and therefore meets Ofgem’s Urgency Criteria (a).</b></p> <p>Towards the end of the current charging year, the ESO identified a manifest error impacting three individual Users. However, the application thresholds associated with manifest errors in the CUSC have been in place at fixed values since 2006. Therefore, they are no longer appropriate since after 16 years they are outdated as a materiality threshold.</p> <p>Updating the threshold by using indexation will be a more appropriate basis by which to judge materiality. This would give a more appropriate threshold of ±£370,384. This will mean that Users will not be directly, unduly and inappropriately affected by a reconciliation process below the more appropriate threshold of ±£370,384. In this charging year, the reconciliation process will take place in April, after the charging year has ended, therefore, these Users will have been unable to reflect these additional costs in their prices. Implementing this modification proposal, by indexing the manifest error thresholds by 31<sup>st</sup> March 2022 would avoid this for those whose charges are below the more appropriate threshold of ±£370,384.</p>
b) A significant impact on the safety and security of the electricity and/or gas systems.	n/a
c) A party to be in breach of any relevant legal requirements	n/a

# Timeline for CMP384 – Proposed Urgent Timeline - Workgroup

Milestone	Date	Milestone	Date
Modification presented to Panel	9 February 2022	Code Administrator Consultation (5 working days)	15 March 2022 to 22 March 2022 (5pm)
Workgroup Nominations	9 February 2022 to 11 February 2022 (5pm)	Draft Final Modification Report (DFMR) issued to Panel	23 March 2022 (3pm)
Ofgem grant Urgency	11 February 2022 (5pm)	Panel undertake DFMR recommendation vote	25 March 2022
Workgroup 1, 2 and 3 (assuming Ofgem have granted Urgency)	15, 18 and 22 February 2022	Final Modification Report issued to Panel to check votes recorded correctly	25 March 2022 (1pm)
Workgroup Consultation (5 working days)	24 February 2022 to 3 March 2022 (5pm)	Final Modification Report issued to Ofgem	25 March 2022 (3pm)
Workgroup 4 and 5 - Assess Workgroup Consultation Responses and Workgroup Vote	7 and 9 March 2022	Ofgem decision (3 working days)	By 5pm on 30 March 2022
Workgroup report issued to Panel (1 working day)	11 March 2022	Implementation Date	31 March 2022
Panel sign off that Workgroup Report has met its Terms of Reference	14 March 2022		

# Timeline for CMP384 – Proposed Standard Timeline – Workgroup

Milestone	Date	Milestone	Date
Modification presented to Panel	9 February 2022	Code Administrator Consultation (20 working days as summer)	2 August 2022 to 31 August 2022 (5pm)
Workgroup Nominations (15 working days)	9 February 2022 to 2 March 2022 (5pm)	Draft Final Modification Report (DFMR) issued to Panel	22 September 2022
Workgroup 1, 2 and 3 (assuming at least Medium to High in prioritisation stack)	14 March 2022, 8 April 2022, 5 May 2022	Panel undertake DFMR recommendation vote	30 September 2022
Workgroup Consultation (15 working days)	16 May 2022 to 7 June 2022 (5pm)	Final Modification Report issued to Panel to check votes recorded correctly	4 October 2022
Workgroup 4 and 5 - Assess Workgroup Consultation Responses and Workgroup Vote	16 June 2022 and 4 July 2022	Final Modification Report issued to Ofgem	12 October 2022
Workgroup report issued to Panel	21 July 2022	Ofgem decision	TBC
Panel sign off that Workgroup Report has met its Terms of Reference	29 July 2022	Implementation Date	TBC

# What can only be changed by Urgency - CUSC

Milestone	Standard Timescale	Referenced in CUSC Section 8	Referenced in CACOP V5.1	Referenced in Terms of Reference	Comments
<b>Workgroup Nominations</b>	15 working days	No	No	No	15WD appears to be industry practice but nothing preventing Panel agreeing to a shorter period without the need for Urgency
<b>Workgroup Consultation</b>	15 working days	Yes – 8.20.7 and 8.20.8(d)	Yes - Principle 10 ( <i>Standard 15 Business Days</i> )	Yes	CACOP Principle 10 states a standard 15 business days. In theory, Panel under 8.20.7 and 8.20.8(d) can set a shorter period (as part of the Terms of Reference; however the standard Terms of Reference states 15 WD) without the need for Urgency
<b>Workgroup Report to Panel</b>	5 working days	No	No	No	Panel can agree to a shorter period without the need for Urgency.
<b>Code Administrator Consultation</b>	15 working days (1 month if EBGL)	Yes – 8.22.2	Yes - Principle 10 ( <i>Standard 15 Business Days</i> )	No	CACOP Principle 10 states a standard 15 business days. 1 month if EBGL.
<b>DFMR to Panel</b>	5 working days	Yes – 8.23.3	No	No	Must be 5WD notice (8.23.3)
<b>FMR to Panel to check Votes</b>	5 working days	Yes – 8.23.5	No	No	Must be 5WD notice (8.23.5)



# CMP384 - the asks of Panel

- **AGREE** that this Modification should proceed to Workgroup
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **VOTE** whether or not to recommend Urgency
- **AGREE** timetable for Urgency
- **AGREE** Workgroup Terms of Reference
- **NOTE** next steps:
  - Under CUSC Section 8.24.4, we will now consult the Authority as to whether this Modification is an Urgent CUSC Modification Proposal
    - Letter to be sent to Ofgem 9 February 2022
    - Ofgem approval of Urgent treatment sought by 5pm on 11 February 2022
    - 1<sup>st</sup> Workgroup to be held 15 February 2022

The background features several thick, flowing yellow lines. In the upper left, a series of curved lines form a shape reminiscent of a stylized 'C' or a protective shield. In the lower right, three parallel diagonal lines slope upwards from left to right. The overall aesthetic is modern and dynamic.

**AOB**

Close

