



## CUSC Panel

Friday 29 September 2023

Online Meeting via Teams



# WELCOME





# Approval of Panel Minutes

Approval of Panel Minutes from the Meeting held

25 August 2023





# Action Log







## Chair's Update



# Authority Decisions and Update (as at 21 September 2023)



## Decisions Received since last Panel meeting

- [CMP292](#) 'Introducing a Section 8 cut-off date for changes to the Charging Methodologies'
- [CMP288](#) 'Explicit charging arrangements for customer delays and backfeeds'

## Decisions Pending

Modification	Final Modification Report Received	Expected Decision Date
<a href="#">CMP298</a> 'Updating the Statement of Works process to facilitate aggregated assessment of relevant and collectively relevant embedded generation'	06/04/2022	29/09/2023
<a href="#">CMP330&amp;CMP374</a> 'Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length and Extending contestability for Transmission Connections'	10/08/2023	08/03/2024
<a href="#">CMP331</a> 'Option to replace generic Annual Load Factors (ALFs) with site specific ALFs'	12/07/2023	29/09/2023
<a href="#">CMP344</a> 'Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology'	08/02/2023	06/10/2023
<a href="#">CMP376</a> 'Inclusion of Queue Management process within the CUSC'	07/06/2023	15/09/2023
<a href="#">CMP398</a> 'GC0156 Cost Recovery mechanism for CUSC Parties'	11/07/2023	06/10/2023
<a href="#">CMP412</a> 'CMP398 Consequential Charging Modification'	11/07/2023	06/10/2023
<a href="#">CMP414</a> 'CMP330/CMP374 Consequential Modification'	10/08/2023	08/03/2024

## Received Final Modification Reports since last Panel Meeting

Modification	Final Modification Report Received	Expected Decision Date
<a href="#">CMP379</a> Determining TNUoS demand zones for transmission - connected demand at sites with multiple Distribution Network Operators (DNOs)	07/09/2023	TBC

The Authority's publication on decisions can be found on their website below:

<https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>



# New modification submitted

**CMP420: Treatment of BSUoS Revenue Recovery, and  
potential creation of a BSUoS Fund**

Damian Clough, SSE





# Critical Friend Feedback – CMP420

Code Administrator comments	Amendments made by the Proposer
<p>Queried the title as referred to ‘potential creation of BSUoS Fund’ when that was what the solution appeared to focus on.</p> <p>Queried whether activity for any Future System Operator could be codified ahead of it’s funding mechanism being clear.</p> <p>Queried if the Proposer had any existing models they saw the BSUoS Fund replicating?</p> <p>Queried whether there were any materials from the TCMF subgroup which would support the solution</p> <p>Provided a timeline for April 2025 implementation</p> <p>Addition of acronyms</p>	<p>Proposer accepted all amendments made by the Code Administrator</p>



## || CURRENT DEFECT

- Currently the CUSC is silent over the treatment of Over recovery of Balancing Services Use of System (BSUoS) costs. This is unusual when compared to other Industry and Network Charges such as Transmission Network Use of System (TNUoS) and Distribution Use of System (DUoS) which are charged on an ex ante basis.
- Industry Users therefore have no certainty over when or how this Over recovery will affect future BSUoS charges, and whether the Over recovery will be adjusted by inflation when it is offset similar to other charges (e.g, TNUoS and K). There is also a similar defect with Under recovery and the use of the ESO's Working Capital Fund (WCF) and the impact on future BSUoS charges.
- As BSUoS charges may fluctuate the ESO WCF may not cover sufficient forecasting risk thus increasing the chances of reopening BSUoS charges within a Fixed Price Period.
- This therefore increases the Supplier risk premia applied to charges.



## || POTENTIAL SOLUTION

- The solution will specify exactly how over and under recovery is calculated and forecasted and how it will affect future BSUoS charges and which ones it will affect.
- If it is forecasted that over recovery for a period is £200m. The solution will allow all or part of that £200m to be placed into a BSUoS fund instead of offsetting future BSUoS charges. That fund will further reduce the risk of BSUoS charges being reopened thus further reducing the need for any risk premia.
- Any use of Over recovery would require justification and approval by the Authority. For example the WCF may cover sufficient risk if BSUoS costs are forecasted to be high. However if BSUoS costs increase then the WCF covers less risk, thus increasing the risk of reopening prices. Therefore the ESO may seek permission to utilise all or part of the over recovery as BSUoS funds. The BSUoS fund will be utilised after the WCF. If the BSUoS fund and the WCF combined covers too much risk the BSUoS fund can be used to offset a future fixed BSUoS charge.



# Timeline for CMP420 – Proposed Timeline - *Workgroup*

Milestone	Date	Milestone	Date
Modification presented to Panel	29 September 2023	Code Administrator Consultation (15 working days)	26 March 2024 to 22 April 2024
Workgroup Nominations (15 Working Days)	04 October 2023 to 25 October 2023	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	23 May 2024
Workgroup 1 and 2 To discuss the defect, analysis required and begin refining the solution	16 November 2023 11 December 2023	Panel undertake DFMR recommendation vote	31 May 2024
Workgroup Consultation (15 working days)	15 December 2023 – 10 January 2024	Final Modification Report issued to Panel to check votes recorded correctly	04 June 2024
Workgroup 3 and 4 To review the Workgroup Consultation responses and to finalise the solution	30 January 2024 20 February 2024	Final Modification Report issued to Ofgem	12 June 2024
Workgroup report issued to Panel (5 working days)	14 March 2024	Ofgem decision	By 30 September 2024
Panel sign off that Workgroup Report has met its Terms of Reference	22 March 2024	Implementation Date	01 April 2025



# CMP420 – the asks of Panel

- **AGREE** that this Modification should follow Standard Governance (Ofgem decision) rather than the Self-Governance Criteria (Panel decision)
- **AGREE** that this Modification should proceed to Workgroup
- **AGREE** Workgroup Terms of Reference
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **NOTE** the proposed timeline





# Inflight Modification Updates

Milly Lewis, Code Administrator



## CMP271: Improving the cost reflectivity of demand transmission charges Withdrawal

The Proposer withdrew their support for CMP271 on 29 August 2023. A withdrawal window was opened up for 5 business days from this date.

No parties came forward to become the Proposer for this Modification.

### CMP271 - the asks of Panel

- **AGREE** that the Modification can be withdrawn.



## CMP276: Socialising TO costs associated with green policies Withdrawal

The Proposer withdrew their support for CMP276 following the Authority decision on CMP264/CMP265. A withdrawal window was opened up from 29 August 2023 for 5 business days.

No parties came forward to become the Proposer for this Modification.

### CMP276 - the asks of Panel

- **AGREE** that the Modification can be withdrawn.



# CMP286 : Improving TNUoS Predictability through Increased Notice of the Target Revenue Timeline Update

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	TBC	TBC	TBC
New timeline	19 October 2023	7 December 2023	5 January 2024

**Rationale:** Following the Authority send back of CMP286 and CMP287 the Workgroup propose to resubmit the Final Modification Reports separately.

**Workgroups Remaining:** 1

**Ask of Panel:** Agree revised timeline



# CMP287: Inputs used in the TNUoS Tariff Setting Process Timeline Update

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	TBC	TBC	TBC
New timeline	16 November 2023	18 January 2024	7 February 2024

**Rationale:** Following the Authority send back of CMP286 and CMP287 the Workgroup propose to resubmit the Final Modification Reports separately. CMP287 will require more Workgroup meetings to finalise the required analysis.

**Workgroups Remaining:** 3

**Ask of Panel:** Agree revised timeline



# CMP288: Explicit charging arrangements for customer delays and backfeeds Authority Send-Back

On 14 September 2023, [Ofgem sent back](#) the CMP288 Final Modification Report for further work and directed Panel to revise and resubmit the CMP288 Final Modification Report, due to the FMR being unclear, specifically in terms of processes to be followed and the methodology to be used in order to set the charges resulting from a User-initiated delay or backfeed.

The Send back letter outlined the following deficiencies in the analysis contained in the submitted FMR, as well as the proposed legal text of CMP288:

## 1. Proposed categories of charges: definitions and scope

- The Send back letter states that the FMR '[...]' does not provide sufficient clarity or justification around the nature of costs to be levied on the customer. It is unclear how the level of costs will be defined to ensure these additional costs remain within reasonable bounds.' Additionally the FMR '[...]' should be clearer on how the proposed types of costs relate to the existing categories of costs currently forming part of the connection charge and whether those costs considered under the proposal align with or extend the range of cost types which a user could face.'

## 2. Reinforcement works assessment

- The Send back letter states that it is not clear what '[...]' the charging arrangements which would be in place in the event that wider reinforcement works (i.e., asset development needed to enable multiple connections) are carried out' and whether the knock on impacts to other planned outages have been considered.

## 3. Consistent application across TOs

- The Send back letter states that is not clear on how '[...]' charges are aligned across the three TOs and respective geographical regions.' and encourage working with TOs to ensure consistent treatment of customers.

## 4. Clarity with regards to scope of application

- The Send back letter states that the Authority believe '[...]' further clarity with associated justification on the scope of application of the proposed modification is needed, specifically in relation to any application of changes to existing contracts.'

## 5. Magnitude of costs: examples

- The Send back letter states that '[...]' indicative examples which demonstrate the magnitude of costs incurred, eg when a User-initiated delay / backfeed has arisen in the past, could serve as a useful guide for further assessment of the Proposal.'



# Background and steps taken since CMP288 Send Back

The Modification was original raised in February 2018 by National Grid Electricity Transmission (NGET) as a combined ESO and Onshore TO legal entity. Following legal separation NGET become the Proposer as they were deemed to be materially affected by the defect.

The modification seeks to introduce into Section 14 of the CUSC explicit charging arrangements to recover additional costs incurred by Onshore TOs resulting from requests by Users for a delay to, or to speed up, transmission works to facilitate their connection.

The Workgroup met 9 times in 2018-2019, in July 2021 NGET withdrew support for the modification and the ESO became the Proposer, then met a further 5 times in 2022. The Final Modification Report was issued to Ofgem on 09 August 2022.

## Steps taken since 15 September 2023

- The Proposer has been confirmed as Paul Mott (the previous Proposer is no longer at the ESO) and they have started to review the legal text and associated annexes
- The Proposer has engaged with the ESO Connection Team to understand potential timelines and impacts of current projects



# CMP288 Authority Send-Back – Governance Rules

8.23.12 If the **Authority** determines that the **CUSC Modification Report** is such that the **Authority** cannot properly form an opinion on the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**, or where the **CUSC Modification Proposal** and/or any **Workgroup Alternative CUSC Modification(s)** constitutes an **EBGL Amendment** where the **Authority** requires an amendment to **CUSC Modification Proposal** and/or any **Workgroup Alternative CUSC Modification(s)** in order to approve it, it may issue a direction to the **CUSC Modifications Panel**:

- (a) specifying the additional steps (including drafting or amending existing drafting associated with the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**), revision (including revision to the timetable), analysis or information that it requires in order to form such an opinion; and
- (b) requiring the **CUSC Modification Report** to be revised and to be re-submitted.

8.23.13 If a **CUSC Modification Report** is to be revised and re-submitted in accordance with a direction issued pursuant to Paragraph 8.23.12, it shall be re-submitted as soon after the **Authority's** direction as is appropriate, (and in the case of an **EBGL Amendment** within 2 months), taking into account the complexity, importance and urgency of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**. The **CUSC Modifications Panel** shall decide on the level of analysis and consultation required in order to comply with the **Authority's** direction and shall agree an appropriate timetable for meeting its obligations. Once the **CUSC Modification Report** is revised, the **CUSC Modifications Panel** shall carry out its **CUSC Modifications Panel Recommendation Vote** again in respect of the revised **CUSC Modification Report** and re-submit it to the **Authority** in compliance with Paragraphs 8.23.4 to 8.23.6.

Panel to agree next steps following send-back on 14 September 2023:

**NOTE** that Ofgem are asking the Final Modification Report and Legal Text to be updated

**AGREE** whether or not this needs to be assessed by a Workgroup

**AGREE** Workgroup's Terms of Reference (if Panel determine a Workgroup is needed)

**AGREE** whether or not (following the assessment by the Workgroup) a Code Administrator Consultation is needed to be run before it is re-presented to Panel for Recommendation Vote



# CMP402: Introductory of Anticipatory Investment (AI) principles within the user commitment arrangements Timeline Update

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	21 September 2023	16 November 2023	06 December 2023
New timeline	19 October 2023	7 December 2023	3 January 2024

**Rationale:** A last minute Alternative Request was made following discussions on the Early Cost Assessment process.

**Workgroups Remaining:** 2

**Ask of Panel:** Agree revised timeline



# CMP411: Introductory of Anticipatory Investment (AI) principles within the Section 14 charging methodologies

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	21 September 2023	16 November 2023	06 December 2023
New timeline	19 October 2023	7 December 2023	3 January 2024

**Rationale:** A consequential modification is being raised to put the necessary definitions into Section 11 of the CUSC and the legal text is being updated following feedback from a Workgroup member.

**Workgroups Remaining:** 2

**Ask of Panel:** Agree revised timeline



# CMP417: Extending principles of CUSC Section 15 to all Users

## Request to change Terms of Reference

The Workgroup would like reflect the following within their Terms of Reference:

Amended Workgroup Terms of Reference	
a)	Consider EBR implications
b)	Consider the transitional arrangements
c)	Consider interactions with other codes or code modifications
d)	Consider interactions with connections reform
e)	Consider financial consequences to Users
f)	Consider cash flow implications on the ESO

### CMP417 - the asks of Panel

- **AGREE** the additional points within Terms of Reference



# CMP418: Refine the allocation of Static Var Compensators (SVC) costs at OFTO transfer

Confirmation of agreed draft Terms of Reference ahead of Workgroup meetings commencing:

Workgroup Term of Reference	
a)	Consider EBR implications;
b)	Consider any cross code impacts and interactions, specifically with the STC, Grid Code and CM085;
c)	Confirm whether the change is proposed to be retrospective or to apply only to future plant;
d)	Consider whether changes are required to Section 11 via a separate modification;
e)	Consider the extent to which the revenue recovery requirements need to be codified to provide clarity for parties;
f)	If SVC asset costs are socialised, or alternatively if they are not socialised, consider whether parties who bear the costs of those assets as a consequence should also receive Balancing Services revenue for the associated reactive provision.
g)	Consider the impact of the change on the different OFTO set-ups and if this change is likely to impact future design set-ups;
h)	Consider aligning the definitions used with the Grid Code;
i)	Consider the impact on other Dynamic Reactive Compensation Equipment.

## CMP418 - the asks of Panel

- **AGREE** draft Terms of Reference





# Panel Tracker

Milly Lewis, Code Administrator





## Discussions on Prioritisation

- **AGREE** where New Modifications that need Workgroups are placed in the prioritisation stack





# Draft Final Modification Report

**CMP392: Transparency and legal certainty as to the calculation of TNUoS in conformance with the Limiting Regulation**

Milly Lewis



# Solutions

## Summary of solutions:

- CMP392 Original seeks to publish the construction of the “Connection Exclusion” and its application in setting TNUoS (Transmission Network Use of System), along with the methodology and the output of the calculation.
- WACM1 proposes to codify the obligation for the ESO to publish a guidance note on an annual basis that will explain the methodology used to calculate TNUoS Adjustment Tariff for the purposes of the Limiting Regulation. Implementation would mirror the Original.
- WACM2 is a combination of the Original Proposal and WACM1. This would see the calculation published on a project by project basis, with an accompanying guidance note, with implementation mirroring the Original



# Code Administrator Consultation Responses

## Summary of Code Administrator Consultation Responses :

- Code Administrator Consultation was run from 04/08/2023 to 04/09/2023 and received 6 non-confidential responses and 0 confidential responses. Key points were:
  - All six respondents stated they support the proposed implementation approach.
  - All six respondents felt the Original and WACM2 better facilitates the CUSC objectives.
  - Two out of the six respondents stated WACM1 better facilitated the objectives.
  - The respondents who were supportive of both the Original Proposal and WACM2 were so, amongst other reasons, because of the provision of transparency and legal certainty around the methodology and calculations.
  - The respondent who expressed support for WACM1 felt this option provided sufficient transparency and represented the most efficient option for industry whilst ensuring compliance (limiting regulation). The same respondent stated the extra resources required for the Original and WACM1 from the ESO would be disproportionate to the benefits transparency on a site-by-site basis may bring.
  - The respondents not supportive of WACM1 felt it could potentially be negative against competition as could lead to instances of information asymmetry between parties and consequential disputes.
  - No legal text issues identified.



# CMP392- the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps



# CMP392 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	29 September 2023
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	03 October 2023 – 10 October 2023
Submission of Final Modification Report to Ofgem	13 October 2023
Ofgem decision date	TBC
Implementation Date	10 working days after Authority decision





# Draft Final Modification Report

**CMP408: Allowing consideration of a different notice period for BSUoS tariff settings**

Milly Lewis



# Solution

- The Proposal seeks to amend the ex-ante fixed BSUoS tariff notice period from 9 to 3 months whilst maintaining the current 6 month fixed period. Implementation 1 April 2024.

## Code Administrator Consultation Responses

### **Summary of Code Administrator Consultation Responses :**

- Code Administrator Consultation was run from 16/08/2023 to 13/09/2023 and received 7 non-confidential responses and 0 confidential responses. Key points were:
  - Five respondents stated the Baseline better facilitates the CUSC objectives than the Original Proposal.
  - Three respondents stated they support the proposed implementation approach.
  - One of these respondents indicated they only support the implementation of CMP408 on the basis that CMP415 Original or CMP415 WACM1 is also implemented. The respondent stated they did not support the implementation of CMP408 on its own.
  - Those respondents not supportive of the Original Proposal, amongst other concerns, stated it increased risk exposure for suppliers on fixed contracts increasing the likelihood of including risk premium and overall costs to consumers.
  - No legal text issues identified.



# CMP408 - the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps



# CMP408 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	29 September 2023
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	04 October 2023 – 11 October 2023
Submission of Final Modification Report to Ofgem	13 October 2023
Ofgem decision date	TBC
Implementation Date	10 working days after Authority decision





# Draft Final Modification Report

**CMP415: Amending the Fixed Price Period from 6 to 12 months**

Milly Lewis



# Solution

## Summary of solutions:

- The Original Proposal amends the definition of the Fixed Price Period from 6 to 12 months
- WACM1 amends the definition of the Fixed Price Period from 6 months to 12 months but with two seasonal tariffs: a spring summer tariff (1 April to 30 September) and an autumn winter tariff (1 October to 31 March).



# Code Administrator Consultation Responses

## Summary of Code Administrator Consultation Responses :

- Code Administrator Consultation was run from 16/08/2023 to 13/09/2023 and received 6 non-confidential responses and 0 confidential responses. Key points were:
  - Two respondents stated the Original Proposal and WACM 1 better facilitates objective b.
  - Two respondents stated they support the proposed implementation approach. One respondent further clarified they would only support implementation of CMP415 WACM1 if CMP408 is passed.
  - Two respondents stated they did not agree any change should result in tariffs being replaced.
  - Three respondents supportive of WACM1 were so, amongst other reasons, because of having a longer notice period increases price certainty for suppliers so no risk of premium charge to customers is required.
  - Three respondents not supportive of the Original or WACM1 ,amongst other concerns, stated there was insufficient evidence that a defect exists in the current charging methodology as it has only been in place for a few months, neither solution had demonstrated any benefit of how improved forecasting will outweigh the additional risk premium included in contracts due to less notice provided.
  - No legal text issues identified.



# CMP415 - the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps



# CMP415 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	29 September 2023
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	04 October 2023 – 11 October 2023
Submission of Final Modification Report to Ofgem	13 October 2023
Ofgem decision date	TBC
Implementation Date	10 working days after Authority decision





## **Standing Groups - *Updates on all standing groups relevant to CUSC panel e.g. potential for future governance changes or modifications***

~~Governance Standing Group – Garth Graham~~

TCMF – ESO Panel Member





**European Updates** - *Updates on all European developments relevant to CUSC panel e.g. potential for future governance changes or modifications*

European Code Development – Nadir Hafeez

Joint European Stakeholder Group – Garth Graham

Previous meeting – 12 September 2023 [Meeting materials and Headline Report](#)

Next meeting – 10 October 2023





## Updates on other industry codes





# **Code Administrator Update**

## **Energy Code Reform Update**

Sarah Carter





**Any Other Business**



# CUSC Modification Panel Election Results 2023/25

<b>Elected</b>	<b>Company</b>	<b>Seat</b>
Joe Colebrook	Innova Renewables Limited	CUSC Users' Panel Member
Binoy Dharsi	EDF	CUSC Users' Panel Member
Joe Dunn	Scottish Power	CUSC Users' Panel Member
Andrew Enzor	Cornwall Insight	CUSC Users' Panel Member
Garth Graham	SSE	CUSC Users' Panel Member
Kyran Hanks	Waters Wye	CUSC Users' Panel Member
Paul Jones	Uniper	CUSC Users' Panel Member
Mark Duffield	National Grid Interconnectors	CUSC Users' Panel Member Alternate
Lauren Jauss	RWE	CUSC Users' Panel Member Alternate
Grace March	Sembcorp	CUSC Users' Panel Member Alternate
Cem Suleyman	Drax	CUSC Users' Panel Member Alternate



# CUSC 2024 Panel Dates

	CUSC			
	TCMF	Modification submission end date	Panel Papers Day	Panel Meeting Day
January (in person)	4	11	18	26
February	1	8	15	23
March	29 February	7	14	22
April (in person)	4	11	18	26
May	9	16	23	31
June	6	13	20	28
July (in person)	4	11	18	26
August	1	8	15	23
September	5	12	19	27
October (in person)	3	10	17	25
November	7	14	21	29
December	21 November	28 November	5	13

Note: Due to the bank holidays and Christmas the CUSC Panel meeting dates for March, August and December are not the last Friday of the month



## Activities ahead of the next Panel Meeting

<b>Transmission Charging Methodologies Forum</b>	05 October 2023
--	-----------------

<b>Modification Proposals to be submitted</b>	12 October 2023
---	-----------------

<b>Papers Day</b>	19 October 2023
-------------------	-----------------

<b>Panel Meeting</b>	27 October 2023 Faraday House
----------------------	----------------------------------



# Close



**Jon Wisdom**

Acting Independent Chair, CUSC Panel