CUSC Panel

Friday 15 December 2023

Online Meeting via Teams

WELCOME



ESO

Approval of Panel Minutes

Approval of Panel Minutes from the Meeting held
24 November 2023



Action Log



Chair’s Update

Authority Decisions and Update (as at 14 November 2023)

Decisions Received since last Panel meeting

- No decisions received since the last Panel meeting.

Decisions Pending

Modification	Final Modification Report Received	Expected Decision Date
CMP298 'Updating the Statement of Works process to facilitate aggregated assessment of relevant and collectively relevant embedded generation'	06/04/2022	30/11/2023
CMP330&CMP374 '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
CMP344 'Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology'	08/02/2023	08/12/2023
CMP392 'Transparency and legal certainty as to the calculation of TNUoS in conformance with the Limiting Regulation'	13/10/2023	31/01/2024
CMP398 'GC0156 Cost Recovery mechanism for CUSC Parties'	11/07/2023	30/01/2024
CMP408 'Allowing consideration of a different notice period for BSUoS tariff settings'	13/10/2023	TBC
CMP412 'CMP398 Consequential Charging Modification'	11/07/2023	30/01/2024
CMP414 'CMP330/CMP374 Consequential Modification'	10/08/2023	08/03/2024
CMP415 'Amending the Fixed Price Period from 6 to 12 months'	13/10/2023	TBC

Received Final Modification Reports since last Panel Meeting

Modification	Final Modification Report Received	Expected Decision Date
CMP425 'Billing Demand Transmission Residual By Site'	06/12/2023	

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 Modifications

Copy from Panel Asks template



CMP426

Boundary Reinforcement Cost Recovery

CUSC Panel: 15 December 2023

ESO

Background

- In July 2022 the ESO published the Holistic Network Design (HND), to help facilitate a more coordinated approach to offshore wind connections.

- This was followed by the Authority publishing an asset classification decision, classifying HND assets as either onshore transmission, radial offshore transmission or non radial offshore transmission.

- Onshore transmission represents reinforcement of a congested onshore boundary to convey electricity generated from a congested region behind that boundary onshore, to other parts of the onshore system with a demand bias.

    - This is effectively boundary reinforcement to convey surplus electricity from the north of Britain to the south.

- CUSC section 14.15.35 confirms ‘Generators directly connected to a Main Integrated System (MITS) node will have a zero local circuit tariff’, and 14.15.33 defined the criteria for a MITS node.

Defect

- When applying the current rules, any generators which are not directly connected to a MITS node but nonetheless directly connected to a circuit being effectively utilised as onshore boundary reinforcement, would be subject to the local tariff to recover the cost of that circuit.

- This would not be cost-reflective, as the primary purpose of these types of circuit is boundary reinforcement to the benefit of a number of users.

    - So it would not be appropriate to recover the cost of these circuits or future circuits used for boundary reinforcement predominantly from a specific user.

- A methodology change is therefore required to ensure the recovery of the cost of an HND circuit which is utilised as boundary reinforcement is not predominantly, or wholly, from a specific generator via a local circuit charge, but instead recovered from wider users.

Solution

Overview of Solution

This modification proposes to review the cost recovery of HND circuits that are utilised as boundary reinforcement in the HND or future iterations of the HND to ensure they are not predominantly recovered by a specific user, but by wider users of the network.

- A number of options have been explored as part of the Offshore Coordination Code Modification Subgroup and the preferred approach is to recover the costs via the wider tariff.

- To enable this, the circuits utilised for boundary reinforcement would need to be classed as a wider circuit.

- To ensure these circuits are classed as a wider circuits, it is proposed that CUSC section 14 is updated to outline that wider charges are based on the current definitions, plus any circuit deemed by the Authority to be ‘onshore reinforcement.’

- This would effectively ensure that any circuit in the HND/HND follow up process that is used as boundary reinforcement would be classed as a wider rather than as a local circuit, therefore its cost would be recovered via wider TNUoS charges.

Solution Continued

Legal Text and Implementation Considerations

- It is proposed the legal text would be outlined between CUSC section 14.15.35 - 14.15.36 to reflect that circuits deemed to be ‘onshore reinforcement’ would not be subject to a local charge.
- Through the workgroup process consideration will also be given to other areas of CUSC section 14 that may need updating to ensure recovery through the wider tariff.
- The proposed implementation date is April 2025 to align to a charging year and ensure generators have visibility of the charging methodology to aid investment decisions.

Benefits of Solution

- The purpose of the circuit is reflected in the charging methodology, improving cost-reflectivity.
- Future-proofs the methodology for any additional offshore circuits deemed to be boundary reinforcement.
- Should better incentivise investment by new offshore generators, including in circumstances where a boundary reinforcement might optimally be a feature of network designs, as it removes charging risk.
- Fairly simple approach to implement.

Any Questions?

Critical Friend Feedback – CMP426

Code Administrator comments	Amendments made by the Proposer
• Minor Typographical changes made • Query number of workgroups being realistic when wanting decision of September	Proposer accepted all amendments made by the Code Administrator The proposer agreed that the number of workgroups was an estimate and would be better able to give an accurate number post the workgroup starting

Timeline for CMP426– Proposed Timeline - *Workgroup*

Milestone	Date	Milestone	Date
Modification presented to Panel	15 December 2023	Panel sign off that Workgroup Report has met its Terms of Reference	28 June 2024
Workgroup Nominations (20 Working Days)	18 December 2023 – 17 January 2024	Code Administrator Consultation (15 working days)	03 July 2024 to 24 July 2024
Workgroup 1 and 2 *Agree timeline, Terms of Reference and discuss solution*	05 February 2024 04 March 2024	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	15 August 2024
Workgroup 3 *Review legal text, draft Workgroup Consultation*	25 March 2023	Panel undertake DFMR recommendation vote	23 August 2024
Workgroup Consultation (20 working days)	27 March 2024 – 26 April 2024	Final Modification Report issued to Panel to check votes recorded correctly	27 August 2024 to 03 September 2024
Workgroup 4 *Review Workgroup Consultation responses and any alternatives*	03 May 2024	Final Modification Report issued to Ofgem	5 September 2023
Workgroup 5 and 6 Legal text, workgroup report and vote	20 May 2024 10 June 2024	Ofgem decision	TBC
Workgroup report issued to Panel (5 working days)	20 June 2024	Implementation Date	01 April 2025

CMP426 – 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

Teri Puddefoot, Code Administrator

CMP288: Explicit charging arrangements for customer delays and backfeeds Timeline Update

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
New timeline	23 May 2024	18 July 2024	07 August 2024

Rationale: *Workgroups have started following CMP288 send back. Propose to get the Workgroup report submitted to the May 2024 Panel.*

Workgroups Remaining: [2]

Ask of Panel: Agree revised timeline?

CMP288: Explicit charging arrangements for customer delays and backfeeds Timeline Update

Workgroup Term of Reference	Location in Workgroup Report (to be completed at Workgroup Report stage)
Proposed categories of charges: definitions and scope	
Reinforcement works assessment	
Consistent application across TOs	
Clarity with regards to scope of application	
Magnitude of costs: examples	
Consider ongoing Connections Reform and the impact this has on implementation	

CMP288- the asks of Panel

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

CMP328: Connections Triggering Distribution Impact Assessment Timeline Update

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	N/A – timeline can be created once we have a Proposer response and Authority discussions		
New timeline			

Rationale: *The ESO have compiled a response to the Authority send-back letter and shared with the Proposer for their input, however there has been no response from the Proposer to date. Code Governance are continuing to pursue this, and will escalate if necessary to establish next steps.*

Workgroups Remaining: TBC

Ask of Panel: None at this time.

CMP402: Introduction 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	19 October 2023	07 December 2023	05 January 2024
New timeline	15 February 2024	18 April 2024	07 May 2024

Rationale: The new approach to the pre trigger date part of the solution warrants further industry views via a second Workgroup consultation.

Workgroups Remaining: 3

Ask of Panel: Agree revised timeline?

CMP405: TNUoS Locational Demand Signals for Storage Timeline Update

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem
Previous timeline	15 February 2024	26 April 2024	08 May 2024
New timeline	24 May 2024	19 July 2024	08 August 2024

Rationale: *Relevant questions were asked about the analysis presented by the Proposer and about the modification defect. The Workgroup needs more time for considerations and to develop the solution.*

Workgroups Remaining: 6

Ask of Panel: Agree revised timeline?

Panel Tracker

Teri Puddefoot, Code Administrator

Discussions on Prioritisation

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

Draft Final Modification Report

CMP396: Re-introduction Of BSUoS on Interconnector Lead Parties

Teri Puddefoot

Solution

Solution:

- Under Section 8.19.2 of the CUSC the modification progressed to Code Administrator Consultation without completing the Workgroup stages.
- Charge all interconnector lead parties BSUoS when the interconnector flows are exporting power from the GB, thereby treating all Final Demand in the same manner irrelevant of where it is located.

Code Administrator Consultation Responses

Summary of Code Administrator Consultation Responses :

- Code Administrator Consultation was run from 27/10/2023 to 17/11/2023 and received 7 non-confidential responses and 0 confidential responses. Key points were:
  - 6 out of 7 respondents stated that they believed the modification to not better facilitate any of the Applicable CUSC Objectives and that the modification was unlawful.
  - The remaining respondent who is the Proposer believed the modification better facilitated all the Applicable CUSC Objectives and that the modification should be implemented in April 2024.

CMP396 - 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

CMP396 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	15 December 2023
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	18 December 2023 – 02 January 2024
Submission of Final Modification Report to Ofgem	05 January 2024
Ofgem decision date	ASAP
Implementation Date	01 April 2025

Draft Final Modification Report

CMP411: Introduction of Anticipatory Investment (AI) within the Section 14 charging methodologies

Teri Puddefoot

Solution

Solution:

- Changes to the CUSC will be required to implement Ofgem's decision in relation to Anticipatory Investment (AI). This Original proposal seeks to introduce AI and a mechanism for the recovery of AI costs within Section 14 charging methodologies subject to Ofgem's final policy decision. Implementation 1 April 2025.
- After the offshore transmission assets have been transferred to an OFTO and prior to the subsequent Generator(s) connecting, the AI Cost Gap will be recovered from Demand customers via the Transmission Demand Residual.
- The AI Cost Gap will be repaid to Demand customers by the subsequent Generator(s) either through the AI Cost Gap Tariff or via one payment in the charging year in which the subsequent Generator(s) connects.

Code Administrator Consultation Responses

Summary of Code Administrator Consultation Responses :

- Code Administrator Consultation was run from 06/11/2023 to 27/11/2023 and received 2 non-confidential responses and 2 confidential responses. Key points raised by the non-confidential responses were:
  - Reduces the risk of the initial generator paying higher TNUoS charges if it were to undertake Anticipatory Investment (AI) and benefits competition by reducing risk and uncertainty for the initial generator.
  - Addresses the current barrier to entry, better enables project coordination and reduces long term whole system costs.
  - Codifying the principles provides clarity and mitigates any risk of confusion on the treatment of cost recovery to industry.
  - Both respondents stated they supported the implementation approach. One respondent noted the date April 2025 should allow sufficient time for implementation. The second respondent felt the use of a new and distinct tariff would ensure the entirety of the AI Cost Gap is recovered by the Subsequent Generator which is aligned to the AI policy decision by Ofgem.
  - One respondent felt, for consistency, CMP411 and CMP402 should progress in parallel to ensure alignment across the charging User Commitment approaches.
- No legal text issues identified.

CMP411- 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

CMP411 – Next Steps

Milestone	Date
Draft Final Modification Report presented to Panel	15 December 2023
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	18 December 2023 – 02 January 2024
Submission of Final Modification Report to Ofgem	05 January 2024
Ofgem decision date	Requested by 31 March 2024
Implementation Date	01 April 2025

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 December 2023~~ ~~Meeting materials~~ ~~- Cancelled~~

Next meeting – 09 January 2024

Updates on other industry codes

Any Other Business

Activities ahead of the next Panel Meeting

Transmission Charging Methodologies Forum	04 January 2024
Modification Proposals to be submitted	11 January 2024
Papers Day	18 January 2024
Panel Meeting	26 January 2024 Faraday House

Close



Jamie Webb

Acting Independent Chair, CUSC Panel