Codes Summary – February 2018
(as at 20 February 2018)

This document provides a summary as to latest developments concerning the various other Industry Codes. Further detailed information can be found at:

https://www.nationalgrid.com/uk/electricity/codes

CUSC

The most recent meeting of the **CUSC Modification Panel** was held on 26 January 2018. The next Panel meeting will take place on 23 February 2018.

CMP250 Stabilising BSUoS with at least a twelve month notice period aims to eliminate BSUoS volatility and unpredictability by proposing to fix the value of BSUoS over the course of a season, with a notice period for fixing this value being at least 12 months ahead of the charging season. CMP250 was presented at the CUSC Panel meeting on 28 August 2015. The Panel unanimously agreed that CMP250 should be developed by a Workgroup and set an initial Workgroup timetable of four months, to report back to the December 2015 Panel meeting. At the November 2015 Panel meeting, a three month extension was granted. At the January 2016 CUSC Panel meeting, a further two month extension to CMP250 was agreed and the Workgroup will now report back to the May 2016 Panel meeting. The Workgroup Consultation was published on 15 March 2016 and closed on 14 April 2016, receiving sixteen responses. A two month extension was agreed at the May 2016 Panel meeting and the Workgroup will now report back to the Panel on 29 July 2016. This modification is still at the workgroup stage. The most recent Workgroup meeting was held on 10 July 2017. The most recent Workgroup was held on 3 October 2017, the Workgroup met to understand the outcome following discussions within National Grid regarding the future funding of the SO, to review the legal text and agree next steps. The Code Administrator Consultation would be issued to the Industry after the Panel meeting for fifteen working days. The Draft Final Modification Report will be presented back to the Panel for their Recommendation vote in January 2018. The CUSC Panel voted at the January meeting. Panel Members agreed by majority that the Original and WACM 1, WACM 2, WACM 3 and WACM4 was better than the baseline. The final modification report was submitted to the Authority on 2 February 2018.

CMP251 Removing the error margin in the cap on total TNUoS recovered by generation and introducing a new charging element to TNUoS to ensure compliance with European Commission Regulation 838/2010 aims to ensure that there is no risk of non-compliance with European Regulation 838/2010 by removing the error margin introduced by CMP224 and by introducing a new charging element to the calculation of TNUoS. CMP251 was presented to the CUSC Panel on 28 August 2015. The Proposer requested that the Modification be treated as urgent. The Panel decided unanimously that CMP251 should not be treated as urgent and should be developed by a Workgroup. The Panel Chair has written to the Authority informing them that the Panel will not be requesting urgency for CMP251. At the November Panel meeting, a two month extension was granted and at the January CUSC Panel meeting, a further one month extension to CMP251 was agreed. Another one month extension to the Workgroup timetable was granted at the February 2016 CUSC Panel meeting and the Workgroup will now report back to the April CUSC Panel meeting. The Workgroup Consultation was published on 29 February 2016 and closed on 29 March 2016, receiving ten responses. On 29 April 2016, the CMP251 Workgroup report was presented the CUSC Panel. The Panel asked that the CMP251 Workgroup look at the CMP261 legal opinion as part of their Terms of Reference and were asked to report back with an amended report to the May 2016 CUSC Panel. A one month extension was agreed at the May 2016 Panel meeting and the Workgroup will now report back on 24 June

2016. The Panel noted that although the paper had been presented as a late paper to the Panel, they were happy for it to progress to Code Administrator Consultation. CMP251 is due to be voted on at the CUSC Panel on the 30th September 2016. CMP251 has been sent to the Authority for a decision. A decision from the Authority is still pending.

CMP261 Ensuring the TNUoS paid by Generators in GB in Charging Year 2015/16 is in compliance with the €2.5/MWh annual average limit set in EU Regulation 838/2010 Part B (3).
CMP261 aims to ensure that there is an ex post reconciliation of the TNUoS paid by GB generators during charging year 2015/16 which will take place in Spring 2016 with any amount in excess of the €2.5/MWh upper limit being paid back, via a negative generator residual levied on all GB generators who have paid TNUoS during the period 1 April 2015 to 31 March 2016 inclusive. CMP261 was presented to the CUSC Panel at a special CUSC Panel meeting on 9 March 2016. CMP261 was raised as urgent, however the Panel agreed by majority not to request d urgency from the Authority and have request the Workgroup to progress the modification in a shortened timescale. The Authority responded to this request on 17 March 2016 agreeing that CMP261 should not be considered as urgent, however should be progressed in line with an accelerated timetable. A two month extension was agreed at the May 2016 CUSC Panel, and the Workgroup report is to be presented at July 2016 Panel although will be discussed again at June 2016 Panel where they may agree to a Special CUSC Panel before July 2016 Panel. The Workgroup is on track and is currently progressing towards the publication of the CMP261 Workgroup Consultation at the beginning of July 2016. This modification is at Code Administrator Consultation stage and will be go to the CUSC Panel for their recommendation vote on Friday 25th November 2016. The CUSC Panel Recommendation vote was held on 25th November 2016. CMP261 was submitted to the Authority on 30th November. A decision from the Authority is still pending. The Authority has sent back CMP261 to Workgroup stage. The most recent Workgroup meeting was held on 22 May 2017. CMP261 was tabled at the CUSC Panel meeting on the 26 May 2017 and the Panel agreed for it to proceed to Code Administrator Consultation. At the CUSC Panel meeting on 20 June 2017, the Panel voted on CMP261 against the Applicable CUSC Objectives. The Panel agreed by majority that the Original, WACM1 and WACM2 were all better than the Baseline. Most Panel members considered WACM1 as the best option. CMP261 was submitted to the Authority on 23 June 2017. The Authority rejected this modification.

CMP271 'Improving the cost reflectivity of demand transmission charges'.
CMP271 aims to improve the cost reflectivity of demand transmission charges. It is proposed that the transmission charging methodology should include a Peak Security demand tariff levied at Triad, a Year Round demand tariff and revenue recovery levied on year round supplier demand. The initial workgroup meeting will be held on the 1st November 2016. The most recent Workgroup meeting was held on 24 July 2017. Following launch of TCR, the CA is speaking to the Proposers of CMP271/274/276 to seek their position on their modification since the launch. At the Workgroup meeting held on 11 September for CMP271, CMP274 and CMP276 that Ofgem had clearly stated the scope of these modifications may overlap the scope of the SCR. The Panel agreed that it would be pragmatic to extend each Workgroup to the same fixed event, namely the Ofgem publication of its SCR conclusions and at that point reassess if a further extension is required. The Workgroup will reconvene in November 2017 and then report back to the Panel. The Workgroup are due to meet in November 2017 following the update from Ofgem to agree next steps. The Panel agreed to provide an extension subject to further information from Ofgem regarding their "minded to" position statement. The Code Administrator will continue to update the Panel on any progress in this area.

CMP274 'Winter TNUoS Time of Use Tariff (TToUT) for Demand TNUoS'
CMP274 aims to improve the cost reflectivity of demand transmission charges. It is proposed that the transmission charging methodology should include a Winter Weekday Time of use demand tariff which reflects the existing Demand Residual element of the existing methodology so that revenue recovery is levied over a longer period of assessment. The initial workgroup meeting was held on the 1 November 2016. The most recent Workgroup meeting was held on the 24 July 2017. See update for CMP271.

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. The initial Workgroup meeting was held on 15 February 2017. This proposal is on track. At their last meeting, the Workgroup discussed the impact of CMP275 in relation to Ofgem's recent publication on its Call for Evidence on flexibility and how CMP275 could be seen as running contrary to this. The Workgroup also discussed the legal text changes required. The Workgroup Report is with Workgroup for them to review and update and the next Workgroup meeting scheduled for 13 September to finalise legal text, vote and agree Workgroup Report. The most recent Workgroup meeting was held on 6 October 2017. At this meeting, the Workgroup are expected to agree the legal text which may lead to an alternative Proposal being raised and considered by the Workgroup. National Grid is working with the Proposer and the Workgroup to identify all viable options. The Workgroup requested a three month extension to carry out these works. The Panel approved this extension. The Code Administrator confirmed work is still progressing on the legal text and from this whether any alternative options should be considered by the Workgroup. The date of the next meeting has not been arranged as is dependent on further clarity from National Grid's legal team. The current timetable has that the Panel at its January 2018 meeting will be asked to approve that the report is issued for Code Admin Consultation. No extension requested this month but this date is at risk and that the Code Administrator may come back to the January Panel meeting with a request for an extension.

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. Currently demand residual is the cost bucket which is left to capture all TO costs that cannot be otherwise allocated. Unless there is change the current methodology this is forecast to lead to high demand TNUoS payments at the time of Triads, which are widely recognised to be unacceptable and unsustainable. Mods CMP264 and CMP265 deal with a subset of the symptoms only, because they define the defect too narrowly. Their definition prohibits the full range of potential solutions being considered, and by excluding certain types of meter and treating some meters differently to others, this inevitably leads to a discriminatory outcome. This modification is defined to address the underlying cause of the escalation in demand residual and proposes a simple, non-discriminatory approach to its resolution which addresses equitable competition in ALL markets, domestic and international, reduces total cost to consumers and has the structure to form an enduring solution. Nominations for this Workgroup are open until 24 February 2017. A decision letter from the Authority granting urgency is pending. The initial Workgroup meeting was held on17 March 2017. The most recent Workgroup meeting was held on 24 July 2017. See update for CMP271.

CMP280' Creation of a New Generator TNUoS Demand Tariff which Removes Liability for TNUoS Demand Residual Charges from Generation and Storage Users' The Modification aims to remove liability from Generator and Storage Parties for the Demand Residual element of the TNUoS tariff. The CUSC Panel agreed to process this proposal following a standard timetable. The initial Workgroup meeting was held 4 August 2017. This Workgroup is on track. The Workgroup held their first Workgroup meeting on 4 August 2017 and the next meeting is scheduled for 7 September 2017. The Workgroup have positively fed back on the prework that has taken place to develop the Proposal with the Proposer prior to the first Workgroup meeting taking place. The Workgroup are scheduled to meet on 16 October 2017 where they will scope out the outstanding works required to determine length of extension required. The Workgroup are scheduled to meet in December. The Workgroup have reviewed their workload and are requesting a 3 month extension. The Panel approved this extension request. The Code Administrator confirmed these Workgroups are continuing to develop the Proposal and had originally planned to meet again on 6 December 2017; however this has been rescheduled for 19 December 2017. The Workgroup may request an extension at the December Panel meeting. The Code Administrator advised the most recent Workgroup was held on 29 January. The Workgroup consultation was due to be issued in January however requested a three month extension as the report was not ready to be consulted on. The CUSC Panel approved the three month extension.

CMP281' Removal of BSUoS Charges From Energy Taken From the National Grid System by Storage Facilities' The Modification aims to remove liability from storage facilities for Balancing Services Use of System (BSUoS) charges on imports. The Panel agreed to process this proposal following a standard timetable. The initial Workgroup meeting was held 4 August 2017. This Workgroup is on track. The Workgroup held their first Workgroup meeting on 4 August 2017 and the next meeting is scheduled for 7 September 2017. The Workgroup have positively fed back on the prework that has taken place to develop the Proposal with the Proposer prior to the first Workgroup meeting taking place. The work is progressing on these Workgroups but that an extension at the next Panel meeting is likely to be requested. The Workgroup are scheduled to meet on 16 October 2017 where they will scope out the outstanding works required to determine length of extension required. The Workgroup have reviewed their workload and are requesting a 3 month extension. The Panel approved this extension request. The Code Administrator confirmed these Workgroups are continuing to develop the Proposal and had originally planned to meet again on 6 December 2017; however this has been rescheduled for 19 December 2017. The Workgroup may request an extension at the December Panel meeting. The Code Administrator advised the most recent Workgroup was held on 29 January. The Workgroup consultation was due to be issued in January however requested a three month extension as the report was not ready to be consulted on. The CUSC Panel approved the three month extension.

CMP282' The effect Negative Demand has on Zonal Locational Demand Tariffs' To amend how the DCLF model calculates Zonal Locational Demand tariffs so that the final locational zonal demand tariffs accurately reflect the underlying locational signals. The Panel agreed to recommend that this proposal follow an Urgent timetable. The initial Workgroup meeting was held on 14 July 2017. The most recent Workgroup meeting was held 16 August 2017. This Workgroup is on track. The Workgroup met on 16 August 2017 to review the six responses received to the Workgroup Consultation. There are no alternatives being proposed to this Proposal. The Workgroup are finalising their Workgroup Report and legal text and are due to vote on the Proposal on 6 September 2017 in readiness for the September 2017 CUSC Panel meeting. The Panel reviewed the Workgroup Report and agreed that the Workgroup had met its Terms of Reference and that the Workgroup could be discharged. The Code Administrator will issue the Code Administration Consultation for this Proposal for a period of 10 working days. The Panel voted on CMP282 against the Applicable CUSC Objectives. The Panel members unanimously agreed that the Original was better than the baseline. The Authority approved this modification. CMP282 will be implemented into the CUSC on 1 April 2018.

CMP283' Consequential Changes to enable the Interconnector Cap and Floor regime': This modification aims to facilitate the Interconnector Cap and Floor regime through creating the process for data provision between Interconnectors and National Grid within the CUSC. The Panel agreed to treat this proposal as a standard modification to be issued out to Code Administrator consultation without forming a Workgroup. Following a review of this Proposal, the Proposer has made amendments to provide greater clarity of their Proposal. The Panel have approved these changes and agreed that this proposal can proceed to Code Administrator Consultation for 20 Working Days. The Code Administrator Consultation was due to close on 30 August 2017 and the Panel are due to provide their Recommendation vote for this Proposal at their meeting in September 2017. The Panel voted on CMP283 against the Applicable CUSC Objectives. The Panel members unanimously agreed that the Original was better than the baseline. The Authority approved CMP283. This modification was implemented into the CUSC on 15 November 2017.

CMP285' CUSC Governance Reform- Levelling the Playing Field'. This modification seeks to reform CUSC governance to enhance the independence and diversity of Panel members and ensure wider engagement from CUSC signatories. The Panel agreed that this Proposal should be developed by a Workgroup following a standard timetable. The Code Administrator has been working with the Proposer to further scope out the requirements of this Proposal. A first Workgroup meeting date is yet to be confirmed. The initial Workgroup was held on 28 September 2017. The Workgroup had suggested some minor amendments to their Terms of Reference which the Panel approved. The Panel approved the updated timetable for CMP285. The next Workgroup meeting is scheduled for 7 November 2017. The Code Administrator advised this Workgroup is continuing to develop. The most recent Workgroup was held on 27 November 2017. The Code Administrator

confirmed that the Workgroup Consultation is due to be issued at the start of January 2018, however this date may be at risk and following the next Workgroup meeting an extension may be requested at the December Panel meeting. The Code Administrator advised the most recent Workgroup was held on 22 January. The Workgroup report was due to be issued in January however requested a three month extension as the report was not ready to be consulted on. The CUSC Panel approved the three month extension.

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. The Panel reviewed the Proposal and agreed that the Proposal should be developed by a Workgroup following a standard timetable. The Code Administrator will write out to the industry requesting nominations to join the Workgroups. The Code Administrator advised the deadline for Workgroup nominations was 8 November 2017 and ten nominations had been received. A date for the first Workgroup meeting will be 18 January 2018. The Code Administrator advised the Panel CMP286 may result in a potential STC/STCP change. As a result of this there has been a request for two additional Workgroup members. The Panel approved this request.

CMP287 'Improving TNUoS Predictability through Increased Notice of Inputs Use**d in the TNUoS Tariff Setting Process v1.'** 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. The Panel reviewed the Proposal and agreed that the Proposal should be developed by a Workgroup following a standard timetable. The Code Administrator will write out to the industry requesting nominations to join the Workgroups. The Code Administrator advised the deadline for Workgroup nominations was 8 November 2017 and ten nominations had been received. A date for the first Workgroup meeting will be 18 January 2018. The Code Administrator advised the Panel CMP286 may result in a potential STC/STCP change. As a result of this there has been a request for two additional Workgroup members. The Panel approved this request.

AMALGAMATED ELECTRICITY CODES MODIFICATION REPORT
As at 20 February 2018

This document contains the Modification Registers for the CUSC and STC and is correct as of the above date.

The most up to date versions may be found at the following websites:

STC: https://www.nationalgrid.com/uk/electricity/codes/system-operator-transmission-owner-code
CUSC: https://www.nationalgrid.com/uk/electricity/codes/connection-and-use-system-code

BSC Amendments can be found on the following website:

www.elexon.co.uk/changeimplementation/ModificationProcess/ModificationReports/default.aspx