

CUSC AMENDMENT PANEL Environmental Standing Group Terms of Reference

Introduction

1. The CUSC Amendment Panel has agreed to establish the Environmental Standing Group to consider the implications of Ofgem's open letter dated the 15th April 2008, which sets out proposed guidance on environmental issues and the code objectives.
2. Prior to the first meeting of the Standing Group Ofgem published their final clarification and guidance on the treatment of carbon costs under the current industry code objectives. Consequently, the Standing Group will now take the letter dated the 30th June into consideration.
3. This paper outlines the working arrangements and Terms of Reference for the group.
4. The CUSC Panel has formally invited representatives from other Panels and Committees within the industry. This includes the BSC, DCUSA, Distribution Code, Grid Code, STC and UNC.

Governance

5. The Environmental Group is established as Standing Group under the CUSC Amendment Panel and shall act in accordance with Section 8.18 of the CUSC. The Environmental Group shall have regard for Core Industry Documents, other key Industry documentation and Ofgem's published clarification and guidance on the treatment of carbon costs under the current industry code objectives.

Membership

6. The Environmental Group shall comprise a suitable and appropriate cross section of experience and expertise from across the industry:

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| • Chair | Duncan Burt |
| • Technical Secretary | Richard Dunn |
| • National Grid representative | Pat Hynes |
| • Dipen Gadhia | Ofgem |
| • Graham Mitchell | n.power |
| • Bill Gunshon | DCUSA Panel |
| • Paul Mott | EDF and CUSC Panel Member |
| • Paul Jones | EDF and CUSC Panel Member |
| • Barbara Vest | AEP, CUSC and Grid Code Panel Member |
| • Dave Wilkerson | Centrica |
| • Garth Graham | Scottish and Southern Energy and CUSC Panel Member |
| • Tim Davis | UNC Panel Chair |
| • David Jones | Elexon BSC |
| • Peter Roberts
or Keith Hodson | Distribution Code Panel |

7. Environmental Group members were nominated by CUSC Parties and Panels/ Committees within the industry.

Meeting Administration

8. The frequency of Environmental Group meetings shall be defined as necessary by the Environmental Group chair to meet the scope, objectives and time-scales as defined by the Amendment Panel.
9. National Grid will provide technical secretary resource to the Environmental Group and handle administrative arrangements such as venue, agenda and minutes etc.
10. The Environmental Group will have a dedicated page under the CUSC section of the National Grid UK website. This will enable Environmental Group information such as minutes and presentations etc to be available to a wider audience.

Scope and Objectives

11. The objective of the Environmental Group is to establish common principles and guidance across the industry to implement Ofgem clarification and guidance on the treatment of carbon costs under the current industry code objectives.
12. In addition to the objective above the Standing Group shall consider and report on the following specific issues:
 - Identify the implications of Ofgem's guidance,
 - Identify issues and propose solutions within the existing framework,
 - Develop practical examples based on past and present code modifications,
 - Develop common guidance and principles, where possible, that can be presented to the industry Panels and Committees
 - Provide suggestions on how the guidance can be developed further to assist in the forthcoming Governance Review
13. The Standing Group shall prepare a final report to the Amendments Panel responding to the matter set out in the Terms of Reference and a copy will be issued to Code bodies including the BSC, DCUSA, Distribution Code, Grid Code, STC and UNC. A copy will be made available to the Authority.
14. It should be noted that, in accordance with Section 8 of the CUSC, the Environmental Group as a standing group under the Amendment Panel, cannot itself propose a modification to the CUSC.