

**Minutes and Actions Arising from Meeting No.86  
Held on 29 August 2008**

**Present:**

Alison Kay	AK	Panel Chairman
Emma Carr	EC	Secretary
Hêdd Roberts	HR	Panel Member (National Grid)
Duncan Burt	DB	Panel Member (National Grid)
Paul Jones	PJ	Panel Member (Users Member)
Garth Graham	GG	Panel Member (Users Member) via teleconference
Bob Brown	BB	Panel Member (Users Member)
Barbara Vest	BV	Panel Member (Users Member) via teleconference
Simon Lord	SL	Panel Member (Users Member) via teleconference
Tony Diccico	TD	Panel Member (Users Member)
Dave Wilkerson	DW	Alternate Panel Member via teleconference
Jenny Booth	JB	Ofgem Representative
Hugh Conway	HC	Energywatch representative

**In Attendance**

Katherine Coffin	KC	BSC Panel Representative via teleconference
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**1 Introductions/Apologies for Absence**

1660. Apologies for absence were received from Paul Mott and Richard Dunn.

**2 Minutes of the Meeting held on 27<sup>th</sup> June 2008**

1661. The draft minutes of the CUSC Amendments Panel meetings held on 25<sup>th</sup> July were AGREED subject to minor amendments.

**3 Review of Actions**

1662. **Item 1623:** EC to update Environmental Standing Group Terms of Reference – complete

1663. **Item 1624:** EC to update CAP167 Working Group Terms of Reference – complete.

1664. **Action 1633:** HR to circulate a slide illustrating the revised timeline for the Working Groups (CAP161 to CAP166) - complete.

1665. **Action1635:** Consider holding an explanatory seminar soon after the CAP161- 166 Working Group consultations are published – complete.

1666. **Action 1636:** Panel members to provide comments on the current structure and content of the Working Group Reports - On going.

1667. **Action 1659:** RD to issue headline report for 25 July meeting.

### 4 New Amendment Proposals (as at 21/08/08)

1668. None.

### 5 Standing/Working Group Reports

1669. **Environmental Standing Group:** The second meeting of the group was held on Friday 15th August at Elexon's Offices, London. DB explained that progress had been slower than he had hope due to the holiday season. The next meeting is on the 8<sup>th</sup> September where all carbon assessment examples should be presented and a draft report will be available for Ofgem and the CUSC Panel. DB informed the Panel that from the current assessment examples the group would be unable to produce one standard way to undertake an assessment but would be able to provide general advice and guidance.

1670. DB also stated that he intended to provide an interim report to the Panel so that this could be sent to Ofgem to contribute to responses on their final guidance. Responses were due on this by the end of August so this would be after that deadline but hopefully still helpful.

1671. **CAP167- Definition of a threshold(s) associated with the request for a Statement of Works and Terms of Reference:** EC reported that the Group was making progress and that there are currently two alternatives, (the original and a Working Group alternative). In summary, CAP167 develops a process to establish a Relevant Embedded Small Power Station (RESPS) methodology which in turn creates a MW threshold per GSP. Both alternatives will follow the same process but the criteria to be applied in developing the methodology are different. The original includes the impact on investment costs, balancing costs, technical issues and administrative burden on parties. The alternative includes technical and administrative burden however, excludes balancing costs and limits investment cost to those triggered by the RESPS only and provides no material benefit to any existing user. EC indicated that an additional alternative may be proposed which includes the cost of carbon as a criterion. The group were reminded of the Panel's advice regarding the cost of carbon and any alternative will need to be objectively justified.

1672. HR expressed concerns regarding the Working Group alternative in terms of the investment criterion. SL asked if it would be necessary for different criteria to be applied for each TO area. The Panel debated this issue briefly and agreed that this would not be necessary.

1673. EC informed the Panel that the group is developing an assessment of the cost of carbon using a very similar approach to that in CAP164, however this assessment would require more time.

1674. EC indicated that CAP160 provided CAP167 with an automatic extension of a month; however the working Group is not yet in a position to undertake its Working Group Consultation and therefore a further extension was requested. The Panel agreed the extension and this was ratified by Ofgem. JB questioned whether a month would be adequate? EC confirmed that this would be adequate.

1675. **Transmission Access Working Groups (CAP161-166):** HR provided an update on

the Working Groups progress which is summarised below. Good progress has been made in all Working Groups. In addition, HR agreed to produce a summary document for publication on the website. HR requested the Panel's view on the summary document. HR agreed to issue a draft to Panel that afternoon.

### **Action: HR and Panel Members**

1676. **CAP161 – SO Release of Short Term Access Rights.** There are currently three models being developed by WG1 they are detailed below and further work is required:
- An auction for a weekly block of capacity held five weeks ahead
  - An auction for a daily block of capacity held two days ahead
  - A first come, first served approach for blocks of capacity in the current year [similar to the existing approach for the release of LDTEC] with a cost reflective price determined by the SO
1677. **CAP162 – Entry Overrun:** The group is currently concentrating on overrun pricing therefore limited update specifically on the CUSC. In terms of pricing three models have been developed which can be summarised as a simple multiplier, average cost ex post or marginal cost ex post.
1678. **CAP163 – Entry Capacity Sharing:** HR indicated that this Amendment is further behind than expected due to the interaction with the enabling group, WG3, in terms of defining zones. HR indicated that node to node options are also being considered due to the issues surrounding the zones. WG1 have expressed concerns regarding CAP163 being approved without CAP162, as one user could cause another user to be in breach. Consequently, the group are developing alternative remedies.
1679. TD asked how the Panel will address the assessment of the individual Amendments and does the Panel need to amalgamate Amendments? DB suggested that each Amendment would be assessed on an individual basis and the Panel's views regarding interactions could be recorded in the final Amendment Reports. GG suggested that it is possible at a later date to raise formal alternatives which capture interactive aspects with other Amendments. HR indicated that is one option but the group needs to concentrate on developing robust Amendments and the Panel should consider such assessment issues at a later date. The Panel agreed.
1680. **CAP164 – Connect and Manage:** WG1 has developed a model based upon the work of CAP148 Amendment but without limiting participation to renewables. Detailed cost benefit analysis is ongoing and the Working Group intends to use quantitative data to assess the lead time for 'local' and wider works.
1681. **CAP165 – Finite Long Term Entry Rights:** The original intention was that liabilities for pre-commissioning and post-commissioning users would be based on a number of years of TNUoS charge. Further analysis has indicated that this may not be appropriate in all zones and alternatives (e.g. Zonal Unit Cost Allowances from the PCR Final Proposals) are being investigated. The WG are developing the appropriate level of security provisions from users and calculating the credit risk which they pose. HR highlighted the difference in risk of a new commissioned power station with a long booking and that of an 'older' power station also with a long booking. HR indicated that this is a complex area and further considerations and thoughts need to be developed by WG2.
1682. **CAP166 – Long Term Entry Capacity Auctions:** There are currently two straw men models being developed, an auction for zonal capacity and a simultaneously cleared auction. HR highlighted that a significant amount of work is required and

that this Amendment poses the greatest risk area for completion of work by the three Working Groups.

1683. **Working Group 3 – Enabling Changes:** The local generation charging work is progressing well and a charging consultation has been published. HR explained that the zoning aspect of the group's work is not where the group would like it to be at present. Within-zone transfers that have no restrictions pose a major risk in terms of system compliance and costs, to address these risks the zones either need to be reduced in size or restrictions applied in terms of volume/duration and/or a combination. Due to these issues WG 3 are considering the alternative of a node to node model with defined exchange rates. GG suggested that National Grid should publish indicative or generic exchange rates for transparency purposes. HR then explained the risk and uncertainties associated with such an approach and that the Working Group needed to undertake further analysis.

### **6 Consultation Papers (as at 21/08/08)**

1684. None.

### **7 CUSC Amendment Panel vote**

1685. None

### **8 Pending Authority Decisions (as at 21/08/08)**

1686. **CAP131: User Commitment for New and Existing Generators** – JB informed the Panel that Ofgem are considering the responses to the IA.
1687. **CAP148: Deemed Access Rights to the GB Transmission System for Renewable Generators** – JB informed the Panel that the IA closes yesterday and Ofgem are considering the responses.

### **9 Authority Decisions (as at 21/08/08)**

1688. CAP160 - Improvements to the assessment of Amendments was approved on 14<sup>th</sup> August and implemented on 15<sup>th</sup> August.

### **10 Report on other Industry Documents (BSC, STC, Grid Code and DCUSA)**

1689. No update from the other Industry Panels. DB provided an update on the first Code Administrator Working Group as part of Ofgem's Industry Code Governance Review. The first meeting was held the day before Panel, 28<sup>th</sup> August, the group had debated the terms of reference and scope of the work. It had been agreed that the group would focus on identifying best practice of code application and wider activities and not fundamental change. In addition, the group would focus on improving access to the codes for smaller parties. DB gave an outline of the presentation he gave to the Code Administrators Working Group on the Administrator's view of the CUSC (and Grid Code). This presentation would be shared with the Panel.

1690. JB provided the Panel with an update on the other workstream areas: Charging Methodology consultation is likely to be published in September, the Role of the Code administrators it likely to be later in October / November.
1691. DB suggested that it may be worthwhile reconvening the GSG to support the Code Administrators Working Group in terms of identifying best practice. It was agreed that this would be considered at a later date once the Code Administrators Working Group has undertaken further work.
1692. EC agreed to send slides from the meeting and a link to Ofgem's website.

**Action: EC**

### 11 A.O.B

#### **Consultation on Modifications and Codes to reflect the abolition of the Gas and Electricity Consumer Council (energywatch) and its replacement with the National Consumer Council (NCC)**

1693. EC informed the Panel that the above consultation had been published on 27<sup>th</sup> August. EC provided a summary that energywatch would no longer exist and Ofgem propose to amend the licences and the code using their statutory powers to replace reference to energywatch with NCC. The Panel noted the consultation and agreed to review document and raise any concerns by email with EC.

**Action EC to send link to the document. Panel members to provide comments**

#### **CUSC Report Templates**

1694. EC requested comments on the revised templates which were circulated prior to the Panel meeting. GG informed the Panel that he had a number of minor comments which he would raise with EC outside the meeting. In addition, GG had three more substantial comments. Firstly, GG understood the concern raised by EC in the templates regarding the size of the reports however did not believe publication of responses on the website was a suitable alternative to including them within a report due to issues experienced in other codes. GG suggested that reports should be in two volumes, one for the main body of the report and a second for responses. The Panel agreed that this was a sensible approach and EC would amend the relevant templates.
1695. GG's second issue, concerned the generic terms of reference for Working Groups. GG believed that undertaking a carbon cost assessment should form part of the document. Other Panel members disagreed with this approach. DB and PJ suggested that this could only be included in section 5 and in their option this should be left blank for the Working Group and the Panel to consider each Amendment on its own merits and identify specific work areas. The Panel agreed not to amend the terms of reference to include the cost of carbon assessment.
1696. GG's final point regarded the Implementation section. GG suggested that not all Amendments are implemented x days after an authority decisions especially those with IS implications. GG suggested that square brackets should be used, all Panel members agreed.

**Action: EC to update templates**

**12 Record of Decisions – Headline Reporting**

1697. The Panel Secretary would circulate an outline Headline Report after the meeting and place it on the National Grid website in due course.

**Action – EC to circulate and publish.**

**13 Date of Next Meeting**

1698. The next CUSC Panel meeting is 26<sup>th</sup> September at National Grid, Warwick. The Panel noted that at present the agenda for this meeting is limited and the meeting may be cancelled in accordance with the process in the CUSC.