

## Actions Arising from Meeting No.100 Held on 31 July 2009

### Present:

Alison Kay	AK	Panel Chair
Bali Virk	BV	Secretary
David Smith	DS	Panel Member (National Grid Electricity Transmission)
Alex Thomason	AT	Panel Member (National Grid Electricity Transmission)
Paul Jones	PJ	Panel Member (Users Member)
Paul Mott	PM	Panel Member (Users Member)
Bob Brown	BB	Panel Member (Users Member)
Tony Dicicco	TD	Panel Member (Users Member)
Dipen Gadhia	DG	Ofgem Representative
Victoria Moxham	VM	Consumer Focus

### In Attendance:

Carole Hook	CH	National Grid Electricity Transmission, part meeting
Malcolm Arthur	MA	National Grid Electricity Transmission, part meeting
Tom Ireland	TI	National Grid Electricity Transmission
David Jones	DJ	Elxon

All presentations given at this CUSC Panel meeting can be found in the CUSC Panel area on the National Grid website: <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/Panel/>

## 1 Introductions/Apologies for Absence

- 2023. Apologies were received from Hêdd Roberts, Simon Lord, Garth Graham, Barbara Vest and Dave Wilkerson.
- 2024. BV confirmed that Paul Mott will act on behalf of Barbara Vest as her alternate and Paul Jones would act on behalf of Simon Lord as his alternate.
- 2025. AK welcomed AT to the CUSC Panel, AT confirmed to the CUSC Panel that she is replacing Emma Carr who is currently on maternity leave.

## 2 Minutes of the Meeting held on 15 May 2009

- 2026. The draft minutes of the CUSC Amendments Panel meeting held on 15<sup>th</sup> May 2009 were AGREED subject to GG confirmation that his comments to draft minutes have been reflected correctly. Once confirmation has been received to the Panel Secretary the minutes will be placed on the National Grid website.

**Action: BV**

## 3 Review of Actions

- 2027. **Minute 1754 – HR to look at the provision of further pro-rata tables**  
DS on behalf of HR confirmed that this action has currently been overtaken by the Secretary of State who is now going to use the powers under the Energy Act 2008 to resolve the issue of transmission access. Therefore this is not a priority and this will be

put on hold until following the publication of DECC's consultation, which is expected in August.

2028. **Minute 1874 – NG to investigate teleconference facilities**

BV and AK confirmed that the past problems were due to the adverse weather conditions which forced the teleconference facilities to go down. AK asked BV and AT to investigate if microphone extensions were available and if so to make these available at future meetings.

**Action: BV/AT**

2029. **Minute 1985 and Minute 1986 role of Working Group Members**

CH provided the CUSC Provisions regarding points raised in the previous minutes. It was confirmed that Panel members who wish to become members of Working Groups have to be nominated by a CUSC Party and also that members of Working Groups are not required to act in an independent manner. It was noted that this latter arrangement was different from the BSC.

BB explained that he was self employed and a non-industry affiliated CUSC Panel member and had to find a supportive CUSC Party each time he wished to become a Working Group member. Since he was not required to act independently as a Working Group member, he was uncomfortable with the present arrangements as it could give the perception of favour and return. He noted that Ofgem could appoint CUSC Panel members and that they too would be in the same situation of being unable to become Working Group members without the assistance of a CUSC Party.

BB suggested that, since at the end of the process it is the CUSC Panel that approves Working Group membership, the CUSC could be amended to avoid the requirement for CUSC Panel members to be nominated by a CUSC Party.

2030. AT to check the provisions within the CUSC if NGET can nominate a Working Group member.

**Action: AT**

2031. Governance Standing Group (GSG) to look at the CUSC Provisions as regards Working Group members and the nomination process.

**Action: GSG**

2032. DJ informed the CUSC Panel that ELEXON, NGET and the Joint Office are currently working together to develop a Code of Practice document and will look at including this in the document.

2033. **Minute 1994 – NG to provide an update on the feedback received from Sembcorp Utilities on existing TEC exchange arrangements**

DS on behalf of HR confirmed that NG agreed with Sembcorp comments and as a result of this CAP163 (TEC sharing) was raised. We now are awaiting the Secretary of State's decision on the way forward.

2034. **Minute 2020 – NG to provide progress on the IS System which was due to take place in March 2009**

DS on behalf of HR confirmed that in light of the Secretary of State's decision to use the Energy Act 2008 powers, National Grid are in the process of suspending work on the development of IS systems to support CUSC Amendment Proposals CAP161-166. This decision will be reviewed following the publication of the DECC consultation, which is expected in August.

2035. All other outstanding actions were complete or to be covered under an agenda item in the meeting.

#### 4 New Amendment Proposals

2036. **CAP173: Reactive Power Market Tender Process** MA gave a presentation to the CUSC Panel describing the Amendment Proposal. The presentation is available on the National Grid website.
2037. MA explained that currently the timescales for reactive power market tender process are relatively long and that CAP173 seeks to reduce tender timescales from 26 to 14 weeks by reducing the tender preparation period, assessment period and market agreements completion period.
2038. MA explained that CAP173 has been developed through discussion with CUSC Balancing Services Standing Group (BSSG).
2039. DG asked for clarification with regards to the BSSG role and the attendance for this Standing Group. MA explained the process by which this proposal was brought to the BSSG. An external consultation was held by NGET although not formally under the CUSC to ask for the views and that the Industry did agree through the BSSG with the proposed change.
2040. TD and PJ asked if all relevant parties had been sent the consultation and MA confirmed that they had and that NGET was happy with the outcome of the consultation.
2041. MA confirmed that tender process and pro forma documents are available on the National Grid website. MA also confirmed that all the options have been explored by the BSSG for the length of the tender process.
2042. The CUSC Panel agreed for CAP173 to proceed to Company Consultation for an extended period with a view to being presented to the CUSC Panel on 25<sup>th</sup> September 2009.
2043. **CAP174: Amendment to Exhibit B to require provision of location of proposed Offshore Connection Site** AT gave a presentation to the CUSC Panel describing the Amendment Proposal. The presentation is available on the National Grid website.
2044. AT explained that CAP174 has been raised as a consequence of Offshore Go Active which was implemented on 24<sup>th</sup> June 2009.
2045. The current Application Form within Exhibit B to the CUSC does not require Applicants to specify exact locations of any proposed Offshore Connection Site, and the lack of this detail when completing the form may lead to a delay in processing the Application. Therefore CAP174 seeks to amend Exhibit B to require an Applicant to provide the longitude and latitude of the proposed Offshore Connection Site.
2046. PJ raised a concern that an Offshore Power Station covering a large area would not know the information to put in Exhibit B. AT confirmed that the proposed wording does not make it mandatory and if the information is not available, the Applicant will not be required to fill it in, but it may delay the processing of the Application.
2047. BB asked the CUSC Panel members if the Exhibits should be removed from the CUSC to avoid CUSC Amendment Proposals having to be raised if changes are required to

them.

- 2048. PJ confirmed that within the Balancing and Settlement Code (BSC), procedures do not go through the BSC modification process but through a separate change process.
- 2049. The CUSC Panel agreed for CAP174 to proceed to Company Consultation for an extended period with a view to being presented to the CUSC Panel on 25<sup>th</sup> September 2009.

### 5 Working Groups/Standing Groups

- 2050. **CAP169 Provision of Reactive Power from Power Park Modules, Large Power Stations and Embedded Power Stations** MA provided a brief overview presentation of the Amendment, Alternatives, and Working Group deliberations to the CUSC Panel.
- 2051. DG was asked by the Ofgem representatives on the CAP169 Working Group to confirm if the Working Group is satisfied that the 20% default payment proposed for an embedded generator under restrictions from DNOs is appropriate to recompense for such restrictions.
- 2052. MA confirmed that the group considered the full range of payments available at present, with alternatives to the proposal now available to pay 100%, 20% and 0% when such restrictions are in place. MA also confirmed that the 20% default payment already exists in the CUSC for transmission connected generation with restrictions on the provision of reactive power services.
- 2053. DG noted that there may be circumstances where a generator was unable to provide full reactive power capabilities not because of restrictions caused by the DNO but because of a conscious choice by the generator to take a reduced capability connection at a lower price. DG queried whether such circumstances had been taken into account by the Working Group when assessing if the 20% default payment was appropriate.. MA confirmed that whilst it is difficult to examine all the situations where such a restriction may occur, representation was received from one DNO on the Working Group who outlined the rationale for such restrictions which has been included in the Working Group report.
- 2054. MA explained that the Working Group on several occasions discussed that the most appropriate route for payment for such a restricted reactive power service could be for the DNO imposing the restriction to pay, however this was not able to be delivered through the CUSC. Rather, the CAP169 Working Group was aiming to ensure an appropriate payment from the Transmission System Operator to the restricted embedded generator.
- 2055. MA also explained that the NGET view in initially proposing 20% was not only that it reflected the existing restricted payment in the CUSC, but also recognised the Grid Code requirement and dynamic response provided by such generators.
- 2056. PJ pointed out that CAP169 should have been raised as two different CUSC Amendment Proposals. CH agreed that in hindsight this would have been sensible.
- 2057. DG asked if the Working Group had concluded that CUSC Parties should get paid different amounts depending on their type of restriction but for simplicity it was decided that the 20% default payment should be paid across the board. MA stated that the Working Group had only looked at applying the arrangements in place for transmission

connected generation.

2058. The CUSC Panel agreed for CAP169 to proceed to Company Consultation for a minimum of three weeks with a view to being presented to the CUSC Panel on 25<sup>th</sup> September 2009. This would allow alignment of the CUSC consultation with the corresponding Grid Code consultation following the GCRP meeting on the 18<sup>th</sup> August.
2059. DG asked for the CAP169 consultations document to detail the full implications for Offshore.
2060. **Governance Standing Group** – Standing in for GG, chair of the GSG, CH gave the CUSC Panel a presentation detailing the work carried out so far by the GSG on urgency. Prior to the meeting the GSG report on urgency was circulated for consideration by the CUSC Panel.
2061. The GSG report detailed changes to the CUSC provision for Urgency with the associated revised drafting. Supporting guidance for the CUSC Panel, and a Best Practice Guidance Note were also detailed.
2062. The CUSC Panel debated the proposed changes to the CUSC which look to extend who can recommend a CUSC Amendment Proposal to be treated as Urgent to include the National Consumer Council and BSC Parties. The proposed changes also detail specific requirements to convene a CUSC Panel meeting, and the procedures to be followed should not all the CUSC Panel Members be available. Changes are also proposed to cover the post implementation review envisaged by the CUSC.
2063. CH confirmed that the drafting had been endorsed by the GSG and the next step would be to raise this as a CUSC Amendment Proposal. PJ requested if this could be raised as two CUSC Amendment Proposals, one covering the post implementation and one for everything before implementation.

**Action: CH**

2064. It was agreed the CUSC Panel would have the opportunity to review the proposed provisions and email CH with any suggested changes by 26<sup>th</sup> August 2009.

**Action: All**

2065. CH informed CUSC Panel Members that an urgency section has been created on the National Grid website and within this section all the documentation for past and future urgent CUSC Amendment Proposals and Guidance (once approved) can be found at <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/>

2066. The CUSC Panel discussed the Guidance document for considering an urgent request, which is based on the urgent process within the BSC. The CUSC Panel requested that the Guidance include reference that consideration should be given to the complexity, importance and urgency for an Amendment Proposal with a request for urgent treatment. The CUSC Panel agreed that once this had been added the Guidance could be published on the Urgency section of the National Grid website.

**Action: CH/BV**

2067. CH talked through the Best Practice Guidance Note as prepared by the GSG. This was not envisaged to form part of the CUSC, but offer guidance for the CUSC Panel, the Panel Secretary and any interested parties for dealing with future urgent requests. The CUSC Panel agreed to provide any comments to CH by the 26<sup>th</sup> August 2009.

**Action: All**

2068. DG confirmed that the timescales on the Industry Code Governance Review (ICGR) would likely see changes introduced early next year and that any proposals for changes to Section 8 of the CUSC in the meantime will be considered against the current CUSC baseline.

2069. CH updated the CUSC Panel on the proposed changes to the Terms of Reference for the GSG as follows:

- To reflect GG as chair
- To prepare draft response to all ICGR consultations as directed by the CUSC Panel
- To review process for private and confidential consultation responses
- DG requested that his name be replaced with “Ofgem representative”

The CUSC Panel agreed for the above changes to be reflected in the GSG Terms of Reference and for them to be published on the National Grid website.

**Action: BV**

2070. CH informed the CUSC Panel that a review had taken place on the GSG membership and due to a quorum not being met for recent GSG meetings that BV would request additional nominations for the Standing Group within the CUSC Headline Report. The CUSC Panel agreed to this.

**Action: BV**

2071. CH brought to the CUSC Panel's attention that Ofgem has released two further ICGR consultations – “Major Policy Review and Self-Governance” and the “Role of Code Administrators and Small Participants/Consumer Initiatives”.

2072. PJ questioned the appropriateness of the CUSC Panel responding to the consultations, given that it may be perceived as having a vested interest in the outcome of the consultations. DG explained that Ofgem would welcome the CUSC Panel views on the consultations. It was agreed that the GSG are to consider whether it is appropriate to respond to the consultations and if so to prepare draft responses on behalf of the CUSC Panel.

2073. DG informed the CUSC Panel that Mark Feather would like to attend the CUSC Panel meeting on the 28 August to present the recent consultations to the CUSC Panel. GSG members will also be invited to attend the presentation.

**Action: BV**

2074. BB raised a concern regarding the approval of CUSC Panel meeting Minutes. At present if a CUSC Panel meeting is cancelled the publication of the minutes [of the previous CUSC Panel meeting] is then delayed until the next meeting. BB suggested that if a CUSC Panel meeting was cancelled the draft minutes should be issued on CUSC paper day [(for that cancelled CUSC Panel meeting)] and if no objection is then received from any CUSC Panel members within a week, the minutes are then signed off and published on the National Grid website.

2075. The CUSC Panel Members agreed with this proposal, which will require a change to CUSC section 8.8.4. National Grid to write a CUSC Amendment Proposal to reflect this change and present it at the September CUSC Panel meeting.

**Action: BV**

2076. CH Informed the CUSC Panel that she would look at the current provisions within the CUSC regarding Alternates at CUSC Panel Meetings and clarifies this position at the CUSC Panel meeting in September 2009.

**Action: CH**

2077. **Gas Insulated Switchgear Presentation (GIS)**– TI gave the CUSC Panel a presentation on the technical issues being explored by the GIS Working Group. The presentation can be found at the link above. TI also informed the CUSC Panel that the Working Group Report will be submitted to the Grid Code Review Panel in September 2009.

**Action: CH**

### **6 CUSC Amendment Panel Vote**

2078. There was no CUSC Panel vote.

### **7 Authority Decisions**

2079. There were no Authority decisions.
2080. The Authority informed the CUSC Panel that they are re-consulting on CAP170 Impact Assessment (Part 2) which closes on 25<sup>th</sup> August 2009.

### **8 Update on Industry Codes**

2081. **BSC - DJ** provided an update on the BSC developments. DJ stated that they were having a busy summer with several Offshore related modification proposals, and there are future modification meetings planned. DJ to forward the future meeting dates to BV to circulate to the CUSC Panel. AT confirmed Ian Pashley (NGET) was reviewing the impact on the CUSC and as yet none have been identified.
2082. **Operational Forum – DS** at the recent Operational Forum a presentation was given on Operating in 2020 Consultation which closes on 14<sup>th</sup> August 2009 and CUSC Panel members were reminded to respond to this.
2083. DS informed CUSC Panel Members that at present National Grid have an ever increasing requirement to access renewable embedded generation whether via the Balancing Mechanism (BM) or via Balancing Services Contracts, in Scotland to balance the system. Although BEGA & BMU wind plant is being approached to encourage participation within the BM, there remains a concern this is presently limited due to a number of parties submitting 'sleeper' bids (i.e. bids at £999999) in the BM. Work is ongoing to encourage participation and avoid the risk for significant costs as a result of needing to accept a high priced bid to balance the system. National Grid was asked if it had considered the introduction of administered prices for specific circumstances. NG agreed to keep the CUSC Panel informed on this issue.

**Action: National Grid**

2084. Ofgem have asked NGET to look at longer term BSIS incentive schemes. NGET will review this through a series of mini consultations, the first of which will be released on Monday 3<sup>rd</sup> August 2009.

## 9 A.O.B

2085. **TAR:** AK acknowledged receipt of the letter from Ofgem from Stuart Cook dated 30<sup>th</sup> July 2009 detailing an update to the Access related CUSC Amendment Proposals. This letter was also forwarded via email to CUSC Panel members. The letter can be found at [http://www.nationalgrid.com/NR/rdonlyres/44A60B83-EE75-4620-AA06-95FF18684DD2/36273/090730\\_ClarificationonCAPs.pdf](http://www.nationalgrid.com/NR/rdonlyres/44A60B83-EE75-4620-AA06-95FF18684DD2/36273/090730_ClarificationonCAPs.pdf)
2086. **Panel Elections:** BV confirmed that a full CUSC Panel election did not take place and that the process was concluded at the nomination phase as only seven nominations were received. Full details of the CUSC Panel members elected from 1<sup>st</sup> October 2009 can be found at: <http://www.nationalgrid.com/NR/rdonlyres/9481F434-AFD0-477A-AAEB-2391BB65D6F0/36002/CUSCElections2009.pdf>
2087. AT noted that following the nomination process, NGET had been contacted by a renewables organisation, asking whether the CUSC Panel would find it useful to have access to the views of this sector of the industry. Panel Members debated this issue but concluded that renewable generation was already represented by the existing CUSC Panel membership. The CUSC Panel suggested that such views may be more useful at Working Group level to assist with development of Amendment Proposals.
2088. DG confirmed that a review is being undertaken, looking at the membership of all the panels to make sure everyone's view is covered at all panel meetings.
2089. DG confirmed that this was his last CUSC Panel meeting and Jon Dixon will be replacing him. AK and the CUSC Panel thanked DG for his work with the CUSC Panel.
2090. DG also confirmed that Mark Feather will be leaving Ofgem in September 2009.
2091. **Offshore codes:** AT informed the CUSC Panel that NGET had become aware of minor errors in the post-Offshore Go-Active version of the CUSC. NGET intends to resolve these as soon as possible, but is in the process of establishing the right approach, as it may not require an Amendment Proposal. NGET is seeking confirmation from DECC regarding the exact nature of the Secretary of State's designation and will take appropriate action to resolve the errors once confirmation is provided.
2092. **National Grid Website and transparency of Panel proceedings:** BB reported that the National Grid website is in the process of being updated to include CUSC Panel related information such as minutes, and that the work is nearly complete. He noted that this work, carried out on behalf of the CUSC Panel, had been outstanding for several months and that he had written to the Chair on two occasions to draw attention to this. BB stated that it was important that National Grid notifies the CUSC Panel when it is unable to carry out its responsibilities, on behalf of the CUSC Panel, in a reasonable timescale..

## 10 Record of Decisions – Headline Reporting

2093. The Panel Secretary will circulate an outline Headline Report after the meeting and place it on the National Grid website in due course.

**Action : Panel Secretary**



### **11 Date of Next Meeting**

2094. The next meeting is scheduled for Friday 28<sup>th</sup> August 2009, at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.