

CUSC Amendments Panel

Actions Arising from Meeting No. 102 Held on 25th September 2009

Present

Alison Kay	AK	Panel Chair
Bali Virk	BV	Secretary
Hêdd Roberts	HR	Panel Member (National Grid Electricity Transmission)
Alex Thomason	AT	National Grid Electricity Transmission
Jonathan Dixon	JD	Ofgem Representative
Paul Mott	PM	Panel Member (Users' Member)
Dave Wilkerson (via teleconference)	DW	Alternate Panel Member (Users' Member)
Garth Graham	GG	Panel Member (Users' Member)
Simon Lord	SL	Panel Member (User's Member)
Barbara Vest (via teleconference)	BVe	Panel Member (Users' Member)
Bob Brown	BB	Panel Member (Users' Member)
Paul Jones	PJ	Panel Member (Users' Member)
Tony Diccico	TD	Panel Member (Users' Member)
Victoria Moxham	VM	Consumer Focus
Dorcas Batstone	DB	Elexon

Apologies

David Smith	DS	Panel Member (National Grid Electricity Transmission)
Kathryn Coffin	KC	Elexon

In Attendance

Katharine Clench	KCh	(Part meeting) National Grid Electricity Transmission
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All presentations given at this Amendments 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

2135. Apologies were received from Kathryn Coffin and David Smith.
2136. The Chair thanked Tony Diccico and Dave Wilkerson for their contribution to the CUSC Amendments Panel, as both are standing down as Panel Member and Alternate Panel Member respectively from 30th September 2009.

2 Minutes of the Meeting held on 28 August 2009

2137. The draft minutes of the CUSC Amendments Panel meeting held on 28th August 2009, incorporating comments from BVe, BB, PJ and GG were AGREED and will be published on the National Grid website.

Action: BV

3 Review of Actions

2138. **Minute 2030: AT to check the provisions within the CUSC to clarify whether NGET can nominate a Working Group member.**

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AT confirmed that the NGET are still awaiting a copy of the original Framework Agreement to verify the capacity in which National Grid has signed it and to confirm that NGET is a CUSC Party.

Action: National Grid

2139. **Minute 2099: Governance Standing Group (GSG) to review provisions regarding Working Group Membership.**

Action: BV to add to GSG agenda for October 2009 meeting

2140. **Minute 2075: BV to prepare a CUSC Amendment Proposal regarding the signing off of the CUSC Panel meeting minutes.** National Grid are in the process of drafting a CUSC Amendment Proposal to reflect this change.

Action ongoing: BV report back to October Panel

2141. **Minute 2076: Current provisions within the CUSC regarding Alternates at CUSC Panel Meetings.**

Action: Covered under Agenda item 10 (AOB)

2142. **Minute 2083: NGET to keep the CUSC Panel informed on issue of renewable embedded generation.** DS agreed to produce a note for BVe to circulate with members of organisations such as the AEP, BWEA, REA and SRF. BV circulated a note fulfilling this action to Panel Members on 23rd September 2009.

Action: Completed

2143. **Minutes 2085 & 2106: Access Related CUSC Amendment Proposals.** JD gave an update on the email from GG of 23rd July 2009, in which GG had asked Ofgem to provide an update on the status of 15 outstanding CUSC Amendment Proposals and GG's subsequent request for an update on the 7 items outstanding not covered by Ofgem's letter of 30th July 2009. JD confirmed the status of the following CUSC Amendment Proposals in relation to Transmission Access Reform (TAR):

CAP167 - has a TAR impact

CAP169 – not TAR related

CAP170 – not TAR related, may be subject to a further consultation pending results of the second Impact Assessment

CAP173 and 174 – not TAR related

Action: Completed

2144. **Minute 2110: Major Policy Review and Self Governance – Ofgem to provide a MPR Flow diagram.** JD agreed that a flow diagram would be useful and that although currently a flow diagram is unavailable, he hopes to produce one for the October CUSC Panel Meeting.

Action: JD to report back to the October Amendments Panel meeting

2145. **Minute 2127: NGET to advise when IS impact studies recommence for Transmission Access.** HR informed the CUSC Amendments Panel that NGET will provide an update once any impact studies have recommenced.

Action: Completed

2146. **Minute 2129: Ofgem to provide an update on the NGET letter setting out its proposed approach to rectifying the errors in the post-Offshore Go Active version of the CUSC.** JD confirmed that Ofgem had reviewed the

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letter and had no concerns with it and agreed with National Grid's approach to correct the CUSC baseline.

Action: Completed

2147. All other outstanding actions were completed or to be covered as an agenda item.

4 Review of the CAP160 Process following the Transmission Access Amendments

2148. HR gave a presentation to the CUSC Amendments Panel on a review of the CAP160 process following the Transmission Access Amendments (CAPs 161-166) work. The presentation opened a debate to discuss what went well and what could be improved.

2149. **Timescales.** HR stated that there was strong pressure from the Government to deliver Transmission Access reform in a timely manner, but because of the nature of the work this was a very complex and time consuming process which involved a lot of analytical work. HR noted that National Grid had decided against using Standing Groups as previous experience had shown that these became more of a "talking shop". GG commented that with a few exceptions, the CUSC work was achieved within the set timescales. HR agreed but highlighted industry participants' concerns that they had not had sufficient time to review the information provided.

2150. HR also noted that TAR had not been managed as a project, in the same way as reviews of a similar magnitude such as NETA or BETTA, which had involved a project structure. BVe commented that if Ofgem implement the Major Policy Review process, the industry would need to be prepared for how best to manage such reviews. BVe also noted that throughout the process to review the TAR CUSC Amendment Proposals, industry members have worked hard to get the proposals to Ofgem within challenging timescales and still no decision has been made. In response, JD noted that Ofgem's position has not changed and that it wants to wait until DECC's work on Transmission Access concludes before making a decision on the TAR-related CUSC Amendment Proposals.

2151. TD expressed a regret that the industry were very close to a solution but ultimately had the opportunity to conclude the process taken away. GG agreed, commenting that he had spent more than 60 working days in Working Group meetings to develop the detail of the Transmission Access proposals and that the industry was unlikely to want to expend similar efforts in future if there is a perception that the decision had already been made by Ofgem.

2152. AK summarised the Amendments Panel's comments on timescales and stated that the first meeting of each Working Group should have been used to agree a work and timing plan, rather than moving straight into the detail of each proposal too early in the process. If it becomes clear that the Working Group process is not working after a few meetings, this should be acknowledged and appropriate changes made.

2153. SL expressed a frustration that the Working Groups had to repeatedly request extensions and that there was a perception that not all Transmission Access Amendment Proposals were granted extensions on an equal basis.

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2154. BB suggested that the Amendments Panel could take on more involvement and act as a steering group for the Working Groups. PJ felt that there should have been a separate Project Manager which would have left the National Grid lead able to concentrate on the development of the proposals.
2155. **Working Groups.** HR summarised that for the purposes of the Amendments process, the Transmission Access CUSC Amendment Proposals were organised into three separate CUSC Working Groups: short term access; long term access; and supporting changes. CUSC Panel Members agreed that the Working Groups achieved a lot within the timescales, including months of Working Group meetings, and a lot of analysis had been undertaken, requiring strong commitment from those involved. TD expressed a view that NGET had taken on too much, citing the example of HR chairing all three Working Groups. Panel Members agreed that it had been useful to have the consistency of the same Chair and Working Group members, but acknowledged that the workload was too heavy for one individual to bear. AK agreed with the view that HR took on too much chairing three Working Groups and that this is learning point for NGET.
2156. HR suggested a further learning point that stakeholder workshops explaining the basics of Transmission Access reform should have been held earlier in the process to allow more people to understand the whole picture.
2157. GG thanked NGET for arranging the Working Groups 1 and 2 meetings together to save on travel time for Working Group members. HR commented that Working Groups 1 and 2 ended up being dependent on the outcome from Working Group 3 and that this held up progress for the first two Working Groups. PJ suggested that this issue could have been solved by taking a project approach.
2158. **CAP160 process.** HR highlighted his concerns that using the CAP160 process which was implemented during the Transmission Access development process. This led to confusion over the correct process to be followed. Specific concerns were that the Working Groups were unsure at what stage consultations should be undertaken and how many were permitted; with a dilemma that if a consultation was done too early there would not be enough detail to allow the industry to contribute to the debate and that if it were done too late, there would be a danger that respondents had already made up their mind. There was also uncertainty within the Working Group meetings as to who could raise a Working Group Alternative Amendment and when one could be raised.
2159. The role of the Working Group Chair was discussed and the importance of the Chair's impartiality, given that CUSC Working Group members are not required to be impartial. DB confirmed that within the BSC, Working Group members are required to be impartial.
2160. The Amendments Panel debated the process for raising Working Group Consultation requests and Alternative Amendments within the CUSC and agreed that it was unclear. The Amendments Panel therefore requested that NGET provide an interpretation of the CUSC provisions for Working Groups for discussion at the October Amendments Panel meeting, with a view to determining whether further clarification is required.
- Action: AT to produce interpretation of CUSC Working Group Alternative Amendments provisions**

2161. **CUSC/Charging Interaction.** HR confirmed that during the Transmission Access development process, the progression of CUSC and Charging Methodologies amendments in parallel had improved but that there was still considerable room for improvement. It was agreed that CUSC and charging proposals need to be dealt with together, otherwise a whole package of reform will not work. PJ noted that the Charging Methodologies and the CUSC have different timescales for Ofgem decisions. Once a Charging Methodology change proposal is sent to Ofgem, Ofgem have 28 days in which to veto the proposal, otherwise it is deemed to be approved for implementation. In contrast, once a CUSC Amendment Report is sent to Ofgem, there is no defined time restriction on Ofgem to make their decision.
2162. HR commented that during the Transmission Access development work, NGET found that producing indicative charges had been very useful in eliciting industry views, however where an arbitrary charging approach is used, it will sway views and not necessarily in the right way.
2163. **Other Issues.** HR commented on the amount of repetition within the reports and questioned whether there are too many consultations within the existing process. However, it was noted that each consultation in the current process serves a different purpose. For example, the Working Group consultation process is an opportunity for stakeholder views to be developed and what is the basis of an Amendment Proposal influenced prior to the Company consultation. In contrast, with the Company consultation, there is no possibility for stakeholders to change (in terms of the detail of the Amendment Proposal) what will be presented to the Authority for their decision.
2164. AT noted that in developing the Code Administration Code of Practice, the Code Administrators for the BSC, CUSC and UNC had reviewed the templates for modification reports, with a suggestion that there be common templates across all codes. Elexon has recently undergone an exercise to review the reports it uses and these could be used as a basis for other codes in the future. The Amendments Panel concluded that CUSC Amendment Reports need to be written in plain English and that hyperlinks could be placed within the reports to stop the report becoming too large. However, GG noted that where hyperlinks are used in an Amendment Report instead of attaching documents, it must be absolutely clear to Panel members which of the documents linked within a the Amendment Report they are required to read in order to make a decision on an Amendment and which documents are "optional".
2165. TD stated that he enjoyed the Transmission Access process and found it to be intellectually challenging.

5 New Amendment Proposals

2166. Three new Amendment Proposals were tabled: **CAP175: Urgent Amendment proposals: revisions to process; CAP176: Correction of errors contained in the provisions for post-implementations reviews for Urgent Amendment proposals; and CAP177: Removal of CUSC Amendments Panel's ability to raise Amendment Proposals.** AT gave a presentation describing the background to the Amendment Proposals. The Governance Standing Group (GSG) was tasked by the Amendments Panel to consider the urgent provisions within the CUSC. The GSG reported back to

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the July 2009 meeting of the Amendments Panel at which the Panel requested the proposed amendments be split into three separate Amendment Proposals.

2167. **CAP175** proposes to revise the treatment of a recommendation for urgency. JD asked whether the CUSC specifies a process to change the status of a CUSC Amendment Proposal from urgent to non urgent. AT responded that she did not believe the CUSC contained such a process. JD questioned whether the CUSC and other codes should contain such provisions and stated that he would raise it at the Code Administrators' Working Group when it is reconvened in October 2009.
2168. **CAP176** proposes to correct errors in the CUSC sections 8.21.1.9 and 8.23.5 regarding post-implementation reviews for Urgent Amendment Proposals. This proposal seeks to apply appropriate provisions for the post-implementation review, by referring any review to a CUSC Standing Group. Currently the CUSC states the review will be undertaken by a Working Group, but this would not actually be possible.
2169. **CAP177** proposes to remove the ability of the Amendments Panel to raise Amendment Proposals, as currently provided for in certain circumstances. This proposal would remove the Panel's ability to both raise and recommend on an Amendment Proposal, as this was felt to be inappropriate. AT noted that Ofgem's Initial Proposals consultation for the role of code administrators and small participant/consumer initiatives includes a proposal to ensure code panels can raise Amendment Proposals in limited circumstances. If implemented, CAP177 would contradict Ofgem's proposal. Panel Members did not consider this to be a concern and noted that if CAP177 were issued for Company consultation, the proposal would return to the Amendments Panel at a later date to allow Panel Members to vote on, as they felt appropriate.
2170. JD explained that the reason Ofgem had included the proposal in the code governance consultation was to cover circumstances where a code panel had discussed changes and agreed they would be beneficial from an efficiency perspective, but such change proposals were never raised as they do not offer any commercial benefits. PJ acknowledged this point but commented that code modifications are not "free" in terms of time, resources and costs, particularly for the BSC.
2171. The Amendments Panel agreed for CAPs175, 176 and 177 to proceed to Company Consultation for a period of three weeks with a view to being presented at the Amendments Panel meeting on 27th November 2009.

Action: NGET to issue Company consultations

6 Working Group/Standing Group Reports

2172. **Governance Standing Group (GSG)**. GG, Chair of the GSG, confirmed that a meeting had taken place on 2nd September to draft a response to the Ofgem consultations on (i) Major Policy Reviews and Self Governance and (ii) Role of Code Administrator and Small Participant/Consumer Initiatives which were submitted to Ofgem on 18th September 2009 after being circulated to Panel members for comment. Also at this meeting BB was invited to present his "Good Business Practice" presentation that he had given to the Panel earlier in the year. The GSG are to meet on 29th October 2009 to review the

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CAP160 process and GG noted that the discussions just held would be of relevance to that meeting.

2173. **CAP169 Provision of Reactive Power from Power Park Modules, Large Power Stations and Embedded Power Stations.** AT confirmed that the Company consultation on CAP169 was issued to the industry on 15th September 2009 and is due to close on 7th October 2009. A consequential Grid Code consultation was sent to the industry and closes on 7th October 2009.

7 CUSC Amendments Panel Vote

2174. **CAP173: Reactive Power Market Tender Process.** KCh gave a presentation summarising the proposals, views and representations on CAP173. Prior to voting, VM asked whether the standard Reactive Power contracts are available to interested parties to view on National Grid's website. KCh confirmed that this was the case.

2175. Following the presentation, the Amendments Panel voted unanimously that CAP173 better meets the CUSC Applicable Objectives and should be implemented. The table below shows a detailed breakdown of the Panel Members' voting against the CUSC Applicable Objectives and the rationale for such votes. For ease of reference the objectives are reproduced here:

(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and

(b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.

Panel Member (Representation in brackets)	Better meets Applicable CUSC Objective (a)	Better meets Applicable CUSC Objective (b)
Bob Brown (User)	Yes, better than the baseline on efficiency. May lower prices and remove the time risks, not sure how CAP173 will draw players into the market.	No.
Garth Graham (User)	Yes. Better enable NGET to perform the tasks under the Act and licence.	Yes. Reducing the time period by half will bring in more participants into the market.
Tony Diccico (User)	Yes. Reducing the timescales parties put in and improve efficiency.	Yes. Should help other parties who do not usually participate in the market tender.
Paul Mott (User)	Yes. Shorting timescales will improve efficiency.	Yes.
Hêdd Roberts (National Grid)	Yes.	Yes, more than (a).
Victoria Moxham (Consumer)	Yes. An improvement to the existing arrangements.	Not sure, need to wait and see the figures after post implementation.

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Simon Lord (User)	Yes.	Yes, more than (a).
Paul Jones (User)	Yes.	Yes. Improves competition for parties.
Barbara Vest (User)	Yes.	Not sure, need to wait and see figures after post implementation.

2176. **CAP174 Amendment to Exhibit B to require provision of location of proposed Offshore Connection Site.** AT gave a presentation summarising the proposals, views and representations on CAP174.

2177. Following the presentation, the Amendment Panel voted unanimously that CAP174 better meets the CUSC Applicable Objectives and should be implemented. The table below shows a detailed breakdown of the Panel Members' voting against the CUSC Applicable Objectives and the rationale for such votes.

Panel Member (Representation in brackets)	Better meets Applicable CUSC Objective (a)	Better meets Applicable CUSC Objective (b)
Barbara Vest (User)	Yes	Yes
Bob Brown (User)	Yes. CAP174 represents a pragmatic solution.	No.
Garth Graham (User)	Yes. Allowing Applicants to provide a location within certain variations will aid efficiency.	No
Paul Jones (User)	Yes. The proposed change would be helpful to Applicants.	No
Paul Mott (User)	Yes	Yes. CAP174 should offer marginal improvements to facilitating competition.
Simon Lord (User)	Yes. National Grid having more information on the connection location should increase efficiency of the application process.	No.
Tony Diccico (User)	Yes	No
Victoria Moxham (Consumer)	Yes. Removing potential iterations from the application process should increase efficiency.	Yes
Hêdd Roberts (National Grid)	Yes. CAP174 would remove any potential discrimination between Applicants.	Yes.

2178. The Amendments Panel agreed for the Draft Amendment reports for CAP173 and CAP174 to be updated as a result of the voting and circulated to the CUSC Amendments Panel for review prior to submission to Ofgem. They will be circulated on 30th September 2009 for comment by 5th October 2009.

Action: BV

8 Authority Decisions

2179. There were no Authority decisions.

9 Update on Industry Codes

2180. **BSC.** The BSC Panel agreed for the Losses modification (P229) to go to Impact Assessment in January.

2181. **Ofgem.** JD confirmed the Governance of Charging Methodologies consultation is due to close on 9th October 2009. AT asked the CUSC Panel Members if they would like the Panel to respond to this and members of the Panel confirmed that the Panel should respond to this consultation. AT confirmed that she would draft a response on behalf of the Amendments Panel and circulate for comment.

Action: AT to draft Panel response to Charging Governance consultation

10 AOB

2182. **Alternates.** AT presented a summary of the current provisions within the CUSC regarding Alternate Members and the Amendments Panel discussed the role of an alternate. DW stated in the past that it has not been clear what an Alternate Member's role has been in terms of voting, in terms of whether an alternate should make up his own mind on which way to vote or whether he should vote as instructed by the Panel Member on whose behalf he is voting. It was noted that further information or discussions at a Panel meeting may have a bearing on the way Panel members vote and therefore an alternate may find it difficult to vote as instructed by the Panel Member he is representing.

2183. DB confirmed that the BSC is more specific about alternates and what they should or should not do and that any panel member acting as an alternate should be making his own decision. Elexon has previously taken legal advice on this and will arrange to circulate a guidance note that was produced.

Action: DB to circulate Elexon guidance note on alternate voting

2184. AT confirmed that from 1st October 2009, when Dave Wilkerson steps down, there will be no Alternate Member for the Amendments Panel. It was agreed that a Best Practice note should be produced and brought back to the October Amendments Panel meeting for further discussion.

Action: AT to produce Best Practice note

2185. **Pandemic Flu Update.** GG gave an update on the swine flu pandemic, noting that a national exercise is due to take place in early October involving DECC and licence holders.

2186. **KPIs.** AT informed the Amendments Panel that a request has been made by Panel Members for KPIs to be developed to set standards for administration of the CUSC. Panel Members agreed that the Panel should develop standards so that National Grid knows what is expected of it in its role as CUSC administrator. An action was placed on all Panel Members to think about what they would like to see as KPIs and bring back to the October Amendments Panel meeting.

Action: BV add agenda item for October Amendments Panel

11 Record of Decisions – Headline Reporting

2187. The Panel Secretary has circulated an outline Headline Report following the

meeting and placed it on the National Grid website.

12 Date of Next Meeting

2188. The next meeting is scheduled for 30th October 2009, at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.