

## CUSC Amendments Panel

### Actions Arising from Meeting No. 110 Held on 21 May 2010

#### Present

Alison Kay	AK	Panel Chair
Steve Lam	SLa	Panel Secretary
David Smith	DS	Panel Member (National Grid Electricity Transmission)
Patrick Hynes	PH	Panel Member (National Grid Electricity Transmission)
Garth Graham	GG	Panel Member (Users' Member)
Bob Brown	BB	Panel Member (Users' Member)
Paul Jones	PJ	Panel Member (Users' Member)
Fiona Navesey	FN	Panel Member (Users' Member)
Paul Mott (via teleconference)	PM	Panel Member (Users' Member)
Abigail Hall	AH	National Consumer Council
Barbara Vest	BVe	Panel Member (Users' Member)
Jon Dixon (via teleconference)	JD	Ofgem representative
Abid Sheikh (via teleconference)	AS	Ofgem representative

#### In Attendance

Tom Ireland	TI	National Grid Electricity Transmission
Malcolm Arthur	MA	National Grid Electricity Transmission
Kathryn Coffin (via teleconference)	KC	ELEXON

#### Apologies

Simon Lord	SL	Panel Member (Users' Member)
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*All presentations given at this CUSC 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

2399. Apologies were received from Simon Lord.

2400. The Chair welcomed Steve Lam as the new Panel Secretary to replace Neil Rowley.

#### 2 Minutes of the Meeting held on 30 April 2010

2401. The draft minutes of the CUSC Amendments Panel meeting held on 30 April 2010 incorporating comments from GG were AGREED. The minutes have been published on the National Grid website.

**Action: SLa to publish on the National Grid website**

### 3 Review of Actions

- 2402. **Minute 2368 – National Grid to raise publication of derogation requests at the STCC.** PH stated that this will be raised in the May STCC and the outcome will be reported at the June Panel meeting.
- 2403. **Minute 2382 – National Grid to liaise with GG to produce an implementation timing plan for the CUSC.** See agenda item 4.
- 2404. **Minute 2383 – PH to report back to the Amendments Panel on Panel Members' charging "training" requirements.** PH stated that so far, no Panel Member has requested a training session for charging; however he is happy to hold either one to one sessions with individuals or to cater for a larger group. AK noted that Panel Members would benefit from this if a larger session were held. AH, FN, GG and KC all confirmed that they would like to attend a training session. GG proposed that it can be held after the June Governance Standing Group (GSG) meeting which takes place on the 24<sup>th</sup>.

**Action: PH to arrange a charging training session in the afternoon of the 24<sup>th</sup> June 2010**

- 2405. **Minute 2383 – Panel members to inform AT if they wish the Panel to submit a response to the Code of Practice consultation – Complete**
- 2406. **Minute 2386 – BVe to send a note to AEP members informing them of CAP181 Working Group discussion – Complete**
- 2407. **Minute 2387 – National Grid to publish revised GSG Terms of Reference and generic Working Group Terms of Reference on its website – Complete.**
- 2408. **Minute 2390 – National Grid to update the Governance Standing Group Terms of Reference to include a review of the Commercial Balancing Services Group governance – Complete**

### 4 Implementation of Ofgem Code Governance Review – Final Proposals

- 2409. DS provided a short presentation on the implementation of the Code Governance Review, with the proposal to meet the November implementation deadline defined in the draft licence changes issued by Ofgem as part of the review. This included the timeline for the approach and provided comparisons between the BSC and the CUSC proposed approaches. DS proposed that an industry workshop be held to discuss the draft Amendments in June; that the draft Amendments be updated based upon the feedback at the workshop and then the Amendments be formally raised at the June Amendments Panel and then go straight to company consultation (i.e. no Working Groups). KC noted that this would be similar to the approach agreed by the BSC Panel. BVe stated that the recent change in Government whereby the Conservatives had an objective to review the role of Ofgem may have an impact on the whole review. BVe asked why in light of this, the implementation is still being proceeding. JD responded by stating that the change in Government should not affect the Final Proposals.
- 2410. Discussions moved onto the timescales for the implementation of the Final Proposals. GG disagreed with the suggestion not to have Working Groups to

discuss the Amendments. GG stated that there are significant issues which need addressing and whilst time was tight between now and November it might be possible, with extraordinary Panel meeting etc., to still have a Working Group 'phase' to consider, in detail, the Amendments. GG also noted that the integration of the Charging Methodologies in CUSC could lead to materially significant change requests in the future which could result, if implemented, in a detrimental outcome to some CUSC Parties.

2411. KC questioned whether the Charging Methodology implementation could be separated from the rest of the Amendments. GG responded that it is possible but the non charging Amendments may still take a long time to discuss to ensure the detail is captured. GG was concerned that if Parties are not comfortable with the Amendments, there will be no opportunity for them to provide input to a Working Group; to seek to change those Amendments, or raise alternatives; which could lead to Parties contesting those arrangements once they are implemented.
2412. KC stated that four "straw men" were taken to the May BSC Panel for discussion as the likely four modifications that would be raised at the July Panel following a BSC industry workshop in late June. KC agreed with GG that given the proposed November implementation date there was unlikely to be enough time to include any Working Groups without extraordinary Panel meeting etc. However, KC was of the view that the licence drafting is also very descriptive which does not leave much flexibility for changes to be proposed.
2413. GG agreed with KC that the licence drafting is restrictive but believed the detail of any Amendment Proposal should be discussed within a Working Group. GG stated that it is possible to deliver what is required by the licence drafting in a number of different ways and that Working Group members and CUSC Parties may have different views to the Code Administrator on which was most appropriate. KC agreed that industry engagement was important, and suggested this could be achieved through an industry workshop before raising the changes. KC noted that the potential advantages of a workshop is that it may engage Parties who may not have resources to attend a series of working group meetings, and that it could potentially cover both the BSC and CUSC (again, reducing industry resource).
2414. BVe stated that the Amendments Panel has to ensure that the process is not rushed. If, following approval of the Amendment Proposals by the Authority, problems are identified by the industry with the new processes; it will take at least three months to correct it, as per the normal Amendment process.
2415. DS moved the discussion onto the implementation timescales for the Amendment Proposals if Working Groups are required. He stated this would lead to an implementation date of late December 2010, although this assumed only two Working Group meetings. He also stated, on the assumption of two Working Group meetings, that a November 2010 implementation date could be achieved if Extraordinary Panel meetings are held as this allows any Working Group recommendations to be taken to the Amendments Panel at the earliest opportunity (i.e. not have to wait until the next planned Panel meeting).

## CUSC Amendments Panel

2416. PH suggested that a workshop could be held initially and then the situation (the need for Working Groups) can be assessed if it is identified that there are fundamental issues which need to be addressed.
2417. PJ asked for clarification on how the idea of workshops sat within the CUSC as the standard process for an Amendment Proposal is to either send it to a Working Group or out to Consultation. GG responded by saying that workshops are not defined in the CUSC but a similar process was used to develop the TAR Amendment Proposals (CAPs 161-166) before they were formally raised. AK reminded the Panel that the discussions should not be on the detail but on the process of implementing the Ofgem Final Proposals. KC followed up by stating she felt that “straw men solutions” should be taken to the workshops which would be a starting point for discussions.
2418. FN asked whether the process is influenced by risk management as the Panel could have reputational damage due to the implemented Amendment Proposals not working compared to missing the November deadline. DS responded that the implementation date is within the proposed licence drafting. JD confirmed the statement from DS and stated that robust evidence is required if the date is requested to be changed as Ofgem do not want to delay the implementation any further. AK asked the Panel whether they were content with the current proposal of holding a workshop and then straight to Company Consultation or whether Working Groups are also required. The latter could lead to a delay to the implementation date of November but a letter from the Panel could be written to Ofgem stating this. However, AK stated that if the workshop approach is successful for the BSC Panel then there would have to be a strong argument for why this would not be suitable for the CUSC Amendment Proposals.
2419. There was a general consensus amongst the Panel that the use of Working Groups should not be ruled out. GG noted that there was no official process for a workshop; therefore holding a Working Group would be following the standard Amendments process. This was also confirmed by BB who stated that there is no guarantee that the industry will endorse the proposal to hold a workshop without Working Groups. BVe also asked whether Ofgem would have suitable resources in order to meet the challenging deadline. JD confirmed that they will have the necessary resources.
2420. PH expressed concern over the implementation of the Charging Methodology as it has a lot of detail which needs to be considered. This is especially in the case of the 28 day veto process for the charging Amendment Proposals whereby a change can be made within 28 days. If the subsequent Charging Proposal requires a change to the CUSC, then this would also have to be completed within 28 days, which does not follow the standard CUSC Amendments process. [Post meeting note – it has been confirmed by Ofgem that the 28 day veto will not form part of the CUSC Amendments process for Charging Proposals, instead they will follow the normal CUSC process]. PH also had concerns that the Authority’s proposed KPI of 25 days for modification decisions with an open ended timeframe if an Impact Assessment was taken, would lead to uncertainty over charges for the industry. This creates particular issues for implementation process as charges are generally changed for 1<sup>st</sup> April each year. PH also stated that there would be a risk of a Charging modification being proposed with the intention of trying to change CUSC in the short timeframe. AH believed that this would be a valid reason for holding Working Groups. KC asked whether

these would be an extension to either the Charging aspect only or to the CUSC implementation of all the Final Proposals. AK replied that it could be to both. GG added that the proposed workshop could be held early in June and then short Working Groups could be held thereafter if issues were identified which needed further clarification. AK proposed that a letter should be sent to Ofgem detailing the views of the Panel and the likely implementation date if Working Groups are required.

**Action: National Grid to write to Ofgem on behalf of the Amendments Panel stating that Working Groups will be required for the implementation of the Code Governance Review**

### 5 New Amendment Proposals

2421. **CAP182 – Provision of Frequency Response from Direct Current (DC) Converters.** A presentation was given by MA which introduced a new Amendment Proposal. This aimed to update the CUSC to reflect the requirements for DC converters (DC Interconnectors) to provide mandatory frequency response and to allow the current contractual arrangements for Generators to apply to new DC converters. PJ asked whether this included offshore wind farms which are connected by DC links as they will have a DC converter. MA responded that such converters are not captured by the Grid Code definition. BB asked for this to be updated in the Terms of Reference for clarity.

**Action: MA to update the Terms of Reference for CAP182 to include a definition of a DC Converter.**

2422. GG asked if the implications of the European Third Package had been considered when raising this proposal. MA noted that under the European Third Package it is possible that a DC Interconnector will not be defined as a Generator but may be defined as a Transmission System Operator which may lead to a subsequent change to the Grid Code to remove the Mandatory Frequency Response obligations however, this was by no means certain. As such, the Amendment Proposal is being brought forward based upon the baseline as it is today. GG proposed that a Schedule could be added to the CUSC which specifically referenced interconnectors. If the Third Package were implemented, then the Schedule could be removed which would avoid editing sections of the CUSC. PJ added that there could be deeper problems as Frequency Response through links would be required and there would be the question of how the market was coupled. MA agreed to consider how best to manage the associated changes in light of the potential implementation of the 3<sup>rd</sup> package.
2423. With reference to the Initial Written Assessment, GG requested that Section 5 of the document should be completed showing the anticipated costs that may be incurred by the Industry when progressing an Amendment Proposal. PH asked what this data would be used for as Ofgem do not require this when determining the outcome of a proposal. GG replied that it would be useful for the Industry to understand the contribution that was provided and would also help in decisions such as self governance. BVe and BB agreed with GG that it would be useful data to provide within the IWA. The Panel recommended that the Proposal should go to a Working Group and submit the final report to the September Panel.

2424. KC noted that National Grid had raised P259 in the BSC, which is related to CAP182. However, the two changes are not dependent on each other.

### 6. Working Groups/Standing Groups Reports

2425. **CAP179 – Prevention of “Timing Out” of Authority decisions on Amendment Proposals.** KC gave a summary of CAP179 and noted that there was a short teleconference held just before the Panel’s meeting and that another one was anticipated in the next week to decide on the recommendation of the Working Group. The report will be presented at the June 2010 Panel.
2426. **CAP181 – Consequential changes related to Grid Code Amendment A/10 (Compliance).** TI provided an update to the CAP181 draft Working Group report and reported that currently four candidate Working Group Alternatives were being proposed. TI stated that there was a concern raised by the National Grid legal team that it was difficult to see how some of the Working Group Alternative Amendments could better meet the Applicable CUSC Objectives, without further detailed description. The proposers for the Working Alternative Amendments have been requested to provide more detail to resolve this issue. The Panel agreed for the Working Group report to be presented at the July 2010 Panel.
2427. **Gas Insulated Switchgear (GIS) Working Group.** TI presented an update from the GIS Working Group which had its final meeting on 11 May 2010. A Working Group Report had been published which recommended the implementation of two standard ownership boundaries; with the expectation that one would meet the requirement of a generation connection and the other for a DNO connection. In the former, the majority substation owner would own the GIS user bay assets and in the latter, the User would build, own and operate their own GIS bay. The GIS Working Group recommended for two CUSC Amendments to be raised at the June CUSC Panel: one would include the base findings of the Working Group around GIS standard Ownership Boundaries and the other would recommend the development of a standard CUSC Exhibit for DNO Self Build Agreements.
2428. GG commented on the Working Group report, specifically paragraph 5.41 which was related to the current NETS SQSS infeed loss risk of 1000MW, whereby he believed consideration should be given to including 1800MW to ensure it remains future proof against the larger generation which are anticipated will be connecting to the transmission system. GG also commented on paragraph 8.4 and recommended that Option IV should align with the Transmission Price Control Review (TPCR) rather than the Distribution PCR as the Amendment was likely to have far more impact on transmission assets as opposed to distribution assets. PJ also commented that Clause 10 of a User’s Bilateral Connection Agreement concerns access arrangements for connections with single circuit risk although under these proposals part of the User’s connection will have double circuit redundancy. TI responded that Clause 10 obligations are currently applied to all variation of User Choice Design Variations which may be single circuit or have inherent redundancy. TI confirmed that the modular nature of GIS assets often prohibits access to a specific asset without taking out the adjacent assets also.

2429. **Governance Standing Group.** An update was given by GG who stated that a GSG meeting had not occurred since the last Panel meeting in April and the next one was scheduled for the following week. GG noted that the GSG Terms of Reference included considering the Ofgem Code Governance Final Proposals and advised the Panel that the GSG would assist National Grid, as required, in their work in bringing forward Amendment Proposals in due course. GG also raised concerns that there may be difficulties in achieving the required number of members for a quorum and requested a reduction in the quorum to a minimum of four but only for the next meeting. This was agreed by the Panel.
2430. **Commercial Balancing Services Group.** DS gave an update on the CBSG and stated that it was progressing well. DS also noted that the governance of the group is to be debated by the Governance Standing Group.
2431. **Frequency Response Working Group.** TI gave an update on the future of frequency response and highlighted the expected decrease in system inertia and potential Grid Code obligations for synthetic inertia. The Working Group have decided on four models to be progressed to further analysis which involves enhanced Grid Code obligations, market solutions and economic tests. The Panel agreed for the synthetic inertia recommendations to be brought to the September 2010 Panel. TI also stated that this will also be taken to the Grid Code Review Panel in September.

### 8 Authority Decisions as at 13 May 2010

2432. DS stated that Ofgem have approved the consent to modify request to correct the paragraph numbering of Section 8 within the CUSC. JD also added that CAP170 is likely to be going to the July 2010 Authority meeting.

### 9 CUSC Key Performance Indicators (KPIs) – April 2010

2433. DS presented the CUSC KPIs for April. The Panel did not raise any issues with the KPIs.

### 10 Update on Industry Codes/general Industry updates relevant to the CUSC

2434. **Cross Codes Forum.** TI informed the Panel that the forum has been well received and the topics covered included the Grid Code, progression on Amendments and any associated issues. KC added that in the first cross codes forum there was a mix of large and small parties and there is scope to make it more interactive in the future. However, GG noted that there appeared to be a decline in small parties participating at the second forum held in May compared with the first in March and there were no questions from the online presentation 'webinar' facility. KC noted that some small parties had registered but they did not attend and she will find out the reasons. BVe added that new ways need to be developed to help small parties and believed that the cross codes forum should continue. This was confirmed by KC who stated that the forums will run throughout the year to ensure that all interested parties have the opportunity to attend.

### 11 AOB

None

**12     Date of next meeting**

2435. The next meeting is scheduled for 25 June 2010 at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.