

Stage 01: Proposal

What stage is this document in the process?

- ▶ 01 Initial Written Assessment
- 02 Definition Procedure
- 03 Assessment Procedure
- 04 Report Phase

Implementation of Code Governance Review Final Proposals

The Code Governance Review aims to increase the accessibility of the code arrangements to all parties. In order to facilitate this, Ofgem have made licence changes which require modifications to be made to the Connection and Use of System Code (CUSC). National Grid Electricity Transmission plc has raised a suite of Amendment Proposals (CAPs 183 to 188) to implement the required changes.

The Proposer recommends:



- CAPs 186 and 187 proceed to industry consultation
- CAPs 183, 184, 185 and 188 proceed to Working Group

High Impact:



All CUSC Parties, BSC Parties and the National Consumer Council who use the CUSC Amendment Processes; Amendments Panel members; National Grid in its role as Code Administrator

Medium Impact:



The Authority

Amendments Panel July 2010

Code Governance Review Implementation

CAPs 183 to 188

07 July 2010

Version 1.0

Page 1 of 15



Any questions?

Contact:
Steve Lam



Steven.lam@uk.ngrid.com



01926 653534

Proposer:
**National Grid Electricity
Transmission plc**

1	Why Change?	3
2	Significant Code Review (CAP183)	4
3	Self-governance (CAP184)	6
4	Role of Code Administrator and Code Administration Code of Practice (CAP185)	8
5	Send Back Process (CAP186)	9
6	Environmental Assessment (CAP187)	10
7	Governance of Charging Methodologies (CAP188)	11
8	Estimated Costs	13
9	Proposed Progression	14
10	The Case for Change	15
11	Recommendation	15

About this document:

This document is an Initial Written Assessment (IWA), which has been written in respect of a package of Amendment Proposals raised by **National Grid Electricity Transmission plc** ("the Proposer") which seek to implement the Code Governance Review Final Proposals. This IWA will be presented to the Panel on 9th July 2010, where the Panel will consider the Proposer's recommendations for the Amendment Proposals listed below, and agree whether they should proceed to consultation or be referred to a Working Group for development.

The Amendment Proposals covered by this IWA are:

- CAP183: Code Governance Review: Significant Code Review
- CAP184: Code Governance Review: Self-Governance
- CAP185: Code Governance Review: Role of Code Administrator and the Code Administration Code of Practice
- CAP186: Code Governance Review: Send Back Process
- CAP187: Code Governance Review: Environmental Assessment and the Relevant Objectives
- CAP188: Code Governance Review: Governance of Charging Methodologies

Further information is available in the Amendment Proposals which are published on National Grid's website at:

http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/Panel/2010PanelMeetings/12_09Jul/

Additional information is available in other publications, such as Ofgem documents, which are referenced in this document.

The Proposer has also published illustrative revised legal drafting of Sections 8 and 11 of the CUSC.

Amendments Panel July
2010

Code Governance Review
Implementation
CAPs 183 to 188

07 July 2010

Version 1.0

Page 2 of 15

1 Why Change?

In November 2007, Ofgem initiated the Code Governance Review due to concerns that the existing code arrangements may be too complex and inaccessible to smaller market participants. Consequently in June 2010, Ofgem published their final licence modifications to require licensees to raise code modification proposals to implement the Code Governance Review Final Proposals. In order for the Connection and Use of System Code (CUSC) to comply with the amended Transmission Licence, the CUSC will have to be modified to take into account the new processes which have been introduced.

As Proposer, National Grid Electricity Transmission plc (National Grid) has grouped the changes described in the Transmission Licence into 6 areas as set out below.

- Significant Code Review
- Self-governance
- Send Back Process
- Environmental Assessment and the Relevant Objectives
- Role of Code Administrator and Code Administration Code of Practice
- Governance of Charging Methodologies

This IWA describes each of the categories set out above within separate sections of the document.

Work completed to date

Since the publication of Ofgem's final licence modification notices in June 2010, three industry workshops have been held to facilitate the development of the code modifications. We have noted in this document where industry participants raised issues at those workshops which have not been reflected in the Amendment Proposals published on 2nd July 2010.

Documentation provided at those workshops on 23rd June, 28th June and 1st July 2010 is available on National Grid's website at the link below:

<http://www.nationalgrid.com/uk/Electricity/Codes/GovernanceReviewImplementation/>



What is the Code Governance Review?

The Code Governance Review was initiated by Ofgem in November 2007 and concluded in March 2010 with the publication of a Final Proposals document (ref: 43/10). The policy will be implemented through changes to the electricity and gas transmission and gas distribution licences which require the relevant codes to be changed in order to bring in the policy. The main codes affected are the CUSC, the Balancing and Settlement Code (BSC) and the gas Uniform Network Code (UNC). More information is available on Ofgem's website at

<http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Pages/GCR.aspx>

Amendments Panel July 2010

Code Governance Review Implementation
CAPs 183 to 188

07 July 2010

Version 1.0

Page 3 of 15

2 Significant Code Review (CAP183)



Where can I find more information on SCR?

Ofgem's Code Governance Review Final Proposals document sets out the final policy for SCR. See chapter 2 and Appendix 2 of the document (ref: 43/10).
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=297&refer=Licensing/IndCodes/CGR>

As part of the work conducted during the Code Governance Review, one of the proposals identified was the Significant Code Review (previously Major Policy Review). Given the evolving energy goals by the Government and the potential changes which may be required from European Legislation, it is important to be able to facilitate significant code changes in a timely and efficient manner. Any delays in the implementation of important code reforms may lead to negative impacts on customers and the industry. Ofgem's Final Proposals document details the process for an SCR as set out below.

What does an SCR achieve?

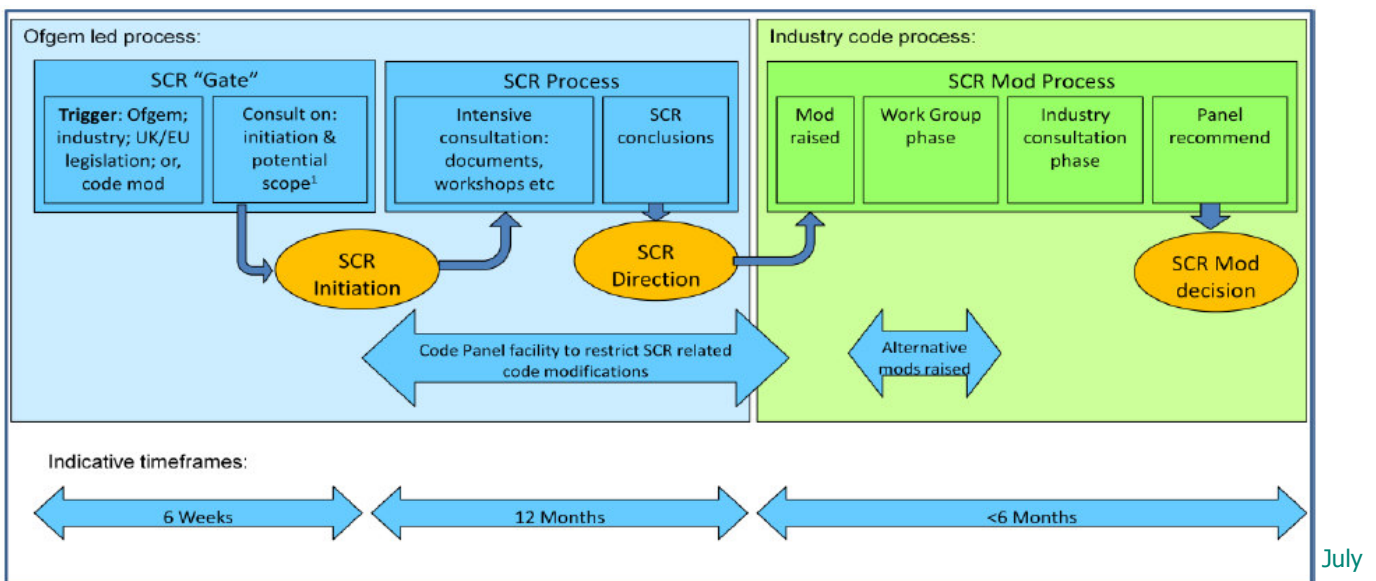
The SCR will allow the Authority to initiate a review of one or more matters which they consider to:

- Have significant impacts on electricity consumers or competition
- Have significant impacts on the environment, security of supply or sustainable development
- Create significant cross code or cross licence issues
- Have a significant impact on the Authority's principle objective (under Section 3A of the Act), statutory functions or relevant obligations bound by EU law.

When does an SCR apply?

Only Ofgem may raise an SCR and would consult on the potential scope before its commencement. The period between the initiation of the SCR and any subsequent direction from Ofgem to raise modifications to the code is known as the SCR Phase.

The diagram below shows the basic process of an SCR. Please note that the timescales are indicative and may be subject to change:



Source: Ofgem 2010

What is the SCR Process?

Start

- Once a notice has been issued by Ofgem which details the start of an SCR this is the commencement of the SCR Phase;
- Amendment Proposals raised before an SCR Phase commences will not be included in an SCR.

During

- Ofgem will run the industry consultation process (including workshops etc) to discuss the SCR for approximately 12 months;
- If an Amendment Proposal has been raised during the SCR Phase, then it will require consent from Ofgem in order to progress;
- The Amendments Panel will assess whether the Amendment Proposal should be included within the SCR and issue a statement to Ofgem detailing the reasons behind its decision;
- An Amendment Proposal may be subsumed into the SCR process by Ofgem.

End

- The SCR Phase concludes when Ofgem issues a direction to the licensee(s) to raise any Amendment Proposals, which will be within 28 days of Ofgem issuing its SCR conclusions. If no direction is issued within this time period, then the SCR will be deemed to have ended;
- If directions have been issued to raise a change to the CUSC then the CUSC Amendment Proposal(s) would follow the standard Amendments process.

Why does this affect the CUSC?

Currently there is no concept of an SCR within the CUSC. As the revised Transmission Licence requires the codes to reflect the new process, an SCR process will have to be added to the CUSC. The Amendments process will be affected by the SCR as any Amendments raised during an SCR Phase will not be allowed to progress without the specific consent of Ofgem.

What is the solution?

In order to illustrate how the SCR will work in practice, the Proposer included an illustrative process map in conjunction with the Amendment Proposal which provides an overview of the SCR.

What is not in the scope?

Backstop Dates

With regards to Amendment Proposals which may be suspended during an SCR, the idea of a backstop date for the conclusion of an SCR Phase was discussed at a workshop whereby a proposal would be automatically resurrected after the backstop date. However, this has not been included in the Amendment Proposal as it could be construed as being inefficient if the SCR was already considering the subsumed proposal as there would be duplication of work.

Working Group voting rights

One workshop attendee suggested that the CUSC should explicitly state that the voting rights of Working Group members would not be fettered with regard to an Amendment Proposal raised following an SCR direction. The Proposer explained at the workshop that it felt this was unnecessary as any Amendment Proposals raised pursuant to an SCR direction would follow the standard CUSC Amendment Process and Working Group members' rights are not fettered as part of that process. The code administrator suggested that the standard Working Group Terms of Reference could be updated to include a "for the avoidance of doubt" statement to cover the non-fettering of Working Group members' voting rights.

3 Self-governance (CAP184)



Where can I find more information on Self-governance?

Ofgem's Code Governance Review Final Proposals document sets out the final policy for Self-governance. See chapter 2 and Appendix 3 of the document (ref: 43/10).

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=297&refer=Licensing/IndCodes/CGR>

What does Self-governance achieve?

The Code Governance Review Final Proposals seek to implement Self-governance within the codes to improve the existing code arrangements. Where it is determined that an Amendment Proposal will not have a material impact in line with the criteria set out below, the self-governance route would expedite the process of implementing an Amendment Proposal by not requiring the Authority to decide on that proposal, instead leaving the decision to the Panel.

When does Self-governance apply?

For those Amendment Proposals which are deemed to have non-material impacts on the following, they may be considered to progress through the Self-governance route:

- Existing or future electricity consumers
- Operation of the National Electricity Transmission System (NETS)
- Security or safety of supply or sustainable development
- Competition
- CUSC governance or modification procedures

What is the Self-governance process?

Start

- Where the Amendments Panel has decided that a proposal should be considered as Self-governance, this decision would be communicated to Ofgem;
- The Panel's decision to proceed as Self-governance may also be withdrawn at any time up to the Panel's final decision.

During

- The Amendments Proposal would go to either Working Group and/or sent to industry consultation to discuss its merits, in the usual manner;
- Any consultation would include a question as to whether respondents considered that the self-governance route was appropriate;

Amendments Panel July 2010

Code Governance Review Implementation CAPs 183 to 188

07 July 2010

Version 1.0

Page 6 of 15

- The Code Administrator would then send any consultation responses to Ofgem 7 calendar days before the Panel is to make its final determination;
- If the self-governance statement is not withdrawn by the Panel and the Authority does not object to the self-governance route, the Panel would make its determination on the Amendment Proposal at the panel meeting;
- If the self-governance statement were withdrawn by the panel or the Authority disagreed with the self-governance route being used, the Authority would direct the Panel to make a recommendation on the Amendment Proposal in line with the standard CUSC amendment process and the Authority would make the final decision;
- Appeals can be made to Ofgem including and up to 15 business days from the publication of the Panel's final determination, in line with the appeal criteria;

End

- If no appeals have been made then the Amendment Proposal would be implemented/not implemented in line with the Panel's final determination.

Why does this affect the CUSC?

Currently there is no concept of Self-governance within the CUSC. As the Transmission Licence requires the codes to reflect the new arrangements, the process of Self-governance will have to be added to the CUSC. The Amendments process will be affected by this proposal as any Amendment Proposals raised may be considered for the Self-governance route. For clarity, the Proposer has confirmed that the existing CUSC Housekeeping Amendments process will be removed to avoid confusion over the potential routes a non-material CUSC Amendment Proposal should follow.

What is the solution?

In order to illustrate how Self-governance will work in practice, the Proposer included an illustrative process map in conjunction with the Amendment Proposal. The CUSC will have to be amended in order to include the Self-governance process.

During the industry workshops to discuss the self-governance proposals, it was noted that the proposed licence modifications did not specify whether the 15 day appeal window referred to calendar or business days. Ofgem confirmed during the first workshop that the intention was for the window to be 15 business days, in line with similar existing industry arrangements, and the final licence modifications clarified this.

What is not in scope?

Ofgem's Final Proposals did not specify the exact process that should be followed for self-governance, instead suggesting that the industry should draw up its own proposals. However, Ofgem did suggest that as part of the self-governance appeals process, an "interim forum" could be "a useful device for industry to resolve disputes without recourse to Ofgem" (Final proposals, p. 61, paragraph 1.14). During the industry workshops, the Proposer confirmed that it did not intend to include such a forum as part of its Amendment Proposal as it did not consider that it would add any value to the process and would make the process unnecessarily lengthy and complex.

4 Role of Code Administrator and Code Administration Code of Practice (CAP185)



What does CAP185 achieve?

As part of the Code Governance Review, one of the areas reviewed was the Role of Code Administrator and the creation of a Code Administration Code of Practice (CACOP). The CACOP was developed by Code Administrators, with input from code users and Ofgem, in order to establish best practice for code administration and to encourage participation from those involved in the energy business who may not be Code users.

It also ensures that Code Administrators act in a manner consistent with the principles contained within the CACOP. The Finals Proposals stipulate that Code Administrators are obliged to adhere to these principles which need to be reflected in the CUSC. These are as follows:

1. Assistance from the Code Administrator in its role as “Critical Friend”.
2. Recognition in the CUSC of a Code of Practice. This will be reviewed periodically and may be amended, with any changes subject to approval from the Authority, although the change process for the CACOP will not be set out in the CUSC.
3. The Panel Chairman will be independent of National Grid Electricity Transmission plc and approved by the Authority. They may have a casting vote where the Panel is required to make a determination in the case of a deadlock when the Panel is taking the final decision on a Self-Governance Proposal. The Chair may not have a casting vote in the case of a recommendation, which can legitimately reflect a split vote without hindering the ongoing progress of a proposal; it will simply be recorded as such in the modification report to the Authority. The existing Chair will remain in place until the next Panel Election. A new independent Chair will then take their place from 1st October 2011.
4. The proposer of an Amendment Proposal may withdraw their Proposal prior to the Panel making a recommendation on implementing the Proposal.
5. Terminology will be amended to provide consistency across the codes. The term ‘Amendment Proposal’ will become ‘CUSC Modification Proposal’ and ‘Working Group’ will become ‘Workgroup’.

How does it affect the CUSC?

There are a number of changes required to the CUSC, of which some refer to the requirement to establish an administrative body (the “code administrator”) and set out its duties and functions, including a requirement that the Code Administrator will maintain, publish, review and amend the Code Administration Code of Practice. In order to achieve this, the CUSC needs to recognise the existence of the Code Administration Code of Practice.

What is not in scope?

In previous workshops, one attendee raised the point that the Amendments Panel should approve any changes that the CUSC Code Administrator sought to raise to the Code of Practice. This point has been considered and it has been proposed that, as a working practice, any change to the Code of Practice put forward by the Code Administrator will be discussed with the Panel prior to raising it. However, the Code Administration Code of Practice change process sits within the Code of Practice and not in the CUSC so this does not form part of CAP185.

Where can I find more information on the CACOP?

Ofgem’s Code Governance Review Final Proposals document sets out the final policy for the Role of Code Administrators. See chapter 3 of the document (ref: 43/10).

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=297&refer=Licensing/IndCodes/CGR>

The approved CACOP, dated 3 June 2010, is also published on Ofgem’s website at the link below: <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=328&refer=Licensing/IndCodes/CGR>

Amendments Panel July 2010

Code Governance Review Implementation CAPs 183 to 188

07 July 2010

Version 1.0

Page 8 of 15



Where can I find more information on Send Back?

Ofgem's Code Governance Review Final Proposals document sets out the final policy for the Send Back process. See chapter 3 of the document (ref: 43/10).

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=297&refer=Licensing/IndCodes/CGR>

What does Send Back achieve?

The Send Back Process enables the Authority to send back an Amendment Report to the Amendments Panel in circumstances where the Authority considers that it is unable to form a decision based on the content of the report. It is judged that the 'send back' provisions will provide an effective safeguard against the Authority being placed in a position where it is unable to approve a proposal owing to deficiencies in the report such as an insufficient assessment, incorrect legal texts or other technical issues. The Authority can then specify the action that it believes is required in order to make the report complete. The "Send Back" process provides flexibility to allow for any situation and for the Panel to re-make a recommendation based upon work carried out. Where the Authority has not specified an exact process to follow within its direction, the Amendments Panel would be at liberty to suggest the process it feels is most appropriate, which could include going back to the start of the Amendments Process.

What is the Process?

1. Following submission of a final Amendment Report to the Authority, the Authority may 'send back' the Report if it is unable to form an opinion. The Authority will issue a direction to the Panel specifying:
 - the additional steps (including drafting or amending existing drafting of the amendment to the CUSC), revision (including revision to the timetable), analysis and/or information that it requires in order to form such an opinion; and
 - the report to be revised and be re-submitted at an appropriate time.
2. The Panel considers the Authority's decision at its next meeting and makes a decision on the course of action required and the timetable to which it must work to, as agreed by Ofgem.
3. If amendment to Legal Text is required and no other action is needed, the Panel will arrange for National Grid to revise the Legal Text in accordance with their findings and Ofgem's direction. Once this is completed it the Panel may choose to go to Industry Consultation. The revised Draft Amendment Report is presented to the Panel to re-make their decision and send to the Authority.
4. Alternatively, if additional analysis or information is required, or if major revisions are deemed necessary, a timetable is formed by the Panel in accordance with the course of action required. The Panel may then direct the formation or reformation of a Working Group. The Report then goes to Working Group Consultation, sent to wider Industry Consultation if deemed appropriate and once the necessary changes have been made, the Panel will re-vote and the Report is resubmitted to the Authority.
5. The Authority then makes its decision or repeats the Send Back process as it sees fit.

How does it affect the CUSC?

Send Back is a new requirement under the Transmission Licence modifications resulting from the Code Governance Review Final Proposals and subsequently the process will need to be incorporated into Section 8 of the CUSC.

What is not in scope?

During the industry workshops, attendees suggested that any CUSC Amendment Proposal to introduce the Send Back process could seek to restrict the Authority to using the Send Back provisions only once for each Amendment Proposal. The Proposer responded that it

Amendments Panel July 2010

Code Governance Review Implementation CAPs 183 to 188

07 July 2010

Version 1.0

Page 9 of 15

is not possible to place obligations on the Authority through the CUSC and that this would not form part of its Amendment Proposal. It was noted that there would be considerable industry scrutiny of any usage of the Send Back provisions, which should assist in ensuring that they are not used unnecessarily.

6 Environmental Assessment (CAP187)

What does Environmental Assessment achieve?

The Transmission Licence modifications require the Amendments Panel to carry out an assessment of the impact of an Amendment Proposal on greenhouse gas emissions, where such impact is considered to be material. This would be conducted in accordance with the latest guidance issued by the Authority (see text box to the right for the latest version of the guidance). The assessment would be included, where relevant, in the Working Group report and the final Amendment Report.

The views of the Proposer as to whether it believes its Proposal has a material impact on greenhouse gas emissions and what it believes that impact to be will be incorporated into the CUSC and the Amendments Proposal form will be updated to reflect the Proposer's views on this objective.

How does it affect the CUSC?

The CUSC would be amended to include a specific requirement for Working Groups and the Panel to assess, where the impact is likely to be material, the quantifiable impact of an Amendment Proposal on greenhouse gas emissions.

In addition, the Code Administrator will update the Amendment Proposal form to reflect the new requirement for a Proposer to consider the impact of the proposal on greenhouse gas emissions.

What is not in scope?

In order to undertake the assessment required by Ofgem's guidance, the Panel may need to procure relevant expertise where it feels that this is not available to it. A requirement to procure expertise is not included within the CUSC Amendment Proposal as this would need to be considered by the Panel on a case by case basis.

During the workshops held in June 2010, industry members noted that the Ofgem guidance suggests that potential wider impacts on the environment may need to be assessed by the Panel and they may need to take into consideration the extent to which the proposal impacts on the discharge of National Grid's duties relating to the environment under Schedule 9 of the Electricity Act. The Proposer has not included a requirement to review the Schedule 9 duties as an explicit requirement within CAP187, as it is not an explicit licence requirement.



Where can I find more information on Ofgem's guidance?

Ofgem's Code Governance Review Final Proposals document sets out the final policy for Environmental Assessments. See chapter 5 of the document (ref: 43/10). The latest version of the guidance can be found in Appendix 4 of the document. <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=297&refer=Licensing/IndCodes/CGR>

Earlier guidance, dated June 2008, can be found on Ofgem's website at: <http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Pages/Governance.aspx>



Ofgem's Final Proposals stipulate that the governance of charging methodologies should be open to industry members and not restricted to the owners of those methodologies (network operators) as currently is the case.

What does Governance of Charging Methodologies achieve?

The Code Governance Review Final Proposals require the charging methodologies to be open to change by placing the charging methodologies within the relevant industry code, thereby making them subject to code governance. This was proposed as the most appropriate governance regime for the management of charging methodology modifications. This provides the potential opportunity for affected parties to challenge the Authority's decision on a charging methodology modification by way of an appeal to the Competition Commission following a Panel's recommendation and vote. It should also allow for closer alignment and a more holistic consideration of the charging implications of any associated code modification.

To enhance the accessibility of the charging methodologies, non-code parties will also have the right to raise changes to the charging methodologies where such parties can demonstrate to the Authority that they are materially affected by the methodology and intend to raise a change.

CAP188 also includes a transition mechanism for charging methodology change proposals, required by the Transmission Licence, which means that any change proposal raised on or before 30th December 2010 will follow the existing change process. The existing process allows the Authority 28 days in which to veto implementation of a methodology change following receipt of National Grid's notification of its intention. Any changes raised on or following 31st December 2010 will follow the new processes to be established within the CUSC. The transition mechanism was designed to provide clarity to industry participants as to which process any existing change proposal or proposal undergoing development would follow, depending on where it sat within the change process.

Why does this affect the CUSC?

As the existing charging methodologies are not currently within the CUSC, a new section will be added to incorporate these methodologies. In addition, the CUSC will be updated to recognise the existence of the Transmission Charging Methodologies Forum (TCMF) which will continue as a discussion forum open to any interested Industry parties. The TCMF will continue to be chaired by National Grid, but its terms of reference will be adopted by the Amendments Panel who will be able to change them. The concept of a Materially Affected Party; someone who can prove to the Authority that they are materially affected by the charging methodology and wish to raise a change to it; will also need to be included, as will the transition mechanism described above.

What is not in scope?

Charging Standing Group

In addition to the TCMF, the Panel could choose to create a Charging Standing Group which could develop Charging Methodology Amendment Proposals; however this would not require an amendment to the CUSC and therefore is not included within CAP188.

Where can I find the charging methodologies?

National Grid publishes The Statement of the Connection Charging Methodology and The Statement of the Use of System Charging Methodology on its website at the link below: <http://www.nationalgrid.com/uk/Electricity/Charges/chargingstatementsapproval/>

National Grid also publishes The Statement of Use of System Charges; however this document is not covered by Ofgem's Final Proposals or affected by these Amendment Proposals.

Charging Windows

It has been discussed in workshops whether "charging windows" should be included within the proposal. This was a concept raised by Ofgem in its Initial and Final Proposals as a "mitigation measure" against industry parties raising significant numbers of charging modification proposals that could increase administration costs and result in regulatory uncertainty. In practice, this would mean that Amendment Proposals to the Charging Methodologies could only be raised at certain times of the year so as to provide stability to the charges. The Proposer noted at one of the workshops that it did not intend to include charging windows within its proposal as it considered that the issues could be dealt with through careful consideration and construction of implementation dates.

In addition, the Proposer noted that the Transmission Licence and the CUSC already contain a number of timing and notice restrictions regarding the publication of revised charges which could create a natural cut-off mechanism for methodology changes being included within a certain year's charges, as described below:

- Condition C4 of the Transmission Licence requires the licensee to give the Authority 150 days' notice of any proposals to change use of system charges and a reasonable assessment of the effect of the proposal, if implemented, on the charges;
- Condition C4 of the Transmission Licence also requires the licensee to give the Authority at least one month's notice of its decision to implement any proposals to change use of system charges;
- Section 2 of the CUSC (paragraph 2.15 Revision of Charges) requires National Grid to give a User not less than two months' notice of any revised Connection Charges, unless the Authority allows a shorter notice period.
- Section 3 of the CUSC (paragraph 3.14 Revision of Charges) requires National Grid to give not less than two months' notice of any revised Transmission Network Use of System Charges, unless the Authority allows a shorter notice period.

8 Estimated Costs

Estimated code administration costs based on proposed timetable

Resource costs	<p>£3,630 - 2 industry workshops (28th June and 1st July 2010)</p> <p>£3,630 - 2 Working Group meetings (14th July 2010, 20th August 2010)</p> <p>£1,815 - 1 optional Working Group meeting (29th July 2010)</p> <p>£5,445 – 3 Panel meetings *(9th July, w/c 6th September, 25 October 2010)</p> <p>£308 - Catering</p>
Total Code Administrator costs	£14,828

Estimated industry costs based on proposed timetable

Resource costs	<p>£22,687 - 3 industry workshops (28th June and 1st July 2010)</p> <p>£9,075 - 2 Working Group meetings (14th July 2010, 20th August 2010)</p> <p>£4,538 - 1 optional Working Group meeting (29th July 2010)</p> <p>£108,900 - 2 consultations (26th July, w/c 13th September 2010)</p> <p>£32,670 - 3 Panel meetings</p>
Total industry costs	£177,870

The costs above are estimates and assume:

- Working Group meetings will be held at National Grid's offices in Warwick, for which there are no room hire costs, only catering costs; (any meetings held at other venues are likely to incur additional room hire costs);
- Workshops assume attendance by 2 Code Administrator members
- Panel assumes attendance by 12 members
- Consultations assume 6 responses
- Working Group chairman and technical secretary provided by Code Administrator (National Grid);
- Resource costs are based on National Grid's "Charge-Out Rates", published in Schedule 3 of The Statement of Use of System Charges, on National Grid's website at: <http://www.nationalgrid.com/uk/Electricity/Charges/chargingstatementsapproval/index.htm>;
- The published rates include overheads.

Amendments Panel July 2010

Code Governance Review Implementation
CAPs 183 to 188

07 July 2010

Version 1.0

Page 13 of 15

9 Proposed Progression

The Code Administrator proposes the following timescales for progressing CAPs 183 to 188, split between those which are recommended to proceed direct to industry consultation and those which are recommended to proceed to Working Group.

Proposed timetable for CAP186 and CAP187: industry consultation

9 th July 2010	Special Amendments Panel meeting – agree whether to proceed to consultation
14 th July 2010	Publish industry consultation papers (for 3 weeks)
5 th August 2010	Consultation closes
11 th August 2010	Draft Amendment Reports published for industry comment
18 th August 2010	Deadline for industry comment
19 th August 2010	Draft Amendment Report published prior to Panel Recommendation Vote (with Panel papers)
27 th August 2010	Amendments Panel meeting – Panel Recommendation Vote
31 st August 2010	Send final Amendments Report to Authority
5 th October 2010	Indicative Authority decision date (25 Working Day KPI)
19 th October 2010	Indicative implementation date (10 Working Days after Authority decision)

Proposed timetable for CAP183, CAP184, CAP185 and CAP188: Working Groups

9 th July 2010	Special Amendments Panel meeting – agree Working Group Terms of Reference
14 th July 2010	First Working Group meeting
26 th July 2010	Publish Working Group consultations (for three weeks)
16 th August 2010	Deadline for Working Group consultation responses
20 th August 2010	Post-consultation Working Group meeting (to review consultation responses, confirm any alternatives and undertake Working Group vote)
26 th August 2010	Publish draft Working Group reports for comment
3 rd Sept 2010	Deadline for comments on Working Group reports
7 th Sept 2010	Publish final Working Group reports (5 Working Days' notice to Panel)
w/c 13 th Sept 2010	Special Amendments Panel meeting to discuss Working Group reports
20 th Sept 2010	Issue industry consultations (for two weeks)
4 th Oct 2010	Deadline for industry responses
6 th Oct 2010	Draft Amendment Reports published for industry comment
13 th Oct 2010	Deadline for industry comment
21 st Oct 2010	Draft Amendment Reports published prior to Panel Recommendation Vote (with Panel papers)
29 th Oct 2010	Amendments Panel meeting – Panel Recommendation Vote
5 th Nov 2010	Send final Amendments Reports to Authority
10 th Dec 2010	Indicative Authority decision date (25 Working Day KPI)
24 th Dec 2010	Indicative implementation date (10 Working Days after Authority decision)

10 The Case for Change

In June 2010, Ofgem published their final licence modifications to require licensees to raise code modification proposals to implement the Code Governance Review Final Proposals. The licence modifications were not objected to and were made on 2nd July 2010. As relevant licensee, National Grid Electricity Transmission plc has raised a suite of CUSC Amendment Proposals in order to comply with its new licence obligations, thereby better facilitating Applicable CUSC Objective (a) *the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence*.

11 Recommendation

The **Proposer** recommends that:

- CAP186 Code Governance Review: Send Back Process be sent to **industry consultation**;
- CAP187 Code Governance Review: Environmental Assessment and the Relevant Objectives be sent to **industry consultation**;
- CAP183: Code Governance Review: Significant Code Review, CAP184: Code Governance Review: Self-Governance, CAP185: Code Governance Review: Role of Code Administrator and the Code Administration Code of Practice and CAP188: Code Governance Review: Governance of Charging Methodologies be sent to **Working Group**.

The **Code Administrator** recommends that:

- **Industry consultations** for CAP186 Code Governance Review: Send Back Process and CAP187 Code Governance Review: Environmental Assessment and the Relevant Objectives be held for a period of **15 Working Days** (three weeks) to take account of the summer holiday period;
- A joint **Working Group** be established for CAP183: Code Governance Review: Significant Code Review, CAP184: Code Governance Review: Self-Governance, CAP185: Code Governance Review: Role of Code Administrator and the Code Administration Code of Practice and CAP188: Code Governance Review: Governance of Charging Methodologies and a Working Group consultation be held for three weeks;
- The timetables set out within this IWA be adopted for progressing the Amendment Proposals



Where can I find the licence modifications?

A copy of the individual licence modification notices is available on Ofgem's website: <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=330&refer=Licensing/IndCodes/CGR>

Ofgem also publishes consolidated versions of the licenses on its electronic public register: <http://epr.ofgem.gov.uk/>