

CUSC Modifications Panel

Actions Arising from Meeting No. 124 Held on 24 June 2011

Present

Duncan Burt	DB	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)
Simon Lord	SL	Panel Member (Users' Member) – via teleconference
Bob Brown	BB	Panel Member (Users' Member)
Paul Jones	PJ	Panel Member (Users' Member)
Fiona Navesey	FN	Panel Member (Users' Member)
Garth Graham	GG	Panel Member (Users' Member)
Barbara Vest	BV	Panel Member (Users' Member) – via teleconference
Paul Mott	PM	Panel Member (Users' Member)

In Attendance

Abid Sheikh	AS	Ofgem representative – via teleconference
Alex Thomason	AT	National Grid

Apologies

Alison Kay	AK	Panel Chair
Richard Hall	RH	National Consumer Council
Kathryn Coffin	KC	Elexon

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

2794. Apologies were received from AK, KC and RH. The Panel noted that RH would not be attending future Panels due to the resource issues at Consumer Focus. AT stated that this had been flagged to Ofgem but there were no immediate plans to mitigate these issues, although the Code Administrator would ensure that the Consumer Focus representative was notified of future meetings where a Panel Recommendation Vote would take place.

2 Minutes of the meeting held on 27 May 2011

2795. The draft Panel Minutes were approved by the Panel, subject to minor changes.

3 Review of Actions

2796. **Minute 2769: PH to send revised timetable for CMP192 to Ofgem. JD to confirm approval of the revised timetable and to circulate Ofgem**

CUSC Modifications Panel

approval to Panel and Workgroup Members. PH added that the timetable was agreed by the Workgroup but whilst Ofgem did not approve the timetable, they did not object to it.

2797. **Minute 2774: JD to provide update on potential developments in Europe.** Complete – covered under agenda item 6.
2798. **Minute 2781: SLa to circulate link to presentation on space weather. Complete.** SLa stated that the presentation from the operational forum was circulated as an electronic link in the 27 May 2011 Panel minutes. GG added that he would provide an update on space weather to the industry at the next AEP meeting on 29 June 2011.
2799. **Minute 2782: DS to provide update on space weather to GCRP.** DS stated that this was on the agenda for the GCRP being held on 7 July 2011.
2800. **Minute 2787: NGET to provide indicative date for publication of E&W derogation reports.** SLa stated that the reports had already been published and a link had been circulated to the Panel Members which also contained a link to the quarterly report on the Connect & Manage regime. GG asked whether maps would be available which specified the connection sites. DB replied that these maps were contained within another industry document; the Transmission Networks Quarterly Connections Update (TNQCU): <http://www.nationalgrid.com/uk/Electricity/GettingConnected/ContractedGenerationInformation/TNQuUpdate/>

4 New CUSC Modification Proposals

2801. None.

5 Workgroup/Standing Groups

2802. **CAP190 - Two-Thirds Majority Voting requirement for CUSC Panel recommendations on Amendments arising from Licence obligations, Authority requests or obligations.** AT provided an update to the Panel that this remained on hold until July 2011 pending the conclusion of CMP196.
2803. **CMP191 - NETSO Consultation in relation to any potential changes to the CUSC which takes place in forums other than the CUSC Modifications Panel.** BV provided an update that the CMP191 Workgroup Consultation had a closing date of 28 June 2011, therefore the Workgroup Report would be presented at the July 2011 Panel.
2804. **CMP192 - Enduring User Commitment.** PH gave an update via a presentation and stated that a day had been planned to discuss the legal drafting with the Workgroup. Additionally, PH stated that a seminar would be planned for the end of July and an extra Workgroup meeting would be held consecutively with the existing planned meeting in August. DB asked whether there would be sufficient legal resource for the two day meeting. PH replied that he would check.

Action: PH to check with legal whether they will be available for the two day Workgroup meeting

CUSC Modifications Panel

2805. PH added that the purpose of the Seminar was to facilitate better industry understanding of the modification rather than for the industry to provide additional comments to the legal text. GG agreed and stated that it was for the industry to ask National Grid for information to discover any impacts it would have on them. PJ asked when the consultation would be published. PH responded that it would be published on the 19 July 2011 and the Seminar would follow on either the 27 or 28 July 2011.
2806. **CMP193 & CMP194 - Housekeeping modifications to Section 14 and 11 of the Connection and Use of System Code (CUSC).** AS asked whether CMP193 and CMP194 had been implemented as the appeal window had closed. SLa stated that the implementation date would be 05 July 2011 which would be flagged in the Headline Report. AS added that Ofgem were hoping to publish the final guidelines on Self-governance soon. PH stated that the guidance should make the process of appeals clear. SLa stated that a change was being progressed within CMP195 which placed a requirement on the appellant to provide the Code Administrator (CA) details of the appeal rather than the current baseline whereby the Authority had to notify the CA. In all cases the appeal would go to the Authority and not to the CA. AS agreed and stated that practically, Ofgem would notify the CA of an appeal where one had been made.
2807. **CMP195 - Code Governance Review Post Implementation Clarifications.** SLa provided an update to the Panel that the Workgroup Consultation was published on 10 June 2011 with a closing date of 01 July 2011. There was a delay to the initial publication date as the Workgroup held a teleconference to discuss a further issue to the legal text in relation to allowing the Authority to direct a different implementation date from 1 April. SLa stated that the intention was to bring the CMP195 Workgroup Report back to the July Panel as planned.
2808. **CMP196 - Revisions to "recommendations" in the final CUSC Modification Report.** AT presented the CMP196 Workgroup Report to the Panel and summarised that CMP196 proposed to only have one reference to "recommendation" in the final Modification Report. PJ asked, in the context of alternatives to a proposal, whether the Panel would have to take a separate view for each one, if approving one option would mean that the others are rejected and so affect the appeal route. AT replied that it would be up to the Competition Commission to decide as the recommendation would be taken as a package. A Panel recommendation for the original for example would not automatically mean a Panel rejection of an alternative. In any case, this did not affect the solution proposed by CMP196. GG stated that this was a cross code inconsistency with the BSC which would be noted in the CMP196 Final Modification Report. AT also stated that the Code Administrator Consultation would be open for 10 working days rather than the standard 15 working days as a second workgroup consultation had already taken place. The Panel and AS agreed with the consultation timescales.
2809. **CMP197 – Amendment to Qualifying Guarantor.** PJ gave an update to the Panel that the Workgroup Consultation had been published on 23 June 2011. PJ provided a brief summary that the Workgroup had gone through the terms of reference and identified two questions for the consultation. One was whether a cap should be introduced whereby the aggregate total of all guarantees could not exceed a guarantor's credit allowance. The second

CUSC Modifications Panel

question was whether payment history should be allowed for the provision of a guarantee. GG added that the Workgroup also discussed the issue of competition law whereby a guarantor could withdraw their guarantee and therefore impact the counterparty, which might have implications in respect of compliance with competition law. However this was considered out of scope for the modification but was noted within the Workgroup consultation. PJ stated that the deadline for responses was on 14 July and the Workgroup Report would be presented at the August Panel.

2810. **CMP198 - Proposer Ownership of CUSC Modification Proposals.** AT provided an update that the Workgroup discussed the following at the first Workgroup meeting:
- Different levels of materiality for when a legal text change should be sent back by the Panel to the Workgroup
 - Whether proposer ownership remains if the proposer is frustrating the Workgroup process
 - Comparisons against the implemented BSC equivalent modification (P247A)
2811. AT also stated that the legal text was not available for the first Workgroup meeting and therefore a second Workgroup meeting would be required. This would mean that the Workgroup Report would be presented at the September Panel. PH stated that there was a possibility that CMP198 could be presented at the special Panel meeting for CMP192. However AT stated that it was best to keep them separate as the special Panel meeting could run on.
2812. **Frequency Response Working Group.** DS stated that the FRWG had not met for a few months but the working group were still considering whether FR was still fit for purpose and how parties should meet the obligations.
2813. **Governance Standing Group.** GG stated that the GSG had not held a meeting for the past two months as they were used for two Workgroups: CMP195 and CMP198, whose membership overlapped with the GSGs'.
2814. **Joint European Standing Group (JESG).** AT presented a briefing paper on setting up a cross-code JESG, noting that the purpose of the JESG was for the industry to ask questions and share views with National Grid on European Network Code developments. AT stated that the draft JESG Terms of Reference were included in the consultation for CMP191, however the Grid Code Review Panel (GCRP) and the BSC Panel would also have to agree the Terms of Reference in addition to the CUSC Panel. FN noted that National Grid is not bound to follow the recommendation of the JESG. Where this is the case, she recommended that National Grid should be required to provide feedback on their reasoning for not following the recommendation.
- Action: AT to add National Grid feedback loop to JESG Terms of Reference on recommendations**
2815. PM suggested a change to the wording in paragraph 2(a) of the ToR as he believed that there was a grammatical error which should state that National Grid should seek and take into consideration the views of the industry. However, DS responded that it was a two way process but the wording could be changed to make it clear.

CUSC Modifications Panel

Action: AT to amend paragraph 2(a) of JESG Terms of Reference

2816. BB stated that you can't address each individual's point within the JESG. PJ asked why there had to be a consensus view at the JESG as there were no voting rights. AT responded that whilst BB may be right that individual points cannot all be taken into account, the CMP191 Workgroup believed that there may be some areas in which there may be a majority view of stakeholders.
2817. AT stated that a proposal for a European forum or code modification had been raised at the gas UNC Panel who didn't see a requirement for it within the UNC as it could be taken forward by regular updates at the Transmission Workgroup. GG stated that whilst the JESG would be looking at all of the European Network Codes, there would, for practical expediency, be separate subgroups looking at each individual European Network Code. PM asked whether implementation of the European Network Code would be progressed via an SCR. DS responded that where possible, Ofgem would expect the normal governance route to be followed.
2818. The Panel agreed that the JESG should be set up and agreed the ToR however GG asked whether the JESG chair would be independent of National Grid. AT responded that there were plans to set this group up as soon as possible and therefore would not be excluding National Grid from the position of chair as the information flows would primarily come from National Grid. DS added that if an independent chairman was required, they would have to be readily available. AT stated that it may also incur a cost if an independent chair was sourced. GG nominated BV to be the chair as she works for an independent organisation and is a Panel Member on each of the BSC and CUSC Panels and the GCRP. BB accepted that the Panel should agree the ToR, but queried whether it had to agree the independent chairman at the same time. BB's concerns were that an independent chair could have a significant impact due to cost and practicalities and it could lead to a large workload for the chair. BB believed that it would be more efficient for National Grid to be chair as they could provide the facilities and the resources. GG responded that the administration could be provided by National Grid whereas the actual chairing of the meeting would be done by the independent chairman.
2819. PH asked why the chairman had to be independent as the JESG was not a decision making body and the concept was similar to the TCMF. DS agreed and stated that there was a timing element for an independent chair as they would have to ensure that they could attend all of the meetings. BB reiterated that he was concerned about the practicality of appointing an independent chair. GG stated that the JESG may review this after a period of 6 months for example and the chair may wish to resign if it was not practical. DB questioned whether the word "independent" should be used as the JESG was primarily for the facilitation of information flows between National Grid and the industry.
2820. The Panel did not object to the independent chair and the nomination of BV to the position of chairman for the JESG but decided to await the decisions from the BSC Panel and GCRP before making it official.

Action: Panel to officially approve BV as chairman of JESG after BSC Panel and GCRP

6 European Code Development

2821. AS stated that SLA had circulated a document from Ofgem which provided an update on the EU code developments. AS added that two new individuals had been appointed at ACER; a head of Electricity and a head of Gas.

Action: AS to circulate to the Panel the new appointments at ACER

2822. DS stated that there would be an ENTSO-E workshop on European Network Codes for stakeholders on 6 July 2011. The national TSOs were also planning to run a workshop in each member state with the support of ENTSO-E. FN stated that at the last National Grid workshop in January 2011, DECC said that they would take the work on European Network Codes forward and queried whether there were any more updates on this. DS replied that this would be discussed at the National Grid workshop on 15 July which DECC are presenting at. PM added that DECC had doubled their resources in this area. FN asked who was responsible for its success on behalf of GB. DS responded that it was DECC who would be responsible. FN asked whether there was a clear escalation route if things went wrong as there could be large issues and it is not clear who is ultimately responsible. GG suggested an example such as EMR where there may be conflicts between what was being proposed (in EMR, for GB) with what was being included in the European Network Codes which had to be flagged to DECC. DS replied that he would provide this feedback to the National Grid EU team.

Action: DS to enquire about escalation routes relating to EU Network Code issues

7 CUSC Modifications Panel Vote

2823. None.

8 Authority Decisions as at 16 June 2011

2824. None.

9 CUSC Key Performance Indicators – May 2011

2825. AT presented the KPIs for May 2011. There were no comments from the Panel.

10 Update on Industry Codes/General Industry Updates relevant to the CUSC

2826. DS stated that the Operational Forum held on 14 June 2011 discussed the following topics:

- Connect and Manage
- Operating in 2020
- BSIS

CUSC Modifications Panel

2827. FN advised that the Electricity Networks Strategy Group (ENSG) WG looking at potential need for anticipatory investment had restarted. There would be a refresh of the vision for 2020 based on National Grid's "Gone green" scenarios; a piece of work to look at 2030, and the introduction of a progress monitoring report.

11 AOB

2828. PM asked what IT system changes were required following the conclusion of Project TransmiT. PH replied that National Grid had asked Ofgem but were currently awaiting an update.

12 Next Meeting

2829. The next meeting is scheduled for 29 July 2011 at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.