

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel – Special Meeting for CMP192 Vote
<b>Meeting number</b>	129
<b>Date of meeting</b>	11 November 2011
<b>Location</b>	National Grid House, Warwick

## Attendees

<b>Name</b>	<b>Initials</b>	<b>Position</b>
Alison Kay	AK	Panel Chair
Emma Clark	EC	Panel Secretary
Alex Thomason	AT	National Grid (Presenter)
Abid Sheikh	AS	Authority Representative
Patrick Hynes	PH	National Grid Panel Member
Bob Brown	BB	Users' Panel Member
Barbara Vest	BV	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Fiona Navesey	FN	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Simon Lord	SL	Users' Panel Member
Duncan Carter	DC	Consumer Focus (Observer)
Jade Clarke	JC	National Grid (Observer)

## Apologies

<b>Name</b>	<b>Initials</b>	<b>Position</b>
Ian Pashley	IP	National Grid Panel Member
Richard Hall	RH	National Consumer Council (Consumer Focus) Representative
Kathryn Coffin	KC	ELEXON

All presentations given at this CUSC Modifications 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

2961. Apologies were received from IP, KC and RH.

## 2 New Statutory Instrument for The Electricity and Gas (Internal Markets) Regulations 2011

2962. AT presented on the new Statutory Instrument (SI)<sup>1</sup> that had recently come into effect. AT explained that further to the update provided at the September Panel meeting, the SI had come into effect on 10<sup>th</sup> November 2011 and resulted in the introduction of a new Applicable CUSC Objective, which the Panel would be required

<sup>1</sup> [http://www.legislation.gov.uk/ukxi/2011/2704/pdfs/ukxi\\_20112704\\_en.pdf](http://www.legislation.gov.uk/ukxi/2011/2704/pdfs/ukxi_20112704_en.pdf) (see Schedule 8 – page 157)

to vote against for CMP192 and future proposals. AT advised that the new objective is as follows:

“(c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency”.

2963. AT advised that the new objective does not apply to charging proposals and that the charging objectives therefore will not have this new objective included. BB queried how this would work if a CUSC Modification Proposal had elements of charging in addition to changes to other sections of the CUSC. AT explained that they would be treated separately, as concluded in CAP188 (Code Governance Review: Governance of Charging Methodologies) and that if a CUSC change also had an element of charging, then two separate CUSC Modification Proposals would need to be raised and each assessed against the different sets of Objectives.
2964. AT also highlighted the anomaly in the drafting which could have the result that a proposal raised by National Grid would not be able to be withdrawn without the Authority’s permission and advised that discussions are continuing with Ofgem as to how this issue could be resolved.

### 3 CUSC Modifications Panel Vote

2965. **CMP192: Arrangements for Enduring Generation User Commitment.** EC presented the background of CMP192 and the key events in its progression in preparation for the Panel Vote.
2966. FN queried the 50/50 sharing factor for wider works. PH advised that several members of the CMP192 Workgroup believed that island links in particular should be treated as wider, as they are likely to become wider in the future. PH added that given the size of capital projects, the amount of liability could be a barrier, so should be treated as wider. FN commented that it appeared that it was an approach to relieve the Scottish Island issue and that it is a DECC policy issue whether or not the consumer should pay, and not for the Panel to decide. PJ noted that this was a grey area and that it is possible to get a number of users sharing on these islands, therefore it is appropriate to be treated as wider. PH added that it will improve security of supply on the islands. BV queried why the 27/73 and 0/100 sharing had been discounted, to which PH advised that the Workgroup had discussed these figures in detail. PH noted that 27/73 is an arbitrary figure and is focused more on revenue recovery, whereas 50/50 goes on the basis of giving a fair signal and was supported by the majority of the Workgroup. DC pointed out that as there is no evidence either way to support or reject the 50/50 figure, and therefore it seems like a sensible approach.
2967. BV noted that the CMP192 CUSC Modification Report could be enhanced for readers who are not familiar with the detail of CMP192, by explaining some of the issues more thoroughly, such as transparency. PH noted that the report had been consulted on in the Workgroup phase and also under the Code Administrator Consultation; however he advised that he would liaise with BV after the meeting with regard to her comments on the report.
2968. BB expressed his congratulations to the Workgroup and the Chair on the work involved in progressing CMP192 and for the report that had been produced.
2969. BB asked AS for his views on the timescales for a decision on CMP192. AS responded that an Impact Assessment would be carried out and that it was planned to release this before Christmas. AS added that Ofgem would take into account the Christmas period when planning the length of the consultation for the Impact Assessment.

2970. The Panel voted by a majority that WACMs 5 to 8 and 11 and 12 better facilitate the Applicable CUSC Objectives (a) and (b). The Panel voted unanimously that CMP192 and the WACMs were neutral against Applicable Objective (c). Overall WACM 8 received the most votes (three) as being the best option with WACMs 11 and 12 receiving two votes each and WACM 10 one vote. The tables below contains the details for each vote:

Original

<b>Panel Member</b>	<b>Better meets ACO (a)</b>	<b>Better meets ACO (b)</b>	<b>Better meets ACO (c)</b>	<b>Better facilitate the ACOs overall?</b>
<b>Simon Lord</b>	No. Post commissioning generation cannot manage the risk of 4 year user commitment.	No. Post commissioning generation cannot manage the risk of 4 year user commitment.	Neutral.	No.
<b>Garth Graham</b>	Yes, there are benefits in terms of Applicable Objective (a).	No. The four year notice period for post commissioning generators is detrimental to Applicable Objective (b) and this detriment outweighs the benefits of Applicable Objective (a). In coming to this view I have been mindful of the Workgroup deliberations and the consultation responses to both the Workgroup and Code Administrator consultations.	Neutral.	No.
<b>Barbara Vest</b>	No. A four years pre and post commitment is disproportionate therefore no improvement for this objective.	No. A four years pre and post commitment is disproportionate therefore no improvement for this objective.	Neutral.	No.
<b>Fiona Navesey</b>	No. Incorporation of pre-commissioning liability and security into a methodology within the CUSC provides greater transparency and improved governance. However, post-commissioning generators are not able to provide 4 years notice and hence National Grid will not receive any more accurate information than that currently.	No. As before, post commissioning generators cannot give a 4 year closure notice. Four years is disproportionate, discriminatory and will have a negative impact on both competition and, potentially, security of supply.	Neutral.	No.
<b>Paul Jones</b>	No. Pre and post commissioning generators are not relevantly similar for the purposes of user commitment and to treat them the same would be unduly discriminatory.	No. Provides benefit to pre commissioning generators lowering barriers to entry and thereby promoting competition. However, post commissioning generators cannot give a 4 year closure signal as the market signals they respond to do not go out that far. Therefore, requiring them to do so imposes an unmanageable risk. This also unnecessarily increases barriers to exiting the market which can be detrimental to competition. On balance the benefits are outweighed by the disadvantages.	Neutral.	No.
<b>Pat Hynes</b>	Yes. The proposal is a significant improvement in the governance and transparency of User Commitment, particularly for pre commissioning generators. Pre and post commissioning generators are similar for the purposes of providing new	Yes. Both pre and post commissioning generators are treated the same in respect of new works so better facilitating effective competition. Overall proposal improves the route to market for new parties and so should therefore improve competition.	Neutral.	Yes.

	capacity and therefore should be treated the same as far as practically possible. The proposed lead-time for this proposal reflects generic transmission investment timescales. The proposal better reflects the shared nature of the system, now and increasingly, in the future. The approach for wider investment is broadly consistent with the investment policy proposals being discussed under RIIO.			
<b>Bob Brown</b>	Yes. The benefit of the Original proposed is to introduce User Commitment rules into the CUSC, which delivers transparency and open governance compared with the existing arrangements.	Yes. Reduces uncertainty and aids competition.	Neutral.	Yes.
<b>Paul Mott</b>	No. Different considerations apply to pre and post commissioning generators for the purposes of user commitment, so to treat them the same would entail undue discrimination.	No. The energy and carbon trading horizon does not go four years forward; there is a risk of precipitating early closure of some existing generators for artificial reasons - this would be detrimental to competition. There is another risk, of creating a barrier to easily exit the market.	Neutral.	No.

#### WACM 1

<b>Panel Member</b>	<b>Better meets ACO (a)</b>	<b>Better meets ACO (b)</b>	<b>Better meets ACO (c)</b>	<b>Better facilitate the ACOs overall?</b>
<b>Simon Lord</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Garth Graham</b>	Yes. There are benefits in terms of Applicable Objective (a).	No. Same reasoning as for Original.	Neutral.	No.
<b>Barbara Vest</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Fiona Navesey</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Paul Jones</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Pat Hynes</b>	Yes. This provides the benefits stated under the Original. It also improves the flexibility of the arrangements pre trigger date,	Yes. As the Original, with the additional flexibility further improving the route to market.	Neutral.	Yes.

	with no additional risk for end consumers.			
<b>Bob Brown</b>	Yes. The introduction of cost-reflective final sums is an improvement over the baseline and will help NG better meet its licence obligations to facilitate applications for connections since they are familiar to users as they are consistent with the current arrangements outside the CUSC. Cost-reflective final sums also helps to manage risks more efficiently and therefore facilitate the connections process compared to the Original CMP192 proposal.	Yes. The introduction of cost-reflective final sums enables projects in early development to better manage the risks when compared with the baseline.	Neutral.	Yes.
<b>Paul Mott</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.

## WACM 2

<b>Panel Member</b>	<b>Better meets ACO (a)</b>	<b>Better meets ACO (b)</b>	<b>Better meets ACO (c)</b>	<b>Better facilitate the ACOs overall?</b>
<b>Simon Lord</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Garth Graham</b>	Yes. There are benefits in terms of Applicable Objective (a).	No. Same reasoning as for Original.	Neutral.	No.
<b>Barbara Vest</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Fiona Navesey</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Paul Jones</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original plus sharing for local assets with associated demand, which is a feature of this option, is of lower impact than the above factors.	Neutral.	No.
<b>Pat Hynes</b>	Yes. As WACM 1. The addition of a sharing factor for works associated with consumer demand deals the potential anomaly of large capital projects that have wider benefits that appear to be stalled with the current arrangements. This also recognises that major extensions to the network must	Yes. As WACM 1, with the additional benefit of the potential for a wider market.	Neutral.	Yes.

	sometimes be treated as strategic, but should undergo some form of regulatory economic test.			
<b>Bob Brown</b>	Yes. Same reasoning as WACM 1.	Yes. Same reasoning as WACM1 .	Neutral.	Yes.
<b>Paul Mott</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.

### WACM 3

<b>Panel Member</b>	<b>Better meets ACO (a)</b>	<b>Better meets ACO (b)</b>	<b>Better meets ACO (c)</b>	<b>Better facilitate the ACOs overall?</b>
<b>Simon Lord</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Garth Graham</b>	Yes. There are benefits in terms of Applicable Objective (a).	No. Same reasoning as for Original.	Neutral.	No.
<b>Barbara Vest</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Fiona Navesey</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Paul Jones</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original plus the grandfathering of rights for existing offers, which is a feature of this option, is of lower impact than the above factors.	Neutral.	No.
<b>Pat Hynes</b>	Yes. As WACM 1. The proposed form of grandfathering is much broader than we would have hoped. A solution that limited this only to projects that were post consented and / or did not move back their commissioning date would have been better. Due mainly to the timing of the CUSC process we were not able to develop a more refined grandfathering proposal. Despite this the proposal is overall better than the baseline	Yes. As WACM 1.	Neutral.	Yes.
<b>Bob Brown</b>	Yes. Same reasoning as WACM 1.	Yes. The introduction of cost-reflective final sums enables projects in early development to better manage the risks when compared with the baseline. The introduction of Grandfathering will enable projects in development to maintain existing arrangements and minimise the disruption caused by implementation of the proposal	Neutral.	Yes.

		(particularly in relation of financing arrangements).		
<b>Paul Mott</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.

**WACM 4**

<b>Panel Member</b>	<b>Better meets ACO (a)</b>	<b>Better meets ACO (b)</b>	<b>Better meets ACO (c)</b>	<b>Better facilitate the ACOs overall?</b>
<b>Simon Lord</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Garth Graham</b>	Yes. There are benefits in terms of Applicable Objective (a).	No. Same reasoning as for Original.	Neutral.	No.
<b>Barbara Vest</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Fiona Navesey</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.
<b>Paul Jones</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original plus the grandfathering of rights for existing offers and sharing for local assets with associated demand, which are features of this option, are of lower impact than the above factors.	Neutral.	No.
<b>Pat Hynes</b>	Yes. As WACM 1. The addition of a sharing factor for works associated with consumer demand deals the potential anomaly of large capital projects that have wider benefits that appear to be stalled with the current arrangements. This also recognises that major extensions to the network must sometimes be treated as strategic, but should undergo some form of regulatory economic test. The proposed form of grandfathering is much broader than we would have hoped. A solution that limited this only to projects that were post consented and / or did not move back their commissioning date would have been better. Due mainly to the timing of the CUSC process we were not able to develop a more refined grandfathering proposal. Despite this the proposal is overall better than the baseline.	Yes. As WACM 1.	Neutral.	Yes.



<b>Bob Brown</b>	Yes. Same reasoning as WACM 1.	Yes. The introduction of cost-reflective final sums enables projects in early development to better manage the risks when compared with the baseline. The introduction of local sharing better reflects the risks associated with certain connections which are associated with demand. The introduction of Grandfathering will enable projects in development to maintain existing arrangements and minimise the disruption caused by implementation of the proposal (particularly in relation of financing arrangements).	Neutral.	Yes.
<b>Paul Mott</b>	No. Same reasoning as for Original.	No. Same reasoning as for Original.	Neutral.	No.

WACM 5

Panel Member	Better meets ACO (a)	Better meets ACO (b)	Better meets ACO (c)	Better facilitate the ACOs overall?
<b>Simon Lord</b>	Yes. Delivers better security arrangements for pre-commissioning generation, post can manage risk.	Yes. Delivers better security arrangements for pre-commissioning generation, post can manage risk.	Neutral.	Yes.
<b>Garth Graham</b>	Yes. There are benefits in terms of Applicable Objective (a).	Yes. The provision of four year's notice by pre commissioning generators and two years by post commissioning generators reflects a fair balance between the information available to the respective parties. In coming to this view I have been mindful of the Workgroup deliberations and the consultation responses to both the Workgroup and Code Administrator consultations.	Neutral.	Yes
<b>Barbara Vest</b>	No. A four years pre commitment is disproportionate therefore no improvement for this objective.	No. A four years pre commitment is disproportionate therefore no improvement for this objective.	Neutral.	No.
<b>Fiona Navesey</b>	Yes. Incorporation of pre-commissioning liability and security into a methodology within the CUSC provides greater transparency and improved governance.	No. Developers need to be have the option to retain their current arrangements through grandfathering. The alternatives have the potential to increase risk / introduce contractual burdens unnecessarily for developers close to commissioning. Lack of grandfathering has the potential to impact investor confidence / certainty more generally.	Neutral.	No.
<b>Paul Jones</b>	Neutral.	Yes. Provides benefit to pre commissioning generators lowering barriers to entry and thereby promoting competition.	Neutral.	Yes.
<b>Pat Hynes</b>	No. Concerned that different treatment is not fully justified. Whilst pre and post commissioning generation are clearly different at any point in time, in respect of provision of new wider transmission capacity they have the same impact. The report highlights several strong reasons for a shorter period of two years for post commissioning generation for new wider works, these can also generally be applied to pre commissioning generation.	No. Treating parties differently in the provision of new works is unlikely to better promote effective competition.	Neutral.	No.
<b>Bob Brown</b>	Yes. Same reasoning as WACM 1.	Yes. The introduction of cost-reflective final sums enables projects in early development to better manage the risks when	Neutral.	Yes.

		compared with the baseline.		
<b>Paul Mott</b>	Yes. Although a two year notice period for existing generators is "baseline", putting user commitments into the CUSC under CMP192 WACM5 will improve governance / transparency, thus better facilitating ACO (a).	Yes. Basing liabilities on actual transmission expenditure using the methodology proposed, could increase the degree of cost-reflectivity in the liability imposed.	Neutral.	Yes.

**WACM 6**

<b>Panel Member</b>	<b>Better meets ACO (a)</b>	<b>Better meets ACO (b)</b>	<b>Better meets ACO (c)</b>	<b>Better facilitate the ACOs overall?</b>
<b>Simon Lord</b>	Yes. Same reasoning as for WACM 5.	Yes. Same reasoning as for WACM 5.	Neutral.	Yes.
<b>Garth Graham</b>	Yes. There are benefits in terms of Applicable Objective (a).	Yes. Same reasoning as for WACM 5.	Neutral.	Yes.
<b>Barbara Vest</b>	No. Same reasoning as for WACM 5.	No. Same reasoning as for WACM 5.	Neutral.	No.
<b>Fiona Navesey</b>	Yes. Same reasoning as for WACM 5.	No. Same reasoning as for WACM 5.	Neutral.	No.
<b>Paul Jones</b>	Neutral.	Yes. Provides benefit to pre commissioning generators lowering barriers to entry and thereby promoting competition. Sharing for local assets with associated demand, which is a feature of this option, is of lower impact than the above.	Neutral.	Yes.
<b>Pat Hynes</b>	No. As WACM 5	No. As WACM 5.	Neutral.	No.
<b>Bob Brown</b>	Yes. Same reasoning as WACM 1.	Yes. Same reasoning as WACM 2.	Neutral.	Yes.
<b>Paul Mott</b>	Yes. Same reasoning as WACM 5.	Yes. Same reasoning as WACM 5.	Neutral.	Yes.

**WACM 7**

<b>Panel Member</b>	<b>Better meets ACO (a)</b>	<b>Better meets ACO (b)</b>	<b>Better meets ACO (c)</b>	<b>Better facilitate the ACOs overall?</b>
<b>Simon Lord</b>	Yes. Same reasoning as for WACM 5.	Yes. Same reasoning as for WACM 5.	Neutral.	Yes.
<b>Garth Graham</b>	Yes. There are benefits in terms of Applicable Objective (a).	Yes. Same reasoning as for WACM 5.	Neutral.	Yes.

<b>Barbara Vest</b>	No. Same reasoning as for WACM 5.	No. Same reasoning as for WACM 5.	Neutral.	No.
<b>Fiona Navesey</b>	Yes. Same reasoning as for WACM 5.	Yes. Provides benefits of reduced liabilities and/or security for pre-commissioning developers, reducing barriers to entry and facilitating improved competition in generation. Grandfathering will provide the necessary investor confidence / certainty more generally.	Neutral.	Yes.
<b>Paul Jones</b>	Neutral.	Yes. Provides benefit to pre commissioning generators lowering barriers to entry and thereby promoting competition. The grandfathering of rights for existing offers, which is a feature of this option, is of lower impact than the above.	Neutral.	Yes.
<b>Pat Hynes</b>	No. As WACM 5	No. As WACM 5	Neutral.	No.
<b>Bob Brown</b>	Yes. Same reasoning as WACM 1.	Yes. Same reasoning as WACM 3.	Neutral.	Yes.
<b>Paul Mott</b>	Yes. Same reasoning as WACM 5.	Yes. Same reasoning as WACM 5.	Neutral.	Yes.

#### WACM 8

<b>Panel Member</b>	<b>Better meets ACO (a)</b>	<b>Better meets ACO (b)</b>	<b>Better meets ACO (c)</b>	<b>Better facilitate the ACOs overall?</b>
<b>Simon Lord</b>	Yes. Same reasoning as for WACM 5.	Yes. Same reasoning as for WACM 5.	Neutral.	Yes.
<b>Garth Graham</b>	Yes. There are benefits in terms of Applicable Objective (a).	Yes. Same reasoning as for WACM 5.	Neutral.	Yes.
<b>Barbara Vest</b>	No. Same reasoning as for WACM 5.	No. Same reasoning as for WACM 5.	Neutral.	No.
<b>Fiona Navesey</b>	Yes. Same reasoning as for WACM 5.	Yes. Same reasoning as for WACM 7.	Neutral.	Yes.
<b>Paul Jones</b>	Neutral.	Yes. Provides benefit to pre commissioning generators lowering barriers to entry and thereby promoting competition. The grandfathering of rights for existing offers and sharing for local assets with associated demand, which are features of this option,	Neutral.	Yes.

		are of lower impact than the above.		
<b>Pat Hynes</b>	No. As WACM 5	No. As WACM 5	Neutral.	No.
<b>Bob Brown</b>	Yes. Same reasoning as WACM 1.	Yes. Same reasoning as WACM 4.	Neutral.	Yes.
<b>Paul Mott</b>	Yes. Same reasoning as WACM 5.	Yes. Same reasoning as WACM 5.	Neutral.	Yes.

**WACM 9**

<b>Panel Member</b>	<b>Better meets ACO (a)</b>	<b>Better meets ACO (b)</b>	<b>Better meets ACO (c)</b>	<b>Better facilitate the ACOs overall?</b>
<b>Simon Lord</b>	No. Pre commissioning should be 4 years to align with NG investment program.	No. Pre commissioning should be 4 years to align with NG investment program.	Neutral.	No.
<b>Garth Graham</b>	No. The two year notice period for pre commissioning generators does not align with TO building timescales so, in my view, is detrimental to Applicable Objective (a).	Yes. The shorter notice period for pre commissioning generators could be said to be beneficial to competition and thus better for Applicable Objective (b). However, the detrimental effect of Applicable Objective (a) outweighs the benefits of Applicable Objective (b).	Neutral.	No.
<b>Barbara Vest</b>	No. Grandfathering has not been included in this proposal. This dilutes the good features of this proposal and means therefore that I cannot support it.	No. Grandfathering has not been included in this proposal. This dilutes the good features of this proposal and means therefore that I cannot support it.	Neutral.	No.
<b>Fiona Navesey</b>	Yes. Same reasoning as for WACM 5.	No. Benefits pre-commissioning generators with more appropriate liabilities and securities, reducing barriers to entry and facilitating greater competition in generation. In addition, under the current "Connect and Manage" regime wider reinforcements continue to complete after connection of new generation and therefore a 2 year liability for both pre and post commissioning is appropriate. However, developers need to be have the option to retain their current arrangements through grandfathering. The alternatives have the potential to increase risk / introduce contractual burdens unnecessarily for developers close to commissioning. Lack of grandfathering has the potential to impact investor confidence / certainty more generally.	Neutral.	No.
<b>Paul</b>	No. Same reasoning as for Original.	Yes. Provides benefit to pre commissioning generators lowering barriers to entry and thereby	Neutral.	Yes.

<b>Jones</b>		promoting competition.		
<b>Pat Hynes</b>	Yes. The report highlights several strong reasons for a shorter period of two years for post commissioning generation for new wider works, these can also generally be applied to pre commissioning generation. Whilst pre and post commissioning generation are clearly different at any point in time, in respect of provision of future transmission capacity they have the same impact. On the basis that applying greater than two years is impractical and inefficient for end consumers and so post commissioning generation should face two years, then pre commissioning generation should be treated the same. It also improves the flexibility of the arrangements pre trigger date, with no additional risk for end consumers.	Yes. Both pre and post commissioning generators are treated the same so better facilitating effective competition. Overall proposal improves the route to market for new parties and so should therefore improve competition. The additional flexibility pre trigger date further improving the route to market.	Neutral.	Yes.
<b>Bob Brown</b>	Yes. Same reasoning as WACM 1.	Yes. The introduction of cost-reflective final sums enables projects in early development to better manage the risks when compared with the baseline. The two year user commitment regime that applies to both pre and post commissioning generators together with the cost reflective arrangements for projects in development and local sharing with demand ensure that the proposal facilitates competition.	Neutral.	Yes.
<b>Paul Mott</b>	Yes. Although a two year notice period for existing generators is "baseline", putting user commitments into the CUSC under CMP192 WACM9 will improve governance/transparency, thus better facilitating ACO (a). However the absence of grandfathering does dilute the extent to which this is so, since its absence could be compared to retrospectivity, which can increase risk and be inefficient.	Yes. Same reasoning as WACM 5.	Neutral.	Yes.

**WACM 10**

<b>Panel Member</b>	<b>Better meets ACO (a)</b>	<b>Better meets ACO (b)</b>	<b>Better meets ACO (c)</b>	<b>Better facilitate the ACOs overall?</b>
<b>Simon Lord</b>	No. Same reasoning as for WACM 9.	No. Same reasoning as for WACM 9.	Neutral.	No.
<b>Garth Graham</b>	No. Same reasoning as for WACM 9.	Yes. Same reasoning as for WACM 9.	Neutral.	No.
<b>Barbara Vest</b>	No. Same reasoning as for WACM 9.	No. Same reasoning as for WACM 9.	Neutral.	No.
<b>Fiona Navesey</b>	Yes. Same reasoning as for WACM 5.	No. Same reasoning as for WACM 9.	Neutral.	No.
<b>Paul Jones</b>	No. Same reasoning as for Original.	Yes. Provides benefit to pre commissioning generators lowering barriers to entry and thereby promoting competition. Sharing for local assets with associated demand, which is a feature of this option, is of lower impact than the above.	Neutral.	Yes.
<b>Pat Hynes</b>	Yes. As WACM 9. The addition of a sharing factor for works associated with consumer demand deals the potential anomaly of large capital projects that have wider benefits that appear to be stalled with the current arrangements. This also recognises that major extensions to the network must sometimes be treated as strategic, but should undergo some form of regulatory economic test.	Yes. As WACM9, with the additional benefit of the potential for a wider market.	Neutral.	Yes.
<b>Bob Brown</b>	Yes. Same reasoning as WACM 1.	Yes. The introduction of cost-reflective final sums enables projects in early development to better manage the risks when compared with the baseline. The two year user commitment regime that applies to both pre and post commissioning generators together with the cost reflective arrangements for projects in development and local sharing with demand ensure that the proposal facilitates competition. The introduction of local sharing better reflects the risks associated with certain connections which are associated with demand.	Neutral.	Yes.

<b>Paul Mott</b>	Yes. Same reasoning as WACM 9.	Yes. Same reasoning as WACM 5.	Neutral.	Yes.
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**WACM 11**

<b>Panel Member</b>	<b>Better meets ACO (a)</b>	<b>Better meets ACO (b)</b>	<b>Better meets ACO (c)</b>	<b>Better facilitate the ACOs overall?</b>
<b>Simon Lord</b>	No. Same reasoning as for WACM 9.	No. Same reasoning as for WACM 9.	Neutral.	No.
<b>Garth Graham</b>	No. Same reasoning as for WACM 9.	Yes. Same reasoning as for WACM 9.	Neutral.	No.
<b>Barbara Vest</b>	Yes. I believe that 2 years pre and post commitment represents a proportionate approach and is an improvement on the current baseline.	Yes. I believe that 2 years pre and post commitment represents a proportionate approach and is an improvement on the current baseline.	Neutral.	Yes.
<b>Fiona Navesev</b>	Yes. Same reasoning as for WACM 5.	Yes. Benefits pre-commissioning generators with more appropriate liabilities and securities, reducing barriers to entry and facilitating greater competition in generation. In addition, under the current "Connect and Manage" regime wider reinforcements continue to complete after connection of new generation and therefore a 2 year liability for both pre and post commissioning is appropriate. Grandfathering will provide the necessary investor confidence / certainty more generally.	Neutral.	Yes.
<b>Paul Jones</b>	No. Same reasoning as for Original.	Yes. Same reasoning as for WACM 7.	Neutral.	Yes.
<b>Pat Hynes</b>	Yes. As WACM 9. The proposed form of grandfathering is much broader than we would have hoped. A solution that limited this only to projects that were post consented and / or did not move back their commissioning date would have been better. Due mainly to the timing of the CUSC process we were not able to develop a more refined grandfathering proposal. Despite this the proposal is overall better than the baseline.	Yes. As WACM 9.	Neutral.	Yes.
<b>Bob</b>	Yes. Same reasoning as WACM 1.	Yes. The introduction of cost-reflective final sums enables projects in early development to	Neutral.	Yes.



<b>Brown</b>		better manage the risks when compared with the baseline. The two year user commitment regime that applies to both pre and post commissioning generators together with the cost reflective arrangements for projects in development and local sharing with demand ensure that the proposal facilitates competition. The introduction of Grandfathering will enable projects in development to maintain existing arrangements and minimise the disruption caused by implementation of the proposal (particularly in relation of financing arrangements).		
<b>Paul Mott</b>	Yes. Although a two year notice period for existing generators is "baseline", putting user commitments into the CUSC under CMP192 WACM11 will improve governance / transparency, thus better facilitating CAO (a). The inclusion of grandfathering in WACM11 avoids anything that could be viewed as a retrospective effect.	Yes. Basing liabilities on actual transmission expenditure using the methodology proposed, could increase the degree of cost-reflectivity in the liability imposed. Note that WACM11 has the merit of not applying additional risk to consumers (shared with WACM 9, 7, 5, 3, and 1), and the inclusion of grandfathering (shared with 3, 4, 7, 8, and 12) avoids anything that could be viewed as a retrospective change, increasing investor confidence. Two years general pre- and post-commissioning commitment (shared with 9, 10, and 12) represents a proportionate approach. The inclusion of all these desirable features in one working group alternative CUSC modification, number 11, makes WACM 11 uniquely the best out of the 12 WACMs and the Original.	Neutral.	Yes.

WACM 12

Panel Member	Better meets ACO (a)	Better meets ACO (b)	Better meets ACO (c)	Better facilitate the ACOs overall?
<b>Simon Lord</b>	No. Same reasoning as for WACM 9.	No. Same reasoning as for WACM 9.	Neutral.	No.
<b>Garth Graham</b>	No. Same reasoning as for WACM 9.	Yes. Same reasoning as for WACM 9.	Neutral.	No.
<b>Barbara Vest</b>	Yes. I believe that 2 years pre and post commitment represents a proportionate approach and is an improvement on the current baseline. In addition this proposal also includes a 50/50 sharing element between generation and demand which I believe to be fair.	Yes. I believe that 2 years pre and post commitment represents a proportionate approach and is an improvement on the current baseline. In addition this proposal also includes a 50/50 sharing element between generation and demand which I believe to be fair.	Neutral.	Yes.
<b>Fiona Navesey</b>	Yes. Same reasoning as for WACM 5.	Yes. Same reasoning as for WACM 11.	Neutral.	Yes.
<b>Paul Jones</b>	No. Same reasoning as for Original.	Yes. Same reasoning as for WACM 8.	Neutral.	Yes.
<b>Pat Hynes</b>	Yes. As WACM 9. The addition of a sharing factor for works associated with consumer demand deals the potential anomaly of large capital projects that have wider benefits that appear to be stalled with the current arrangements. This also recognises that major extensions to the network must sometimes be treated as strategic, but should undergo some form of regulatory economic test. The proposed form of grandfathering is much broader than we would have hoped. A solution that limited this only to projects that were post consented and / or did not move back their commissioning date would have been better. Due mainly to the timing of the CUSC process we were not able to develop a more refined grandfathering proposal. Despite this the proposal is overall better than the baseline.	Yes. As WACM9, with the additional benefit of the potential for a wider market.	Neutral.	Yes.
<b>Bob</b>	Yes. Same reasoning as WACM 1.	Yes. The introduction of cost-reflective final sums enables	Neutral.	Yes.

<b>Brown</b>		projects in early development to better manage the risks when compared with the baseline. The two year user commitment regime that applies to both pre and post commissioning generators together with the cost reflective arrangements for projects in development and local sharing with demand ensures that the proposal facilitates competition. The introduction of local sharing better reflects the risks associated with certain connections which are associated with demand. The introduction of Grandfathering will enable projects in development to maintain existing arrangements and minimise the disruption caused by implementation of the proposal (particularly in relation of financing arrangements).		
<b>Paul Mott</b>	Yes. Same reasoning as WACM 5.	Yes. Same reasoning as WACM 5.	Neutral.	Yes.

#### BEST

Panel Member	Which option is best?
Simon Lord	WACM 8
Garth Graham	WACM 8
Barbara Vest	WACM 12
Fiona Navesey	WACM 11
Paul Jones	WACM 8
Pat Hynes	WACM 10
Bob Brown	WACM 12
Paul Mott	WACM 11

#### 4 AOB

2971. **Appointment of Independent CUSC Panel Chairman.** AT advised the Panel that three out of the four shortlisted candidates had been interviewed on 8<sup>th</sup> November and the final candidate was due to be interviewed on 25<sup>th</sup> November, after which a further update would be provided to the Panel.
2972. AS advised that there were some updates on EU developments and that he would email them to the Panel shortly. AS noted that a stakeholder workshop on REMIT was taking place on 28<sup>th</sup> November 2011 in Ljubljana, hosted by ACER. FN asked if there was an update on a possible workshop in December to which AS advised that a national workshop on implementation is likely to take place in early December in London, hosted by DECC.

2973. PM asked if there was any information on the consultation on the Capacity Allocation and Congestion Management Code (CACM). PH responded that ENTSO-E are planning to publish a public consultation in April 2012 and added that National Grid are happy to consider holding a GB information session at the start of the consultation and that updates will be provided under the JESG.

## **5 Next Meeting**

2974. The next meeting will be held on 25<sup>th</sup> November 2011 at National Grid House, Warwick.