

**Minutes**

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	132
<b>Date of meeting</b>	27 January 2012
<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
Jade Clarke	JC	National Grid (presenter)
Ian Pashley	IP	National Grid Panel Member
Patrick Hynes	PH	National Grid Panel Member
Abid Sheikh	AS	Authority Representative
Bob Brown	BB	Users' Panel Member
Barbara Vest	BV	Users' Panel Member
Fiona Navesey	FN	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Simon Lord	SL	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Duncan Carter	DC	Consumer's Panel Member
Alex Thomason	AT	Code Administrator
Steve Lam	SLa	Observer
Mike Toms	MT	Observer

**Apologies**

<b>Name</b>	<b>Initials</b>	<b>Position</b>
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**

2990. Apologies were received from KC. AK introduced MT as the new Independent Panel Chairman and advised that this was her final Panel meeting and that MT would commence his role as Panel Chair from February 2012.

**2 Approval of Minutes from the last meeting**

2991. The draft minutes from the meeting held on 16<sup>th</sup> December 2011 were approved by the Panel, subject to minor changes.

**3 Review of Actions**

2992. **Minute 2984. EC to consider options for producing the KPIs in line with feedback received and review at the January 2012 Panel.** EC advised that this would be discussed at the meeting today under Item 9.

2993. **Minute 2994: EC to investigate CAP48 claims.** EC advised that the outstanding CAP48 claims were continuing to be investigated and that a management meeting had been organised in order to discuss a way forward in order to progress the claims effectively and efficiently. GG requested that figures could be provided at the next meeting in terms of how many claims are outstanding and how many had been approved or rejected. PJ considered whether the materiality of these claims could be measured, in terms of the sums of money that are involved. AK suggested that this could be considered once the outstanding claims had been resolved

#### 4 New CUSC Modification Proposals

2994. **CMP204 – Consequential change to Grid Code Modification D/11.** JC presented to the Panel on CMP204. BB queried whether CMP204 is a standalone change and does not rely on the Grid Code change. JC advised that CMP204 does not depend on the Grid Code change, but that the Grid Code modification is reliant on CMP204. AS asked for the justification behind not progressing the change through Self-governance. AT responded that as the Grid Code change is still in progress, there is a possibility that CMP204 could overtake the Grid Code modification if progressed through Self-governance, therefore the standard proposal route would enable the timescales to coincide. The Panel agreed with the Proposer's view that CMP204 has no interaction with the current electricity charging Significant Code Review (SCR) and AS responded that Ofgem does not believe that CMP204 falls under the current SCR. The Panel agreed for CMP204 to progress to the Code Administrator Consultation.
2995. **CMP205 – Clarification to the Mandatory Services Agreement.** JC presented on CMP205. JC presented to the Panel on CMP205 and ran through the key points of the proposal. The Panel considered that CMP205 does not interact with the electricity SCR and there was a discussion about whether the Panel would have to consider the interaction of a Gas SCR. AT noted that this issue had been raised with Ofgem previously and it was agreed that any current Gas SCR would not have to be considered alongside a CUSC Modification Proposal. AS noted that Ofgem does not believe that CMP205 falls under the current electricity charging SCR.
2996. FN suggested that under Applicable CUSC Objective (a) the reference to discrimination should be clarified as 'undue' discrimination.
2997. SL queried why there was a need to have additional time for intermittent generation and commented that it was unclear why there are tested parameters as the figures are in the Mandatory Services Agreement (MSA). JC advised that the figures in the MSA are indicative and National Grid carry out testing of the output 6 months after commissioning. JC pointed out that in some cases, the generator has not been generating at full capacity when tested. JC added that indicative figures are still required as they go into the MSA as part of the contract and the test then confirms precisely what the unit can do.
2998. BB asked what the commercial knock-on effect of this issue is, and PM highlighted that in future it could cost more to the NETSO. IP advised that from an operational perspective, the operator cannot rely on the figures until the full compliance test has been carried out. PJ added that this is an important issue for the generator and it is good to place a discipline on National Grid to coordinate with the generator efficiently. AK added that it is in all parties' interests to be efficient. SLA added that the legal drafting states that amendments to the MSA need to be agreed within 6 months and if longer then it needs to be agreed in writing. GG added that there is an incentive on the generator to act quickly as there is an interim operating notice in place.

2999. BB queried if there was any other class of generator affected other than power park modules. JC responded that Clause 10 relates to power park modules only. PJ asked if there is an ability to dispute timescales and SLA advised that the matter can be referred to Ofgem if there is a dispute. AS asked whether this goes beyond Ofgem's existing role in respect of disputes, to which AK replied that it did not. AK suggested that consideration could be given as to whether this has been an area of dispute or tension in the past. BB suggested looking at any other agreements to ensure that they are in line with the industry changes that had resulted in CMP205. AK advised that no agreements are invalidated and changes to other minor agreements could be made as and when there is an issue.
3000. PM queried whether National Grid would call for relevant balancing services from new generators that haven't yet passed their grid code compliance tests, and if so, whether there would/could be payment.

**Action: Consider if indicative figures in MSA are reliable, investigate to what extent National Grid have utilised mandatory services in the past prior to completion of compliance testing, whether there has been a dispute in the past and whether there would or could be payment prior to passing compliance tests.**

3001. The Panel agreed that the proposal should be progressed as Self-governance and that it should proceed directly to the Code Administrator Consultation.

## **5 Workgroup / Standing Groups**

3002. **CMP202 – Revised treatment of BSUoS charges for lead parties of Interconnector BM Units.** PH advised that the first Workgroup meeting had been held on 10<sup>th</sup> January 2012 and that the second meeting was planned to be held adjacent to the CMP201 meeting on 2<sup>nd</sup> February 2012.
3003. **CMP201 – Removal of BSUoS Charges from Generation.** PH advised that the first Workgroup meeting had been held adjacent to the CMP202 meeting on 10<sup>th</sup> January 2012 during which the items within the Terms of Reference had been discussed and a number of actions were taken to be discussed at the next meeting on 2<sup>nd</sup> February 2012. PH noted that the two main areas to consider from the first meeting were (i) what currently happens in Europe and (ii) Transition.
3004. **CMP203 – TNUoS Charging Arrangements for Infrastructure Assets subject to one-off charges.** AT provided an update that the first Workgroup meeting had been held on 20<sup>th</sup> January 2012 but that one Workgroup member had been unable to attend due to unforeseen circumstances which meant that the group was not quorate. As no decisions were made and there was no voting AT advised that she did not believe that this was an issue but nonetheless wanted to highlight the matter to the Panel. The Panel did not voice any objections to this issue. AT advised that the group has a discussion about retrospective application but added that the solution in CMP203 did not specifically cover retrospective application. AT advised that the next meeting was scheduled for 1<sup>st</sup> February and that full attendance was expected.
3005. **Frequency Response Working Group (FRWG).** IP advised that a meeting had been held on 13<sup>th</sup> January 2012 to discuss the detail of the frequency response technical sub-group report which focused on the issues faced by the system operator in regard to the management of frequency response in a future with significant renewable generation penetration. IP advised that the group had concluded that

faster frequency response capability delivered within 5 seconds is better than the synthetic inertia product, but that the group had noted that other solutions were not precluded. IP advised that the report had been approved and that an industry consultation was scheduled to be reviewed at a Workgroup meeting in February with a view to take to the March Grid Code Review Panel. IP advised that the recommendation would be that the firm frequency response will be mandatory, although it was noted that the intention was to develop commercial procurement mechanisms in addition; and that a cost/benefit analysis of options would be undertaken in parallel with the consultation. GG asked that, particularly due to the technical nature of the report, industry is given adequate time to respond to the consultation.

3006. **Commercial Balancing Services Group (CBSG).** EC provided an update and advised that the CBSG had met on 18<sup>th</sup> January 2012 to discuss the key themes that came out of the consultation on "Managing Intermittent and Inflexible Generation in the Balancing Mechanism". EC advised that the group had agreed that a number of the issues could be continued to be progressed within other forums and that the remaining issues would be continued to be discussed at the next CBSG meeting on 7<sup>th</sup> March 2012.
3007. **Balancing Services Standing Group (BSSG).** EC advised that the BSSG meeting held on 18<sup>th</sup> January 2012 had continued to discuss the compensation mechanism for different types of disconnections and that a position paper was being finalised to clarify what the group had agreed on so far and what the next steps are in relation to the outstanding issues. EC also advised that the P276 (Introduce an additional trigger/threshold for suspending the market in the event of a Partial Shutdown) Workgroup under the BSC had concluded that compensation arrangements should sit within CUSC governance, but that they were continuing to hold discussions and that they would issue a consultation in March 2012. GG advised that an email had recently been sent to the P276 Workgroup advising that there may be a slight delay in issuing the consultation. EC confirmed that the next CBSG meeting was scheduled for 7<sup>th</sup> March 2012.
3008. **Governance Standing Group (GSG).** GG advised that the GSG had met on 26<sup>th</sup> January 2012 to discuss the responses to the consultation on travel expenses which closed on 20<sup>th</sup> January 2012. GG advised the Panel that the GSG had made a recommendation that a proposal is raised to align the CUSC with the BSC in terms of the requirement for Workgroup members to be impartial at meetings and claim for reasonable travel expenses. GG added that this proposal could be raised at the February Panel meeting.
3009. AT advised the Panel that there had only been a small number of respondents to the consultation, and the majority of those had been from the GSG members. AT added that efforts had been made to send the consultation out to smaller parties but unfortunately none had responded. PM asked if the changes recommended by the GSG could be done without raising a modification and GG responded that it would not be pragmatic to do so as there were a combination of issues to be addressed and it was agreed by the GSG to deal with them holistically.
3010. SL noted that the bigger issue is to do with impartiality and questioned if being impartial or not actually changes the nature of the debate. GG advised that he did not believe that it particularly changes the debate, but that it is the responsibility of the chair to control. GG added that under the BSC the Workgroup member is required to sign a document to confirm that they will act impartially. PH pointed out that a licence change would be required in terms of passing through the costs for travel expenses as it would be done through TNUoS charges.

3011. BB asked the Panel about the process for recommendations for Panel sub-groups and asked if it was the Panel's responsibility to endorse the recommendations. BB added that there needs to be consistency with how the sub-groups make recommendations to the Panel and how the recommendations are dealt with. PJ suggested that the way sub-groups report back should be proportional to the work and there is adequate opportunity to discuss the recommendations. AK pointed out that all the detail of the GSG discussions would be available in the meeting minutes but that the GSG could perhaps look at considering the issue of consistency amongst sub-groups for reporting back to the Panel.

**Action: GSG to consider process and consistency for Panel-sub-groups to report back to the Panel with recommendations / conclusions.**

3012. **Joint European Standing Group (JESG).** BV informed the Panel that the JESG had met on 25<sup>th</sup> January 2012 and that it was a productive and interesting meeting. BV advised that on 24<sup>th</sup> January 2012, ENTSO-E had issued the public consultation on the Network Code for "Requirements for Grid (RfG) Connection applicable to all Generators". BV added that they had also issued a set of FAQ's and an invitation to a stakeholder user group in Brussels. BV advised that the next JESG meeting date of 22<sup>nd</sup> February 2012 will be used to hold a technical meeting in order to look specifically at the RfG code, and that the JESG will reconvene the following day on 23<sup>rd</sup> February 2012.
3013. BV went on to advise the Panel that the JESG had discussed a number of agenda items including an update on the Ten Year Network Development Plan (TYNDP), Transparency Guidelines and REMIT (Regulation on Energy Market Integrity and Transparency) and the Capacity Allocation and Congestion Management (CACM) Codes. BV pointed out that the Electricity Balancing Framework Guidelines are being established and also that National Grid is in the process of producing a comparison document between the GB Grid Code and the Network Codes in order to assist discussions.

## **7 European Code Development**

3014. AS advised that there was no further update to add to the email sent out on 20<sup>th</sup> January 2012 providing updates and links to the Panel on the various aspects of European Code development.

## **8 CUSC Modifications Panel Vote**

3015. There were no votes at this meeting.

## **9 Authority Decisions as at 18 January 2012**

3016. The Panel noted that CAP189 (Standard Gas Insulated Switchgear Ownership Boundaries) had been approved by the Authority on 16<sup>th</sup> January 2012 with an implementation date of 30<sup>th</sup> January 2012.
3017. The Panel also noted that CMP198 had been approved by the Authority on 17<sup>th</sup> January 2012 with an implementation date of 31<sup>st</sup> January 2012.

## **10 Key Performance Indicators – December 2011**

3018. EC presented the December KPIs to the Panel.

3019. EC also presented a new draft set of KPIs for the Panel to consider. EC proposed that the KPIs are produced quarterly and that a new format is used which includes more commentary on the data charts. EC suggested that, in line with how ELEXON report the KPIs, that the CUSC KPIs are circulated with Panel Papers but that they are not presented to the Panel unless they specifically requested them to be presented. The Panel were happy with this approach and agreed that quarterly reporting is sufficient. EC added that the raw data would be available at any time if Panel members wanted this information on an adhoc basis. DC asked if historic data was available, AT advised that the Code of Practice KPIs had been introduced since January 2011 but that it would be possible to collate data prior to this date. DC responded that 3 to 5 years worth of data would be useful but that he would consider further which particular statistics would be of use.
3020. AT advised that a response had been sent to Ofgem on 20<sup>th</sup> January 2012 following their request for feedback on the principles in the CACOP and a summary of the KPIs for 2011.
3021. AS advised that the next step for Ofgem is to consider the comments received from the industry in response to their request for feedback. AS added that the KPIs only have one year's experience and that they will be considering whether they are meaningful and comparable. AK suggested that the outcome of Ofgem's review is awaited before any possible improvements or changes are made to the measures within the KPIs.

## **11 Update on Industry Codes / General Industry updates relevant to the CUSC**

3022. FN raised a point regarding tariff forecasts following potential changes to the TNUoS charging methodology. PH advised that the 2012 Condition 5 Report would be discussed at the next Transmission Charging Methodology Forum and the group would specifically look at what information DNOs send regarding their charges. SL added that this is a residual issue as charges would be the same.

## **12 AOB**

3023. AS advised that Ofgem has been reviewing the changes made to licence conditions recently in terms of implementing the European Third Package and that they recognise that there have been omissions. AS advised that there are issues in terms of timing as licence changes do not come into force until 56 calendar days after an Authority decision. However, AS advised that Ofgem were looking at areas where further changes could be fast-tracked for less substantive issues and that further communication on this would be issued in due course.
3024. AS advised that a consultation by Ofgem on implementing competition in onshore electricity transmission was currently out and would close on 10<sup>th</sup> February 2012.

## **13 Next Meeting**

3025. On behalf of the Panel, AT expressed her thanks to AK for chairing the CUSC Panel for the past 4 years. AK acknowledged this and thanked the Panel for their contributions and help during her time as Panel Chair.
3026. The next meeting will be held on 24<sup>th</sup> February 2012 at National Grid House, Warwick.