

**Minutes**

|                        |                              |
|------------------------|------------------------------|
| <b>Meeting name</b>    | CUSC Modifications Panel     |
| <b>Meeting number</b>  | 144                          |
| <b>Date of meeting</b> | 14 December 2012             |
| <b>Location</b>        | National Grid House, Warwick |

**Attendees**

| <b>Name</b>       | <b>Initials</b> | <b>Position</b>                           |
|-------------------|-----------------|---|
| Mike Toms         | MT              | Panel Chair                               |
| Louise McGoldrick | LM              | Panel Secretary                           |
| Alex Thomason     | AT              | Code Administrator                        |
| Ian Pashley       | IP              | National Grid Panel Member                |
| Patrick Hynes     | PH              | National Grid Panel Member                |
| Abid Sheikh       | AS              | Authority Representative - Teleconference |
| James Anderson    | JA              | Users' Panel Member - Teleconference      |
| Bob Brown         | BB              | Users' Panel Member                       |
| Paul Mott         | PM              | Users' Panel Member - Teleconference      |
| Garth Graham      | GG              | Users' Panel Member - Teleconference      |
| Michael Dodd      | MD              | Users' Panel Member                       |
| Paul Jones        | PJ              | Users' Panel Member                       |
| Anthony Badger    | AB              | Haven Power (Observer)                    |

**Apologies**

| <b>Name</b>    | <b>Initials</b> | <b>Position</b>               |
|----------------|-----------------|-------------------------------|
| Simon Lord     | SL              | Users' Panel Member           |
| Duncan Carter  | DC              | Consumers' Panel Member       |
| Robert Longden | RL              | Alternate Users' Panel Member |
| David Kemp     | DK              | ELEXON                        |

**Alternates**

Bob Brown for Duncan Carter  
Michael Dodd for Simon Lord

*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**

3414. Introductions were made around the group. Apologies were received from SL, DC, RL and DK. MD confirmed that he was acting as SL alternative and BB confirmed that he was acting as DC alternative.

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

3415. The minutes from the CUSC Modifications Panel meetings held on 27 November 2012 and 30 November 2012 were approved, subject to minor comments received.

### 3 Review of Actions

3416. **Ongoing Action: IP to provide an update to the Panel on progress of work regarding how the European Codes will interact with the domestic codes.** IP advised that a meeting with Ofgem, National Grid and the Distribution Network Operators had taken place to discuss applying the European Codes to GB arrangements. IP confirmed that they were currently considering the Requirements for Generators (RfG) Code and were reviewing the provisions and identifying issues through developing some worked examples in a number of areas such as Fault Ride Through. The intention is to meet again in February, to go through the worked examples and consider the consequences of implementing the changes. GG asked when the industry would be engaged in these discussions as stakeholders wished to be fully involved in the transposition of the European Network Codes into the GB arrangements. IP confirmed that the aim would be to engage the industry early in the New Year when the worked examples had been developed further along with sharing an engagement plan.
3417. **Minute 3374: AW to confirm on what basis the information paper has been published.** Complete. LM confirmed that AW had issued an email on the 27<sup>th</sup> November 2012 to discharge this action.
3418. **Minute 3392: CMP213 Workgroup to consider extending the Consultation period for CMP213.** Complete. Consultation extended to 15<sup>th</sup> January 2013.
3419. **Minute 3409: AS to send link to Transmission Licence to Panel Members** Complete.

### 4 New CUSC Modification Proposals

3420. No new CUSC Modification Proposals. AT gave a summary of potential CUSC Modification Proposals which could be raised in 2013.
- **Statutory Instrument:** The Statutory Instrument on the Electricity and Gas (Internal Markets) Regulations came into effect on 10<sup>th</sup> November 2011. AT noted that the changes made to the Transmission Licence had not included the Charging Methodologies or the System Owner and Transmission Owner Code and that Ofgem has issued an informal licence consultation to rectify this. AT confirmed that the CUSC changes required are to enable the Authority to raise CUSC Modifications Proposals in order to comply with the legally binding decisions made by the European Commission.
  - **Code Governance Review 2 (CGR2):** AT advised that Ofgem's consultation on CGR2 closed in November 2012 and that Ofgem intend to issue a conclusions document towards the end of January 2013. AT advised that the potential changes to the CUSC relate to the Self-Governance appeals window and to introduce a new Fast Track Self-Governance process. The expectation is to raise these in the New Year.
  - **Offshore Charging:** AT noted that National Grid has raised the issue of charging for offshore transmission networks at TCMF. An industry working group has been set up to discuss the issues further, including the possibility of raising CUSC Modification Proposals. AT mentioned that there may be a potential interaction with CMP213 Project TransmiT TNUoS Developments.
  - **Consequential Modification:** Following the implementation of CMP202 – “Revised treatment of BSUoS charges for lead parties of Interconnector BM Units”, consequential changes within Section 9 of the CUSC and some associated

Exhibits relating to an obsolete requirement to provide security cover have been identified. National Grid aims to raise proposals to resolve this in January 2013.

- Standard Licence Condition C13: Adjustments to use of system charges (small generators): PH advised that following a letter from Ofgem that an informal working group under TCMF is being set up to look at the discount received by embedded generators in England & Wales and Scotland.

## 5 Workgroup / Standing Groups

3421. **CMP201 – Removal of BSUoS from Generators.** PH gave an update on CMP201 and advised that an updated Workgroup report had been circulated to Workgroup members for comment on the 13<sup>th</sup> December 2012. MT asked whether everything detailed in Ofgem's email had been discharged. PH confirmed that he believed that it had, but that a draft report had been sent to Ofgem for review. AS confirmed that there had been a number of discussions between Ofgem and National Grid and that Ofgem will review the Workgroup Report and provide comments. Subject to discussions with Ofgem it is intended to take a Workgroup vote in the first week of January 2013. The Panel noted Ofgem's helpful approach in order to progress the Workgroup report.
3422. **CMP213 – Project TransmiT TNUoS Developments.** PH advised that the Workgroup consultation timetable had been updated to take account of the Panel's concerns at the previous meeting. The consultation has been issued on the 7<sup>th</sup> December 2012 with an extended consultation period of 25 working days to the 15<sup>th</sup> January 2013. PH confirmed that a modelling subgroup is being set up in January and preparations were being made to look at developing the legal text.

PH confirmed that the industry seminars in London and Glasgow were well received and thanked Workgroup members for presenting and James Anderson for hosting the Glasgow seminar. PH mentioned that there had been good industry engagement, with approximately 20 attendees at the London seminar and 15 attendees at the Glasgow seminar. PH stated that this is a complex area and that the consultation contains the underlying principles behind TNUoS charges and that the aim of the seminar was to explain these key elements to industry participants. PH mentioned that some of the seminar attendees had expected to see Final Tariffs within the Workgroup consultation and PH confirmed that these would be developed later in the process. PJ agreed with this approach that the consultation should not contain Final Tariffs. MT asked whether there was any major party who had not been engaged in the seminars and AT explained that the invite to the seminars had been extended to an extensive distribution list of industry stakeholders. PH confirmed that the seminar slides were in the process of being updated and will be published on National Grid's website shortly. MT asked whether any alternatives had been debated at the seminars. PH confirmed that the Workgroup believed that the consultation covered the potential alternatives, supporting analysis and discussion around these. However, these would require further detailed development, along with any potential consultation alternatives, after the consultation, taking account of the evidence and arguments put forward by respondents'. The Panel recognised that this is a complex area and that steps had been taken to debate the CMP213 principles in order for the industry to be able to respond to the Workgroup consultation.

**Action: CMP213 Seminar slides to be updated and published on National Grid's website.**

3423. **Governance Standing Group (GSG).** GG advised that no GSG meeting had taken place since the last Panel. In light of the Code Governance Review 2 consultation it was agreed that the GSG Terms of Reference would be revised and circulated prior to the next CUSC Panel to enable GSG to discuss CGR2 issues at the January meeting.

**Action: Revise GSG Terms of Reference and circulate to CUSC Panel members.**

3424. **Joint European Standing Group (JESG).** GG advised that a meeting had been held on 6 December 2012 and the next scheduled meeting for JESG is on 15 January 2013. GG summarised that:

- Demand Connection Network Code will be submitted to ACER in early 2013.
- Electricity Balancing Network Code: ENTSO-E is awaiting a formal letter from the Commission which will start the formal 12 month drafting period.
- Transparency Regulations is expected to pass through Comitology shortly.
- Operational Planning and Scheduling Code will be the subject of a two day GB stakeholder workshop on the 17<sup>th</sup>/18<sup>th</sup> December 2012.

3425. **Transmission Charging Methodologies Forum (TCMF).** PH advised that no TCMF meeting had taken place since the last Panel. AS confirmed that Ofgem are considering CMP214 – “Implementation of TNUoS Charging Parameter Updates following a Price Control Review” and that an Authority decision will be made within the relevant timescales.

3426. **Frequency Response Working Group (FRWG).** IP advised that no FRWG meeting had taken place since the last Panel. IP advised that the Working Group Report will be presented at the GCRP and CUSC Panels in January. IP confirmed that the CBSG & BSSG Terms of Reference would be updated to reflect any work assigned to them and presented to the CUSC Panel for approval in January.

**Action: Update CBSG & BSSG Terms of Reference**

3427. **Commercial Balancing Services Group (CBSG).** LM informed the Panel that no meeting had taken place since the last Panel.

## 6 European Code Development

3428. AT noted that the usual summary on the European Network Codes development had not yet been circulated, but would be published after the meeting.

## 7 CUSC Modifications Panel Vote

3429. **CMP208 – Requirement for NGET to provide and update forecast of BSUoS.** LM presented the key elements of CMP208 and how it had progressed so far.

3430. The Panel voted by a majority (8:1) that CMP208 Original and unanimously that the Workgroup Alternative CUSC Modification better facilitate the Applicable CUSC Objectives. The Panel Members unanimously expressed a preference for the WACM to be implemented.

### Original

| Panel Member | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Overall (Y/N) |
|--------------|----------------------------|-----------------------------|-----------------------------|---------------|
|              |                            |                             |                             |               |

|  |   |  |          |      |
|--|---|--|----------|------|
| Paul Mott                              | Neutral.  | Yes, even with 22 FTE there is potentially a cost benefit to the Industry but this is hard to quantify.      | Neutral. | Yes. |
| James Anderson                         | No.   | Yes, improves economic decision making.  | Neutral. | Yes. |
| Alternate: Michael Dodd for Simon Lord | Neutral.  | Yes.   | Neutral. | Yes. |
| Alternate: Bob Brown for Duncan Carter | Neutral.  | Yes.   | Neutral. | Yes. |
| Michael Dodd                           | Neutral.  | Yes.   | Neutral. | Yes. |
| Paul Jones                             | No, slightly worse.                                   | Yes.   | Neutral. | Yes. |
| Pat Hynes                              | No, improvements don't justify costs of the original. | Yes, improves industry information and therefore more efficient. However benefits are difficult to quantify. | Neutral. | No.  |
| Garth Graham                           | No, slightly worse.                                   | Yes, improves economic decision making.  | Neutral. | Yes. |
| Bob Brown                              | Neutral.  | Yes.   | Neutral. | Yes. |

#### **WACM 1**

| <b>Panel Member</b>                    | <b>Better facilitates ACO (a)</b> | <b>Better facilitates ACO (b)?</b> | <b>Better facilitates ACO (c)?</b> | <b>Overall (Y/N)</b> |
|--|-----------------------------------|------------------------------------|------------------------------------|----------------------|
| Paul Mott                              | Neutral.                          | Yes.                               | Neutral.                           | Yes.                 |
| James Anderson                         | Yes, marginally.                  | Yes.                               | Neutral.                           | Yes.                 |
| Alternate: Michael Dodd for Simon Lord | Neutral.                          | Yes, more pragmatic approach.      | Neutral.                           | Yes.                 |
| Alternate: Bob Brown for Duncan Carter | Neutral.                          | Yes.                               | Neutral.                           | Yes.                 |
| Michael Dodd                           | Neutral.                          | Yes.                               | Neutral.                           | Yes.                 |
| Paul Jones                             | Neutral.                          | Yes.                               | Neutral.                           | Yes.                 |
| Pat Hynes                              | Neutral.                          | Yes.                               | Neutral.                           | Yes.                 |
| Garth Graham                           | Neutral.                          | Yes.                               | Neutral.                           | Yes.                 |
| Bob                                    | Neutral.                          | Yes.                               | Neutral.                           | Yes.                 |

|       |  |  |  |  |
|-------|--|--|--|--|
| Brown |  |  |  |  |
|-------|--|--|--|--|

**BEST**  
**(CUSC Baseline, CMP208 Original or WACM1)**

|  |       |
|--|-------|
| Paul Mott                              | WACM1 |
| James Anderson                         | WACM1 |
| Alternate: Michael Dodd for Simon Lord | WACM1 |
| Alternate: Bob Brown for Duncan Carter | WACM1 |
| Michael Dodd                           | WACM1 |
| Paul Jones                             | WACM1 |
| Pat Hynes                              | WACM1 |
| Garth Graham                           | WACM1 |
| Bob Brown                              | WACM1 |

3431. **CMP211 Alignment of CUSC compensation arrangements for across different interruption types.** AT presented the key elements of CMP211 and how it had progressed so far.

3432. The CUSC Panel sent a Self-Governance Statement to Ofgem on the 2<sup>nd</sup> July 2012 in respect of CMP211. The Panel voted unanimously that CMP211 does better facilitate the Applicable CUSC Objectives and so should be implemented. The Panel has therefore made a determination rather than a recommendation on CMP211. The 15 Business Day Appeal Window now commences and closes on 9<sup>th</sup> January 2013. Pending any appeals, CMP211 will be implemented 10 working days later on the 24<sup>th</sup> January 2013.

**Original**

| <b>Panel Member</b>                    | <b>Better facilitates ACO (a)</b> | <b>Better facilitates ACO (b)?</b>   | <b>Better facilitates ACO (c)?</b> | <b>Overall (Y/N)</b> |
|--|-----------------------------------|--|------------------------------------|----------------------|
| Alternate: Bob Brown for Duncan Carter | Neutral.                          | Yes, clear and consistent messages to parties.   | Neutral.                           | Yes.                 |
| James Anderson                         | Neutral.                          | Yes, treats parties consistently. Using System Buy Price (SBP) reflects costs parties incur. | Neutral.                           | Yes.                 |
| Alternate: Michael Dodd for Simon Lord | Neutral.                          | Yes, treats parties equitably and more accurately reflects costs generators incur.           | Neutral.                           | Yes.                 |
| Michael Dodd                           | Neutral.                          | Yes, as above.   | Neutral.                           | Yes.                 |
| Ian Pashley                            | Neutral.                          | Yes, SBP reflects costs incurred and is more appropriate than using a market price.          | Neutral.                           | Yes.                 |
| Garth                                  | Neutral.                          | Yes, as above.   | Neutral.                           | Yes.                 |

|            |          |                |          |      |
|------------|----------|----------------|----------|------|
| Graham     |          |                |          |      |
| Paul Jones | Neutral. | Yes, as above. | Neutral. | Yes. |
| Bob Brown  | Neutral. | Yes.           | Neutral. | Yes. |
| Paul Mott  | Neutral. | Yes, as above. | Neutral. | Yes. |

3433. **CMP212 – Setting limits in relation to Relevant Interruptions.** AT presented the key elements of CMP212 and how it had progressed so far. AT confirmed that the CUSC Panel sent a Self-Governance Statement to Ofgem on the 2<sup>nd</sup> July 2012. This led to a debate by the Panel as to whether Self-Governance was still appropriate. The Panel expressed a concern with regard to WACM 1, in that this could potentially give the Panel additional powers which could have a material impact on parties due to the introduction of a threshold for compensation claims. The Panel also noted that in the WACM, the default minimum claim value is £1 and that an established process would be required to allow the Panel to determine a different minimum claim value and that this process could be developed by the Governance Standing Group. There were different views within the Panel as to whether or not £5,000 was material. This led to the Panel questioning whether WACM1 could still be considered to meet the Self-Governance Criteria, as the Panel would be making a determination on their own governance arrangements.

**Action: Ask GSG to develop process for CUSC Panel to determine the claims threshold.**

3434. Following its discussion, the CUSC Panel was minded to withdraw the Self-Governance Statement to reflect the fact that they felt that the CMP212 WACM did not meet the Self-Governance Criteria. AS confirmed that the Authority would like to see more proposals progress through as Self-Governance and, while noting the Panel's concerns in relation to the CMP212 WACM extending the Panel's powers, directed that CMP212 be treated as Self-Governance.
3435. The Panel voted unanimously that both the CMP212 Original Proposal and the Workgroup Alternative CUSC Modification better facilitate the Applicable CUSC Objectives. The Panel determined by a majority (8:1) that WACM 1 best facilitates the objectives and so should be implemented. As a result the Panel made a determination rather than a recommendation on CMP212. The 15 Business Day Appeal Window now commences and closes on 9<sup>th</sup> January 2013. Pending any appeals, CMP212 will be implemented 10 working days later on the 24<sup>th</sup> January 2013.

### Original

| Panel Member                           | Better facilitates ACO (a)? | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Overall (Y/N) |
|--|-----------------------------|-----------------------------|-----------------------------|---------------|
| Alternate: Bob Brown for Duncan Carter | Yes.                        | Yes.                        | Neutral.                    | Yes.          |
| James Anderson                         | Yes.                        | Yes.                        | Neutral.                    | Yes.          |
| Alternate: Michael Dodd for Simon Lord | Yes                         | Yes.                        | Neutral.                    | Yes.          |
| Michael Dodd                           | Yes.                        | Yes.                        | Neutral.                    | Yes.          |
| Ian Pashley                            | Yes.                        | Yes.                        | Neutral                     | Yes.          |

|              |  |  |          |      |
|--------------|--|--|----------|------|
| Garth Graham | Yes.   | Yes.   | Neutral. | Yes. |
| Paul Jones   | Yes.   | Yes.   | Neutral. | Yes. |
| Bob Brown    | Yes.   | Yes.   | Neutral. | Yes. |
| Paul Mott    | Yes. CMP212 improves the efficiency of the claims process. | Yes. It improves the transparency of the claims process. | Neutral. | Yes. |



**WACM 1**

| Panel Member                           | Better facilitates ACO (a)?   | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Overall (Y/N) |
|--|---|-----------------------------|-----------------------------|---------------|
| Alternate: Bob Brown for Duncan Carter | Yes. Would be uncomfortable excluding claims by using a de-minimus threshold, causing potential discrimination.   | Yes.                        | Neutral.                    | Yes.          |
| James Anderson                         | Yes, although I am sympathetic to the argument that having a minimum claims threshold supports an efficient process.  | Yes.                        | Neutral.                    | Yes.          |
| Alternate: Michael Dodd for Simon Lord | Yes.  | Yes.                        | Neutral.                    | Yes.          |
| Michael Dodd                           | Yes.  | Yes.                        | Neutral.                    | Yes.          |
| Ian Pashley                            | Yes, although the £5k threshold does not seem excessive.  | Yes.                        | Neutral.                    | Yes.          |
| Garth Graham                           | Yes. Concerned that smaller parties maybe unduly affected by £5k limit.   | Yes.                        | Neutral.                    | Yes.          |
| Paul Jones                             | Yes, although the WACM is less efficient than the original and a £5k threshold seems reasonable, <b>there is a perception that the original would discriminate against smaller parties and therefore a smaller threshold may be more appropriate.</b> | Yes.                        | Neutral.                    | Yes.          |
| Bob Brown                              | Yes. Would be uncomfortable excluding claims by using a de-minimus threshold, causing potential discrimination.   | Yes.                        | Neutral.                    | Yes           |
| Paul Mott                              | Yes. I would not want the process to discriminate between users.  | Yes.                        | Neutral.                    | Yes.          |

**BEST**

|  |          |
|--|----------|
| Alternate: Bob Brown for Duncan Carter | WACM 1   |
| James Anderson                         | WACM 1   |
| Alternate: Michael Dodd for Simon Lord | WACM 1   |
| Michael Dodd                           | WACM 1   |
| Ian Pashley                            | Original |
| Garth Graham                           | WACM 1   |
| Paul Jones                             | WACM 1   |
| Bob Brown                              | WACM 1   |

**8 Authority Decisions as at 22 November 2012**

3436. None.

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

3437. AS advised that the Code Governance Review 2 closed at the end of November and that a wide range of responses had been received. Ofgem are reviewing the responses and intend to publish a conclusions document in January 2013.

3438. PH noted that, as a result of CMP201, "Removal of BSUoS Charges from Generators", two consequential BSC modifications have been raised: P285 "Revised Treatment of RCRC for interconnector BM Units" and P286 "Revised treatment of RCRC for generation BM Units". The BSC Panel recommended approval of these modifications at its meeting on the 13<sup>th</sup> December.

**10 AOB**

3439. MT advised that it was Duncan Carter's last Panel meeting, due to his move from Consumer Focus to Ofgem, and thanked him for his contribution to the meetings.

3440. MT invited Panel members to provide any feedback they may have to on how the Panel meetings are run and whether anything could be done differently to AT, who would pass it to MT anonymised if appropriate

**Action: Panel members to send feedback on Panel meetings to [cusc.team@nationalgrid.com](mailto:cusc.team@nationalgrid.com).**

3441. GG requested that due to the Panel meal planned for 24<sup>th</sup> January, that the Panel meeting on the 25<sup>th</sup> January 2013 start at 09:30 instead of 10am. AT agreed to look into this.

**Action: Re-arrange and confirm start time for Panel meeting 25<sup>th</sup> January 2013**

3442. AT advised that due to the conference suite being refurbished during the summer of 2013 that the Panel meetings will not be held at National Grid House but would potentially be in Warwick. GG noted that the Authority and the BSC Panel had held meetings in Scotland in the past 18 months or so and given the refurbishment work that 2013 might be a suitable time to consider doing likewise for the CUSC Panel to allow Scottish parties to observe the Panel's deliberations as the Panel had not, to GG's recollection, met away from the Midlands in over 8 years. The Panel members requested that the dates for next year's Panel meetings are published on the website.

**Action: Ensure CUSC Panel dates are published**

**11 Next Meeting**

3443. The next meeting will be held on 25 January 2013 (start time to be confirmed) at National Grid House, Warwick.