

## Minutes

**Meeting name** CUSC Modifications Panel  
**Meeting number** 150  
**Date of meeting** 31 May 2013  
**Location** National Grid House, Warwick

## Attendees

| Name           | Initials | Position  |
|----------------|----------|---|
| Mike Toms      | MT       | Panel Chair   |
| Emma Clark     | EC       | Panel Secretary   |
| Abid Sheikh    | AS       | Authority Representative (by teleconference)              |
| Lesley Nugent  | LN       | Authority Representative (part meeting by teleconference) |
| Patrick Hynes  | PH       | National Grid Panel Member                                |
| James Anderson | JA       | Users' Panel Member                                       |
| Bob Brown      | BB       | Users' Panel Member                                       |
| Michael Dodd   | MD       | Users' Panel Member                                       |
| Garth Graham   | GG       | Users' Panel Member                                       |
| Paul Jones     | PJ       | Users' Panel Member                                       |
| Simon Lord     | SL       | Users' Panel Member                                       |
| Paul Mott      | PM       | Users' Panel Member                                       |

## Apologies

| Name           | Initials | Position                      |
|----------------|----------|-------------------------------|
| Alex Thomason  | AT       | Code Administrator            |
| Ian Pashley    | IP       | National Grid Panel Member    |
| Robert Longden | RL       | Alternate Users' Panel Member |
| David Kemp     | DK       | ELEXON (by teleconference)    |

*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

3598. Introductions were made around the group. Apologies were received from AT, IP, DK and RL.

## 2 Approval of Minutes from the last meeting

3599. The minutes from the last meeting held on 26 April 2013 were approved, subject to minor comments received.

## 3 Review of Actions

3600. **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 had provided the following update ahead of the meeting: At the April JESG meeting, National Grid gave a presentation on the work it has done to date with DNO

representatives and Ofgem on the challenge of applying the European Network Codes to the GB code framework. The presentation considered various options for ENC application and sought attendees' views. Attendees reiterated their desire to see existing code processes used as far as possible, and it was noted that the presentation should additionally be made to the various GB code panels. This is in progress, with presentations given so far at the CUSC, BSC and Grid Code Panels. Feedback from those Panels is being given to JESG and is being used to inform the next steps in the process. Further, at the May JESG meeting, National Grid presented initial thoughts on wider GB stakeholder engagement in the application process, whereby a new co-ordinating body could be established to provide oversight, guidance and recommendations to existing Panels on changes affecting multiple codes. Attendees considered such a body to be a reasonable suggestion; however they noted that it was likely to need some authority – hence its constitution might need to be via Ofgem or DECC, rather than as a subsidiary to existing Panels. Work to determine the most appropriate method for co-ordination of ENC application and stakeholder engagement is ongoing.

- 3601. **Minute 3456: PH and other Members to discuss Interconnector charges and identify issues at May Panel meeting.** PH advised that this relates to compensation, and that it had been agreed at the last Panel meeting to discuss this at a future date.
- 3602. **Minute 3575: Finalise CMP218 queries prior to publishing the Code Administrator Consultation.** EC advised that the outstanding queries had been answered and had been circulated to the Panel on 28 May 2013 for 1 week comment, after which, pending any further issues, the Code Administrator Consultation will be published.
- 3603. **Minute 3579: Send out CMP213 voting spreadsheet to Panel Members.** Complete.
- 3604. **Minute 3596: Update and re-publish the CMP215 Final CUSC Modification Report.** Complete.

#### **4 New CUSC Modification Proposals**

- 3605. **CMP219 'CMP192 Post Implementation Clarifications.** TS presented on the background to this proposal and explained the defects and the proposed solution. TS explained that in addition to minor typographical errors, there were two outstanding issues which had been agreed to be part of the intention of CMP192 by the CMP192 Workgroup, but which had been omitted from the legal text implemented. The first issue related to the cancellation charge methodology, in that the intention of CMP192 was that Users on both fixed and actual liabilities would be treated in the same way, but the legal text had only stated this for fixed and had been silent on actual Users. TS advised that the second issue was relating to the trigger date, in that the legal text states that liability is applicable for only 1 year before the trigger date, when the intention was that it should be applicable for all the years before the trigger date.
- 3606. MT asked what had been happening in practice since CMP192 was implemented. TS advised that there have not yet been any issues as a situation affected by the outstanding text concerns had not occurred. MT asked what the approximate scale of the money involved was, to which PH noted that it could be significant. GG noted that he is happy that CMP219 corrects errors made in the legal text for CMP192 and that the cross references in the Proposal form makes it clear what the intention of the CMP192 Workgroup was.

3607. MD asked if Users had been informed about the potential changes, particularly for those approaching their trigger date, PH advised that customers have been told that the code is being applied as it is currently written, but that changes are likely to occur to correct the omissions identified. MT noted that it would be helpful to clarify in the CUSC Reports how Users may be affected by the changes and the scales involved.
3608. AS noted that the Proposer had suggested that CMP219 be treated as Self-Governance, whilst also noting that there are potentially material changes involved, although these material changes were part of the intention behind CMP192. AS advised that the Authority is comfortable for CMP219 to be treated as Self-Governance but highlighted that the potential materiality of the two issues flagged by the Proposer may need to be debated at a Workgroup to provide comfort that the way they are addressed meet the original intent of CMP192 and so Self-Governance is appropriate. BB felt that a Workgroup would be helpful to discuss the issues further and whether Self-governance is appropriate. MD agreed with this point of view in principle, whilst noting his earlier comment on the number of Users that could be affected by the changes. JA concurred with MD and added that for some Users, liability could be critical and therefore it would be very useful to obtain the number of Users affected. GG agreed that a Workgroup would be useful for CMP219 and added that the invite targets specific parties that could be affected to make them aware and to give them the opportunity to participate in a Workgroup. SL advised that he is satisfied that these changes were the intent of CMP192, but noted that there is potentially materiality from the point of view of other parties.

**Action: TS to obtain information relating to number of users affected and potential impact.**

**Action: CMP219 Terms of Reference and Workgroup nominations to be circulated and Self-Governance Statement sent to Ofgem.**

## **5 Workgroup / Standing Groups**

3609. **Governance Standing Group (GSG).** GG advised that a meeting had not taken place since the last Panel meeting but that a teleconference is scheduled for 7 June 2013 to discuss a draft CUSC Modification for a potential fast-track CUSC Modification process resulting from the Code Governance Review Phase 2 discussions.
3610. **Joint European Standing Group (JESG).** GG advised that a meeting was held on 16 May 2013 and discussed several items including the Forward Capacity Allocation Network Code and the Electricity Balancing Network Code, which was due to be published in mid June for consultation. GG added that Operational Network codes had been discussed and that there was a discussion on work to engage with GB stakeholders which considered whether it would be reasonable to have a moratorium to allow work to be progressed on implementing the European codes into the GB codes, and also who would propose modifications to the GB codes, as there could be a risk that multiple parties raise modifications, each with a different interpretation of the European codes. Lastly, GG noted that the Transparency Regulation is due to be published in June 2013 and implemented 18 months following that, and that the main impact is likely to be on the BSC.
3611. **Transmission Charging Methodologies Forum (TCMF).** PH informed the Panel that the TCMF had met on 21 May 2013 and discussed integrated offshore, the ongoing review on embedded generation, CMP219 and the impact assessment modelling for CMP213. The next meeting is planned to take place on 10 July 2013.

BB noted that he had attended the TCMF and found it very useful, and that support should be provided to National Grid to widen the Terms of Reference if necessary to cover broader issues. PH agreed that the Terms of Reference could be broadened. MT noted that if the Terms of Reference are changed in this way, then it would obligate National Grid to address wider issues. The Panel agreed to leave the Terms of Reference as they are for now.

3612. **Commercial Balancing Services Group (CBSG).** EC advised that no meeting had taken place since the last Panel meeting, but that a meeting is being held on 5 June 2013 to discuss commercial rapid Frequency Response and Firm Frequency Response procurement development.
3613. **Balancing Services Standing Group (BSSG).** EC advised that no meeting had taken place since the last Panel meeting, but that a meeting is being held on 5 June 2013 to discuss mandatory rapid Frequency Response and Frequency Response energy payment.

## 6 European Code Development

3614. Further to the email circulated on 28 May 2013, AS added that ACER had published their opinion on the Operational Security Network Code on 28 May 2013.

## 7 CUSC Modifications Panel Vote

3615. **CMP213 'Project Transmit TNUoS Developments'.** The Panel began by addressing an issue that had been highlighted recently with regards to the legal text that was issued for consultation. This is in relation to the definition of the MITS node which affects future island circuits which are deemed to be MITS. PH advised that it is not envisaged that such transmission circuits will exist in the near to mid-future, and therefore the impact is negligible. PH suggested two options. The first would be to leave the legal text as it is for now and raise a supplementary proposal to resolve the omissions, if a Diversity WACM is approved by the Authority. The second option would be for the Panel to agree changes to the legal text prior to submitting the Final Modification Report. GG felt that it would be pragmatic to continue with the existing legal text and raise a CUSC Modification at a future point if necessary, potentially under the Urgent Process as it will be of importance to parties. JA agreed and noted that the legal text is extensive and it would be cleaner to continue and raise a supplementary proposal if required. MD agreed and PJ noted the impact of this in terms of the Panel vote. LN noted that it is for the Panel to decide on the course of action, and that it should do so in line with the rules of the CUSC. PM felt that it would be better to correct now, as it seems unfair to have to vote on the legal text as it is written, rather than the legal text as it was intended and therefore as it was explained in the Code Administrator Consultation. EC pointed out that the legal text could not be changed at this point without re-consulting, if it is a major change as only minor changes to the legal text are permitted at this stage in the process. The Panel agreed by majority to vote on the legal text as it stands, on the basis that the issues will be corrected in due course if required. GG noted that his vote would not change as a result of this anyway, as the materiality is not major. The rest of the Panel agreed with this view.
3616. EC presented on the background to CMP213 and the process that had been followed. The Panel Members were each invited to express their overall views on the main elements of CMP213. These views are contained in the Final CUSC Modification Report for CMP213.<sup>1</sup>

<sup>1</sup> Further information on CMP213 and the Panel recommendation can be found in the Final CUSC Modification Report available at the following link: <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/currentamendmentproposals/>

3617. The Panel then voted as to whether they believe the Original and each of the WACMs better facilitates the Applicable CUSC Objectives and which option is 'best'. The Panel voted by majority that WACMs 2, 19, 21, 23, 26, 28 30 and 33 better facilitate the Objectives and confirmed that this would be the Panel Member's recommendation in the Final Modification Report. The results of the votes are shown in the tables below.

**Vote 1 – Whether each proposal better facilitate the Applicable CUSC Objectives overall. (Yes = Y, No =N, Abstain = A):**

|          | PJ | JA | MD | BB | SL | PH | PM | RH | GG | Total For | Total Against |
|----------|----|----|----|----|----|----|----|----|----|-----------|---------------|
| Original | N  | N  | N  | N  | N  | Y  | N  | Y  | Y  | 3         | 6             |
| WACM1    | N  | N  | N  | N  | N  | Y  | N  | Y  | Y  | 3         | 6             |
| WACM2    | N  | A  | N  | N  | Y  | Y  | Y  | Y  | Y  | 5         | 3             |
| WACM3    | N  | N  | N  | N  | Y  | Y  | Y  | Y  | N  | 4         | 5             |
| WACM4    | N  | N  | N  | N  | Y  | Y  | Y  | Y  | N  | 4         | 5             |
| WACM5    | N  | N  | N  | N  | Y  | Y  | N  | Y  | Y  | 4         | 5             |
| WACM6    | N  | N  | N  | N  | Y  | Y  | Y  | Y  | N  | 4         | 5             |
| WACM7    | N  | Y  | N  | N  | N  | Y  | N  | Y  | Y  | 4         | 5             |
| WACM9    | N  | Y  | N  | N  | N  | Y  | N  | Y  | Y  | 4         | 5             |
| WACM12   | N  | Y  | N  | N  | N  | Y  | N  | Y  | Y  | 4         | 5             |
| WACM14   | N  | Y  | N  | N  | N  | Y  | N  | Y  | Y  | 4         | 5             |
| WACM16   | N  | Y  | N  | N  | N  | Y  | N  | Y  | Y  | 4         | 5             |
| WACM17   | N  | N  | N  | N  | N  | Y  | Y  | Y  | N  | 3         | 6             |
| WACM18   | N  | N  | N  | N  | N  | Y  | Y  | Y  | N  | 3         | 6             |
| WACM19   | N  | Y  | N  | N  | N  | Y  | Y  | Y  | Y  | 5         | 4             |
| WACM21   | N  | Y  | N  | N  | N  | Y  | Y  | Y  | Y  | 5         | 4             |
| WACM22   | N  | Y  | N  | N  | N  | Y  | N  | Y  | Y  | 4         | 5             |
| WACM23   | N  | Y  | N  | N  | Y  | Y  | Y  | Y  | Y  | 6         | 3             |
| WACM24   | N  | N  | N  | N  | Y  | Y  | Y  | Y  | N  | 4         | 5             |
| WACM25   | N  | N  | N  | N  | Y  | Y  | Y  | Y  | N  | 4         | 5             |
| WACM26   | N  | Y  | N  | N  | Y  | Y  | Y  | Y  | Y  | 6         | 3             |
| WACM28   | N  | Y  | N  | N  | N  | Y  | Y  | Y  | Y  | 5         | 4             |
| WACM30   | N  | Y  | N  | N  | Y  | Y  | Y  | Y  | Y  | 6         | 3             |
| WACM31   | N  | N  | N  | N  | Y  | Y  | Y  | Y  | N  | 4         | 5             |
| WACM32   | N  | N  | N  | N  | Y  | Y  | Y  | Y  | N  | 4         | 5             |
| WACM33   | N  | Y  | N  | N  | Y  | Y  | Y  | Y  | Y  | 6         | 3             |
| WACM40   | N  | Y  | N  | N  | N  | Y  | N  | Y  | Y  | 4         | 5             |

**Vote 2: Which Option is best\***

| Panel Member | Option   |
|--------------|----------|
| PJ           | Baseline |
| JA           | WACM 7   |
| MD           | Baseline |
| BB           | Baseline |
| SL           | WACM 25  |
| PH           | WACM 16  |
| PM           | WACM 25  |
| RH           | WACM 19  |
| GG           | WACM 7   |

3618. PJ raised the issue of the Cost Benefit Analysis (CBA) which had been updated in National Grid's consultation response. PJ felt that it was helpful to seek to improve

the analysis, but noted that industry parties would not have had the opportunity to respond to it. Whilst recognising the limitations of CBA, PJ noted that the analysis appeared to indicate little benefit from CMP213 in terms of increased renewable build or lower carbon intensity of the generation market, but did show a higher cost to customers in the period up to 2020. PH explained that the analysis was designed to show the different costs of meeting the same renewables targets under the different options, which is why the renewable build under each was similar. PJ was concerned that some investors would see existing investments undermined by a proposal with no cost benefit justification and that this could damage confidence in the GB market at a time when new investment was very much needed.

3619. The Panel discussed the implementation for CMP213 and each Panel Member provided their opinion on the implementation approach. Overall, the majority of the Panel believed that an implementation date of April 2015 would be preferable to allow time for the market to adjust to the changes. It was noted by most Panel Members that whatever implementation date is chosen, if any, then the decision should be indicated as soon as possible to give notice to parties. 3 Panel Members felt that April 2014 could be achieved and that implementation should take place as soon as practicable to reduce uncertainty in the market and to ensure delivery of low carbon investment at an efficient cost. Out of those Panel Members, 2 felt that a mid year change (2014/15) would be the next best option if April 2014 could not be achieved. The other Panel Members were opposed to a mid-year change.
3620. The Panel were asked if they had any views in addition to the CUSC Applicable Objectives on wider implications, such as value for money, sustainability and the analysis. GG felt that he would struggle to provide a view on these subjects based on the modelling. MD added that the modelling is underpinned by some large assumptions, some of which have been fixed to demonstrate certain delivery scenarios and therefore made it particularly difficult to provide views on wider implications. With regards to value for money, PJ noted that the cost benefit analysis is the only piece of work where this could be assessed and SL highlighted that it would be difficult to base opinions on the cost benefit analysis due to the assumptions in it. Overall, the Panel felt uncomfortable providing views on broader issues based on the evidence available at this time.
3621. MD commented that the analysis done under CMP213 was adequate given the time available and current market policy uncertainty. PJ agreed, noting that if two separate proposals had been raised (one for Network Sharing, and one for HVDC and Island Connections), then there may have been more time to engage on sharing issues and carry out more analysis.
3622. The Panel thanked National Grid for the time and effort put into the work for CMP213.

## **8 Authority Decisions as at 22 May 2013**

3623. There were no Authority decisions received.

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

3624. MD advised that a consultation had been launched by National Grid Interconnectors on proposed changes to the Charging Methodology and Access Rules for the Anglo-French Interconnector.<sup>2</sup> MD noted that the consultation appears to pre-empt some of the changes resulting from the European codes and that it could introduce some

---

<sup>2</sup> <http://www.nationalgrid.com/uk/Interconnectors/France/consultations/>

significant changes to interconnector charges. PH added that any changes will have to be approved by the Authority. PJ added a concern with the distribution of the consultation, in that it had not been widely circulated and many parties had only recently become aware that it had been published, despite the deadline for responses being early June.

3625. AS advised that the conclusions on the Code Governance Review Phase 2 would be published either on 31 May 2013 or early the following week, and that the statutory consultation on proposed Third Package related licence changes would be published in 2 to 3 weeks.

## **10 AOB**

3626. EC advised that an email would be circulated by 1 July 2013 to begin the process of the CUSC Panel elections.
3627. EC informed the Panel that following the conclusion of the management re-structure as part of the new operating model within National Grid, changes were now being consulted on at staff level and it is expected that these changes will be concluded around September / October this year.

## **11 Next Meeting**

3628. The next meeting will be held on 28 June 2013 at National Grid House, Warwick.