

UKPR

CUSC Governance Reform Levelling the Playing Field



Defect

The current voting process to select CUSC members is not able to deliver a sufficiently diverse and independent Panel.

It is failing to represent the industry as a whole and, consequently, is not equipped to deliver the best outcomes for consumers.

CUSC Panel voting rights – largest companies 2017*

	Centrica	SP	SSE	EDF	RWE Npower	E.On / Uniper	Total Election votes
Number of CUSC signatories eligible to vote for CUSC panel	15	11	22	18	25	12	103

Total number of first preference votes cast in 2015 CUSC panel election: 104

* UKPR analysis based on 2017 CUSC signatory list – may be an underestimate or overestimate of actual voting rights. The workgroup should confirm the correct figures.

Composition of elected members of the CUSC panel since 2007

	Year				
	2007-2009	2009-2011	2011-2013	2013-2015	2015-2017
	Garth Graham	Garth Graham	Garth Graham	Garth Graham	Garth Graham
	Paul Jones	Paul Jones	Paul Jones	Paul Jones	Paul Jones
	Simon Lord	Simon Lord	Simon Lord	Simon Lord	Simon Lord
	Malcolm Taylor	Paul Mott	Paul Mott	Paul Mott	Paul Mott
	Bob Brown	Bob Brown	Bob Brown	Bob Brown	Kyle Martin
	Simon Goldring	Barbara Vest	Barbara Vest	James Anderson	James Anderson
	Tony Dickey	Tony Dickey	Fiona Navesey	Michael Dodd	Cem Suleyman

CUSC signatories participation

537 CUSC signatories are eligible to vote*

- In 2015 only around 20% of CUSC panel votes were cast (104 votes).
- In 2013 no votes were cast as the number of nominees did not exceed the number of seats on the panel

*According to the 2017 CUSC register.

There are a further 40 dormant signatories which cannot vote in a panel election

Proposed Solutions

Enhanced independence, diversity and transparency

Increased Transparency

- Ultimate parent companies must declare all CUSC signatories under their direct or indirect control.
- The number of votes that an ultimate parent company can cast is limited to five.
- Public database maintained of previous Panel elections and results.
- The percentage of CUSC signatory votes required in order to make a CUSC panel vote valid is 60%.

Independence and Diversity of Panel members

- Panel members cannot serve consecutive terms on the CUSC Panel.
- At least three of the CUSC members must be independent and not in the employ of any CUSC signatory or any ultimate parent company of a CUSC signatory while they serve on the Panel.
- At least two positions on the Panel must be reserved for a representative with deep experience and knowledge of working in distributed generation.
- Alternate CUSC Panel members must fill any seat vacated by a full CUSC Panel member.

Independent review of Governance

- The working group should consider whether it is appropriate to commission a full independent review of the governance of the CUSC Panel.

Impact of the modification on the Applicable CUSC Objectives

Impact of the modification on the Applicable CUSC Objectives (Standard):

Relevant Objective	Identified impact
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive

The implementation of these proposals will enhance the independence, transparency and diversity of the CUSC Panel which will in turn enhance the ability of the Panel to deliver the best outcomes for consumers.

Proposed Timetable: CMP285



CUSC Panel – 28 July 2017
Heena Chauhan

Code Administrator - Proposed Progression

- The Panel is asked to agree:
 - If CMP285 should be progressed using:
 - Standard CUSC Proposal timetable (with Workgroup)

Approach for initial WG meetings

– *Improving the use of Industry time*

- **Pre work** by Code Admin and Proposer:
 - Start scoping out requirements with the Proposer
 - Identify pre-reading/analysis requirements for the Workgroup
- **Meeting 1:** WebEx/Face to Face meeting to ensure Workgroup members have:
 - a full understanding of the context of the modification
 - consistent understanding of the baseline
 - identified specific areas of focus/analysis needed
 - Understood the scope under the ToR
- **Meeting 2:** Review of draft Workgroup Report and add any other relevant areas of discussion (*note: the draft Workgroup Report will be issued out to members one week prior to this meeting*)
- **Post meeting 2,** the Workgroup will be required to provide final comments prior to the Workgroup Consultation being issued out to the Industry.

Proposed Timetable for CMP285

20 July 2017	CUSC Modification Proposal submitted
28 July 2017	Modification Presented to the Panel
1 August 2017	Request for Workgroup Members (10 working days)
w/c 11 September 2017	Meeting 1 via Webex/Face to Face to ensure Workgroup members have a fully understanding of the context of the modification
w/c 9 October 2017	Circulate draft Workgroup Report
w/c 23 October 2017	Meeting 2 - agree Workgroup report
27 November 2017	Workgroup Consultation issued to the Industry (15WD)
w/c 2 January 2018	Meeting 3 - Workgroup view consultation responses
w/c 8 January 2018	Meeting 4 - Agree options, finalise legal text and vote
18 January 2018	Workgroup Report issued to CUSC Panel
26 January 2018	CUSC Panel meeting to discuss Workgroup Report

Proposed Timetable for CMP285 Code Administrator Stage

5 February 2018	Code Administration Consultation Report issued to the Industry (15 WD)
5 March 2018	Draft FMR published for industry comment (5 Working days)
22 March 2018	Draft Final Modification Report presented to Panel
30 March 2018	CUSC Panel Recommendation vote
9 April 2018	Final Modification Report issued the Authority
23 May 2018	Decision implemented in CUSC
Effective from date	Panel Election 2019