

**Minutes and Actions Arising from Meeting No.47
Held on 29th July 2005
At Brandon Hall Hotel, Brandon, near Coventry**

Present:

Richard Court	RC	Acting Panel Chairman
Lindsey Paradine	LP	Panel Secretary
Ben Graff	BG	Panel Member (National Grid Rep)
John Greasley	JG	Panel Member (National Grid Rep)
Hugh Conway	HC	EnergyWatch Representative
David Edward	DE	Authority Representative
Rupert Judson	RJ	Panel Member
Malcolm Taylor	MT	Panel Member
Bob Brown	BB	Panel Member
Paul Jones	PJ	Panel Member
David Lane	DL	Panel Member
Steve Drummond	SD	Panel Member
Simon Goldring	SG	Panel Member

In Attendance:

Steve Phillips	SP	Alternate Member
Andrew Truswell	AT	National Grid
Mark Duffield	MD	National Grid
Tony Dicicco	TD	Npower
Kathryn Coffin	KC	Elexon
Neil Smith	NS	E.ON
Keith Munday	KM	Bizzenergy
Dipen Gadhia	DG	Ofgem

1 Introductions/Apologies for Absence

325. Apologies for absence were received from Simon Cocks and Dick Cecil.

2 Minutes of the Meeting held on 24th June 2005

326. The change-marked minutes of the 46th Amendments Panel meeting held on 24th June 2005 circulated on 22nd July were agreed subject to two further amendments:

In line 12 of minute 301 include the initials DL in relation to the comment on CAP092.

In lines 10 and 11 of minute 307, remove the words “who may already be inadvertently spilling onto the transmission system”.

3 Review of Actions

327. All the outstanding actions from the previous meeting had been completed or were the subject of agenda items except for the following:

328. Minute 316 (CAP086 Treatment of System to Generator Intertripping Schemes). JG reported that the action to bring forward an appropriate Amendment Proposal to remove from the CUSC, the technical definitions required for the new arrangements for intertripping schemes, was nearing completion.

4 New Amendment Proposals

- **CAP096 – Revisions Resulting from Interconnector Separation**

329. AT gave the Panel a presentation on CAP096. AT explained that the intent of the Amendment was to align the content of the CUSC with the introduction, by the DTI of a new licensing regime for companies that participate in the operation of an electricity interconnector. As a consequence of this new regime, the French Interconnector that is currently part of NGC would be transferred into NGT Interconnectors Ltd, and NGTIL would become a CUSC party as an Interconnector Owner and Interconnector Error Administrator. In order to accommodate these changes, it would be necessary for references to Interconnectors Business in Section 9.19, along with their respective definitions to be deleted and in addition to this, the definition of Separate Business, would need to be revised, furthermore it would be preferable to remove references to Existing Contractual Arrangements. AT suggested that the changes needed to take effect as soon as possible after the introduction of the new regime as otherwise there was no obligation on NGTIL to pay BSUoS charges. AT recommended that this Amendment proceed straight to Consultation.

330. During discussion of CAP096 SD commented that the Protocol between National Grid and EDF was required for energisation and raised concerns that the proposed deletions would affect the Interconnector Operating Agreement, SP raised the issue of the change of name for National Grid and MT raised the more general point of consequential changes and the implications on credit, TNUoS and BSUoS. AT addressed each of these points by confirming that the intention was to keep the basis of the French Interconnector as in the existing arrangements, the company was not named, therefore there was no issue regarding the name change and there were no issues with the charges. DE raised the issue of contingency of CAP096 with the licensing regime and was concerned that the Consultation should only be conducted against a baseline that contains the new licensing regime. BG considered that the DTI had been clear on the intent to introduce the new regime and that the Primary Legislation was present, therefore it was prudent to raise CAP096 now in order to reduce the delay between the licensing regime and the introduction of the Amendment. The possibility of sending CAP096 to a Working Group was considered, but due to the limited expertise on the subject it was felt this would not be productive. MT suggested that there should be an action on National Grid to liaise with the DTI and inform the August Panel on the response. AT took an action to consult with SD prior to issuing the Consultation.

ACTION: AT

331. The Panel agreed that CAP096 should proceed direct to wider industry Consultation, with a review of the timetable at the August Panel if necessary.

- **CAP097 – Revision to the Contractual Requirements for Small and Medium Embedded Power Stations under 6.5**

332. MD gave the meeting a presentation on CAP097. MD explained that the intent of

CAP097 was to clarify the 6.5.1 obligations specifically in respect of Small and Medium Power Stations and to introduce the concept of a Statement of Works. Such a statement would specify the GB Transmission System Works that need to be carried out by National Grid prior to the energisation of an embedded power station. The Amendment would align the treatment of Medium and Small Power Stations with the current practice undertaken for Embedded Exemptable Large Power Stations (EELPS) where a connection cannot be energised by a DNO until that Party has acceded to the CUSC (and entered into either a BEGA or a BELLA) and NGC has confirmed to the DNO that any Transmission Reinforcement Works associated with the EELPS have been completed. MD clarified that it was envisaged that only some Small Power Stations would be affected and, consistent with CAP002 and CAP067, it was only intended to capture those connected at the same voltage level as the LV side of the GSP Transformer. MD described related work being undertaken on the Grid Code regarding Licence Exempt Medium Power Stations (LEEMPS) but noted that CAP097 was capable of being implemented independently. MD noted similarities between CAP097 and CAP002 and CAP067. MD also noted that while these Amendment Proposals had respectively been rejected by the Authority (CAP002) as it would have reintroduced terms rendered obsolete by another Amendment Proposal and withdrawn by the Propser (CAP067 due to concerns over cross-governance with the Balancing and Settlement Code, CAP097 noted the issues raised by these Amendments and was designed to overcome any deficiencies noted in the assessment of these previous Amendments. MD concluded by recommending that CAP097 should be accepted and considered by a Working Group.

333. MT raised several issues in the discussion following the presentation and proposed that if CAP097 was considered by a Working Group a number of items should be specifically included in the Working Group Terms of Reference
- (a) Inclusion of Connectees in the governance process. As owners of embedded Small and Medium Power Stations may not be CUSC Parties they may not be included in any Consultations but they may be affected by the proposals;
 - (b) Definition of "Small" can apply to 1MW connected at 33kV. Working Group should therefore consider Small in a "creative" way;
 - (c) Consideration of Scottish embedded generators for the inclusion threshold, and clarification of whether the Scottish definitions or England and Wales definitions of Small, Medium and Large are applied, or any combination thereof.
334. PJ suggested that there were two proposals that went to Ofgem in CAP002 and that Ofgem considered the threshold of 50MW to be preferable and this therefore naturally aligns with Medium Power Stations. DL pointed out that CAP067 also concurred with a 50MW threshold but that was assessed against the England and Wales Transmission System, not the GB Transmission System, DL also noted that the LV side of a GSP had not been mentioned in the CAP097 Proposal Form and concluded that the Working Group would need to raise an Alternative in order to address the threshold in light of Scottish influence. MD confirmed that the intention was to include the LV side of a GSP and apologised for the omission on the Proposal Form. SP suggested there may be an issue of contingency with proposed Grid Code changes and requested clarification on whether the proposal was addressing one or two defects. MD proposed that there is an existing defect in 6.5.1 and that whilst there are other changes in the background to be taken into consideration, they are two distinct proposals, therefore removing the concern over

contingency, he further confirmed that CAP097 was seeking to address one existing defect which would remain regardless of the changes to the Grid Code.

325. The Panel AGREED that CAP097 should be considered by a Working Group for three months and present their Final Report to the October Panel. As the CAP093 Working Group had already been convened to discuss “Enabling the Flow of Electricity From Distribution Systems Into the Transmission System at Grid Supply Points”, it was AGREED that a separate Working Group chaired by Ben Graff and comprising the same membership as CAP093 Working Group, should consider CAP097.

The Terms of Reference should include:

- Inclusion of owners of embedded Small and Medium Power Station owners in the governance process.
- Consideration of definition of “Small” as can apply to 1MW connected at 33kV.
- Consideration of Scottish Companies, and clarification of whether the Scottish definitions or England and Wales definitions of Small, Medium and Large are applied, or any combination thereof.

335. The Panel Secretary took an action to circulate the issues that should be included in the Terms of Reference to the Panel Members.

ACTION: LP

- **CAP098 – Reassessment of Suppliers Value at Risk**
- **CAP099 – Incorporation of Additional Credit Management Tools**

336. KM gave the Panel a presentation on CAP098. KM explained the intent of CAP098 was to modify the CUSC to make allowance for the more frequent reconciliation of Users TNUoS Demand payments against the best available settlement data in order to reduce the risks associated with forecasting errors. KM further proposed that CAP098 sought to reduce the Security Cover required by Users, thereby better reflecting the Value at Risk as this was reduced due to the more frequent reconciliations.

337. KM gave the Panel a presentation on CAP099. KM explained the intent of CAP099 was to introduce into the CUSC provisions to allow the use of certain tools to manage Credit Risk exposure, including:

- A Performance Bond
- Bi-lateral Insurance
- Independent Security
- Advanced Payment

338. During discussion on CAP098 JG raised the point that in the presentation KM had proposed specific times for reconciliations at the end of December, January and February but the Amendment Proposal Form only mentioned “more frequent” reconciliations. MT considered that the scope of the Amendment was adequately defined but agreed that the ideas should be taken forward to a Working Group for full consideration, SG further suggested that the cost to National Grid to facilitate additional reconciliation’s should be included in the Terms of Reference. The Panel then discussed CAP099 and MT raised the issue of legal timing delays that may affect the use of tools and consequently increase the risk to the market, MT further queried whether it was appropriate to incorporate these processes into the CUSC or leave them as a Working Practice Document. KM considered that the location of the Amendment should be a matter for the Working Group to decide. MT requested that

the Terms of Reference included a request for worked examples of the issue and an explicit assessment of risk to other players. PJ raised the issue of the Amendment Proposals being derived from the Best Practice Guidelines for Network Operator Credit Cover Conclusions Document, published in February 2005 by Ofgem, consequently PJ questioned whether there was a potential for the Authority's discretion to be fettered as they may be minded to approve the Amendment Proposals based on their own recommendations. DE acknowledged the question and confirmed that the only grounds on which the Authority could consider an Amendment Proposal would be against the Applicable CUSC Objectives, DE further suggested that on this basis, the reference to the Best Practice Guidelines on the Amendment Proposal Form could be considered misleading. The Panel concluded from the debate that it was clear that both CAP098 and CAP099 should be considered by a Working Group and that the Working Group currently considering CAP's088 – 091 would be best placed to undertake the work on CAP's098 – 099.

339. The Panel AGREED that CAP098 and CAP099 should be considered by the Working Group currently considering CAP's088-091 and present their Final Report to the September Panel.

The Terms of Reference should include:

- Cost to National Grid for facilitating more frequent reconciliations
- A request for worked examples of the issue
- An explicit assessment of the risk to other players
- **CAP100 – Revision of CUSC Amendment Provisions to ensure that Amendment Reports contain a Collective Panel Recommendation**

340. BG gave the Panel a presentation on CAP100. BG explained the intent of CAP100 was to revise the provisions in the CUSC against the background of the new Appeals Mechanism. In cases where the Authority decision is in agreement with the majority recommendation of the Panel then the decision is excluded from the Appeals process. Currently, CUSC makes no provision for collecting the Panel Recommendation and there is no provision in the Final Amendment Report for this information to be reflected. CAP100 proposes to introduce a new stage in the Amendment Process whereby the Final Amendment Report is submitted back to the CUSC Panel at the point it would have previously been submitted to the Authority for determination. The Panel are then asked to vote on whether the Proposed Amendment better facilitates the Applicable CUSC Objectives, this decision is then recorded in the Final Amendment Report, circulated to Panel Members for 5 working days to ensure all views are accurately reflected and submitted to the Authority for determination.

341. During discussion on CAP100 SP raised three questions regarding the voting process and requested clarification on whether it was the majority of members or the majority vote, how abstentions were to be dealt with and how Panel Members with multiple votes would be counted as the situation could arise where a Panel Member attended in their own right in addition to being an Alternate for another Panel member, therefore potentially accruing two votes. SG raised two concerns about whether voting placed an obligation on Panel Members and the proposed lengthening of the process, stating that the progressing of the Final Amendment Report to the Authority should be expedited quickly, rather than delayed further and suggested that other areas of the timescale could be shortened in order to achieve this. MT suggested there could be some synergies with how the BSC dealt with abstentions. DE commented that if eligibility for Appeal is dependent on Alternates

votes that this should be clearly conveyed. BG proposed that these questions should be addressed within the Governance Standing Group.

342. The Panel AGREED that CAP100 should be considered by the Governance Standing Group acting as a Working Group and present their Final Report to the September Panel with provision to return to the August Panel if their considerations concluded sooner.

The Terms of Reference should include:

- Use of Abstentions
- Obligations on Panel Members
- Attendance of Alternates, resulting in multiple votes
- Potential revisions to timetable

- **CAP101 – Removal of the Amendments Panel Chairman’s Casting Vote in Context of Amendments Panel Recommendation Vote.**

343. BG gave the Panel a presentation on CAP101. BG explained the intent of CAP101 was to remove the ability of the CUSC Amendments Panel Chairman’s casting vote in the context of an Amendments Panel Recommendation Vote, therefore if the vote resulted in a tie, this decision would be recorded as such and the decision would be Appealable.

344. During discussion on CAP101 DE suggested that CAP101 could be considered contingent with CAP100 as “tie” suggests a voting mechanism that does not currently exist. BG considered that CAP101 was a stand alone Amendment Proposal as it did not require a formal mechanism for Panel approval as this could have been adopted as a Working Practice. RC suggested that whilst the Proposer considered the two Amendments to be distinct there was the potential for some interaction, therefore the issues should be considered further by the Governance Standing Group.

345. The Panel AGREED that CAP101 should be considered by the Governance Standing Group acting as a Working Group, and present their Final Report to the September Panel with provision to return to the August Panel if their considerations concluded sooner.

The Terms of Reference should include:

- Interaction with CAP100
- Potential for merger with CAP100
- **CAP102 – Revision of CUSC Amendment Provisions to Allow a Proposer to State Whether they Believe their Amendment has a Security of Supply Dimension Which Means in the View of the Proposer it Should be Excluded From the Appeals Mechanism by the Authority**

346. BG gave the Panel a presentation on CAP102. BG explained that the intent of CAP102 was to make provision in the CUSC Amendment Proposal Form for the highlighting of a potential impact on Security of Supply in the event that the decision was appealed. BG considered that this brought the issue of Security of Supply to the attention of the industry and Authority early on in proceedings and therefore would

increase the validity of the debate. BG confirmed that the information would be provided on an optional basis and would not be mandatory.

347. During discussion on CAP102, SP did not consider that this Amendment Proposal was addressing a defect in the current CUSC baseline, SG concurred with the view of SP and suggested that the real question being asked was “should the decision be appealable” which could not be considered a defect in the CUSC. PJ was concerned that in the event the box was not ticked that this would preclude consideration of Security of Supply at a later stage and believed it should be within the Authority’s remit to decide if there is an impact on Security of Supply. BG confirmed the intent was not to dictate to the Authority, merely assist in providing high quality information to the Authority and industry as early in the process as possible. SD commented that the DTI had indicated that this information being available would be a good idea, therefore CAP102 did have a sound basis for being brought forward.

348. The Panel AGREED that CAP102 should proceed to consideration by the Governance Standing Group acting as a Working Group, presenting their Final Report to the September Panel with provision to return to the August Panel if their considerations concluded sooner.

The Terms of Reference should include:

- Precise nature of defect being addressed.
- **CAP103 – Flexibility of Working Group Internal Procedures**

349. BG gave the Panel a presentation on CAP103. BG explained that the intent of CAP103 was to introduce a level of flexibility into Working Group internal procedures, with specific regard to varying membership for the period between CUSC Panel Meetings and introduce the option to reduce timescales for circulation of Working Group Reports to members down to a minimum of three days. Both elements of the proposal required the unilateral consent of each Working Group and in the case of any dissension, the existing procedures would prevail.

350. During discussion on CAP103, DL questioned whether CAP103 constituted one modification or two, he considered there were two distinct elements and raised concern that from a procedural perspective one element may fail and therefore result in the loss of the whole Amendment. BG confirmed that he considered CAP103 to be complete stand alone modification and that existing safeguards were not being removed. DL further considered that the Working Group membership should remain within the remit of the Amendments Panel and that if the Working Group wished to make recommendations to change there was the option to have observers attend until they could be confirmed as full members at the next Panel Meeting, SP concurred with DL’s view. SG proposed empowering the Working Group Chairman to manage the situation and making the responsibilities clear through inclusion in CUSC and Chairmans Guidelines. BG suggested that CAP103 and issues relating to Working Groups should be discussed by the Governance Standing Group.

351. The Panel AGREED that CAP103 should proceed to consideration by the Governance Standing Group acting as a Working Group, presenting their Final Report to the September Panel with provision to return to the August Panel if their considerations concluded sooner.

5 Standing/ Working Group Reports

• Governance Standing Group (Appeals) Interim Report

352. Steve Drummond, Chairman of the Governance Standing Group gave the Panel a report on the work of the Group since the last Panel meeting. The GSG had met once, on Tuesday 12th July, discussions had focussed on identifying issues associated with new DTI and CC Appeal arrangements and the need for any CUSC Amendments arising from their introduction
353. Five issues had been highlighted for consideration and progression.
- Need for the Amendments Panel to register a collective recommendation on the Proposed Amendment and for this to be recorded in the Final Amendment Report.
 - Need for majority decision in collective recommendation. Consideration of removal of Chairman's casting vote in context of collective recommendation.
 - Possible changes to CUSC Process if Appeal is upheld.
 - Possible need to provide time for Appeals before implementation
 - Indication in the Amendment Report of possible Security of Supply issues.
354. Discussion surrounding two of the issues: (changes to CUSC Process if Appeal is upheld and changes to implementation timescales to allow time for Appeal) resulted in no changes to the CUSC baseline being proposed; The remaining three issues resulted in CAPs 100, 101 and 102 presented to the July Panel. The GSG were to meet again on August 4th to give consideration to the governance modifications presented at the July Panel and also give consideration to the wider review of Section 8 in light of the new Appeals process. SD invited the Panel to AGREE the Terms of Reference for the Governance Standing Group, and AGREE to their wider review of Section 8 and Working Groups.
355. The Panel NOTED the progress on consideration of changes required by the Appeals Process, AGREED the Revised Terms of Reference and AGREED to the wider review of Section 8 and Working Groups.

• Balancing Services Standing Group – Six Monthly Report

356. John Greasley, Chairman of the Balancing Services Standing Group gave the Panel an update on the work of the Group since January 2005. The main areas of work undertaken related to a review of information publication, legal drafting and process issues in light of CAP047 and consideration of Buy-out of Mandatory Services, which was the subject of a separate presentation. JG invited the Panel to AGREE the Revised Terms of Reference, AGREE work areas for the next six months, issues for consideration being:
- Frequency Response
 - Buy-out
 - Distributed Generation
 - Watching brief on Maximum Generation and Reactive Power
 - Keeping new arrangements for Intertripping Schemes under review
357. The Panel NOTED the progress of the BSSG over the six months since January and AGREED the Revised Terms of Reference, AGREED the work areas to be covered and AGREED the continuation of the BSSG for the next 6 months.

- **Buy-Out of Mandatory Services – Paper from the BSSG**

358. John Greasley, Chairman of the Balancing Services Standing Group gave the Panel a presentation on the Buy-Out of Mandatory Services. This is a situation where Users can opt to comply with certain code obligations or buy-out via a third party providing equivalent, this requires a published price or traded market to facilitate the choice and does not remove the obligation to comply with Security Standards. Having considered the difference between the capability of providing the service and the ability to utilise the service in real time the BSSG considered the introduction of buy-out arrangements for Reactive Power and Frequency Response. The BSSG concluded that in relation to Reactive Power a full scale introduction of buy-out arrangements for this area should not be considered, however, case by case consideration may be possible. With regard to Frequency Response there would be significant technical issues to overcome in order to introduce a full scale introduction of buy-out arrangements, however a case by case assessment of requests may be a potential way forward. JG invited the Panel to NOTE the views of the BSSG on the subject of buy-out, AGREE the continued assessment of issues relating to volumes of mandatory frequency response used in the Mandatory Services Agreements; AGREE not to progress consideration of a full scale buy-out scheme at this time; and AGREE the BSSG should consider the specific application of a buy-out arrangement to the derogation process.

359. The Panel NOTED the views of the BSSG on the subject of buy-out, AGREED the continued assessment of issues relating to volumes of mandatory frequency response used in the Mandatory Services Agreements; AGREED not to progress consideration of a full scale buy-out scheme at this time; and AGREED the BSSG should consider the specific application of a buy-out arrangement to the derogation process.

- **CAP088 Working Group Report**
Application of Late Payments of Commercial Debts (Interest) Act 1998

360. BG gave the Panel a presentation on CAP088 Working Group Report. BG explained that the Original Amendment Proposal had recommended a pure application of the rate detailed in the Act, resulting in interest accruing at the rate of Base + 8%. Discussions by the Working Group had focussed on whether the 8% was mandatory, whether National Grid had demonstrated that 8% was appropriate. The discussions resulted in a Working Group Alternative being developed which set the rate as a proportion of the rate prescribed in the Act, Base Rate + 75% of the rate detailed in the Act, and provided a minimum of Base Rate + 4%. The majority of the Working Group were in favour of the Original Amendment, with a significant minority in favour of the Working Group Alternative, however those members of the Working Group who supported the Original still considered that the Working Group Alternative better facilitated the Applicable CUSC Objectives better than the status quo. The Working Group recommended that CAP088 should proceed to wider industry consultation.

361. The Panel NOTED the content of the CAP088 Working Group Report; AGREED that the Working Group had fulfilled its Terms of Reference and AGREED that CAP088 should proceed to wider industry Consultation.

- **CAP089/090 Working Group Report**
- **CAP091 Working Group Report**

362. BG gave the Panel a presentation on the CAP089/090 Working Group Report. BG explained that background to CAP089 and CAP090. CAP089 proposed to introduce a maximum credit limit of 2% of Network Operators Regulatory Asset Value and CAP090 proposed that individual counterparty Credit Limits/Parent Company Guarantees/Aggregates of both, should be set using credit ratings applied under the "Basel 2" rules for determining bank capital adequacy. The discussions of the Working Group had focussed around the potential for interaction between CAP089 and 090, which resulted in its request for merger and specifically addressed the calculation of RAV; the frequency with which Users Allowed Credit was monitored; the definition of Approved Credit Rating and Qualifying Guarantees. The majority of the Working Group agreed that the merged CAP089/090 better facilitated the Applicable CUSC Objectives and were unanimous in their agreement that CAP089/090 should proceed to wider industry consultation.
363. BG explained that this had been the intended position with regard to CAP089/090, however a meeting had taken place immediately prior to the CUSC Panel on 29th July to discuss further CAP091 at which it had been concluded that CAP091 was no longer a stand-alone Amendment and should instead be merged with CAP089/090. Therefore, BG requested the Panel AGREE to the amalgamation of CAP091 into CAP089/090 and AGREE to the withdrawal of the CAP089/090 Working Group Report and AGREE that CAP089/090 should not be sent out to Consultation at this stage.
364. The Panel discussed the proposals presented by BG. PJ suggested that CAP089/090 did not address the same defect as CAP091, therefore they should not be amalgamated. BG stated that on a high level they all cover securing credit, therefore it is the same defect based on that criteria. RJ enquired if the merger took place, whether it would be possible to still have separate proposals, BG confirmed this would still be the case. Some Panel Members raised concerns based on process issues such as possible contingency and an increase in the risk of failure due to the number of proposals being merged but DE confirmed that from a process perspective he was comfortable with the proposals being merged.
365. The Panel AGREED that CAP091 should be amalgamated with CAP089/090, AGREED the Working Group Report for CAP089/090 should be withdrawn and AGREED that CAP089/090 should not proceed to Consultation at this stage. The Panel AGREED that CAP089/090/091 Working Group should consider further the options following the merger of CAP091 with CAP089/090 and should present their Final Report to the August Panel.
- **CAP092_094 Working Group - Verbal Update**
366. Malcolm Taylor as Chairman of the CAP092_094 Working Group, gave the Panel a verbal update on the situation regarding the work to date undertaken by the Working Group. MT confirmed that the consideration of CAP092 and the preparation of the Final Report was substantially complete, however, MT drew the attention of the Panel to a process issue that had arisen in the discussions. CAP092 included illustrative legal text provided by the Proposer. SG had raised an initial query at the original Panel Meeting about the need for inclusion of reconciliation and that the indicative legal text did not make allowance for this. BG had considered that the inclusion of reconciliation constituted a Working Group Alternative as it resulted in more than was contained in the original legal text. Therefore, MT proposes that the Consultation document should include a clear statement that only the Working Group Alternative can deliver the intent of the CAP092 Original Amendment as the legal

text provided for CAP092 Original Amendment does not make allowance for reconciliation. The concern being that consultees may not be immediately clear on the difference between the two proposals. MT further proposed that the Panel Secretary should make Proposers aware of the role that legal text has in supporting an Amendment. MT then provided a description of the work relating to CAP094, so far two solutions had emerged from the Working Group,

- Simple Single Block of TEC with a firm profile which was the principle of the Original Amendment
- Profiled TEC: Confirmation of firm TEC on a rolling process moving forward, where the Offer includes carve-outs which are confirmed 7 weeks hence.

There were some concerns in the Working Group as to whether the second solution addressed the same issue, but MT confirmed his view it was considered a Working Group Alternative. DL asked if any members of the Working Group considered "Profiled TEC" to be a solution. SG suggested that "Profiled TEC" is moving away from the Original and SP concurred stating that Original Proposal requested a value, not a profile, therefore the Working Group Alternative is providing a different answer to the question posed and whilst it may be a pragmatic solution it may not match the expectation raised by the Original. MT confirmed that whilst some members of the Working Group considered the solution to be invalid, it was supported by at least one member of the Working Group, therefore is considered valid. MT further confirmed that the Original Amendment was silent on whether a "spot value" or "profile" was requested, therefore again the Working Group Alternative was considered valid. MT concluded his update on CAP094 by drawing their attention to the question of rate of charging and charging basis for the product and having decided these would the cap proposed by CAP092 apply to products resulting from CAP094. MT requested the CUSC Panel to provide guidance on the validity of the Working Group Alternative and suggested Panel Members contact him by e-mail if any further issues occurred.

367. The Panel NOTED the progress of the CAP092_094 Working Group, AGREED the Terms of Reference and AGREED the Working Group should consider the impact on existing TEC Products.

- **CAP093 Working Group – Verbal Update**

368. John Greasley, as Chairman of the CAP093 Working Group, gave the Panel a verbal update of the work to date. The Working Group had met once and consisted of a good cross-section of industry representatives. The Working Group was set to take the full 3 months in its consideration. JG invited the Panel to AGREE the Revised Terms of Reference which now included as a specific issue:

- Clarification of interface between NGC and owner of transmission rights

369. The Panel NOTED the progress of the CAP093 Working Group and AGREED the Revised Terms of Reference.

6 Consultation Reports

370. The Panel NOTED that the consultation on CAP095 would close on 5th August 2005.

7 Amendment Reports

- **CAP086 – Proposal for Earlier Consideration of Implementation Dates.**

371. The Panel NOTED that this Amendment Report had been provided to the Authority on 30th June.

8 Authority Decisions

- **CAP087 – Revisions to Requests for Urgency Arrangements**

372. The Panel NOTED that the Authority had approved the original Amendment Proposal on 15th July for implementation on 29th July.

9 Report on Other Industry Documents

BSC

373. It was reported that P189 had been sent by the Panel to the Authority for determination

STC

374. CA13 – TEC Exchange is currently under consideration. It was reported that there is no direct relevance to CUSC except there was a request for the Panel to consider whether impact on DNO's should be included as well as impact on Transmission.

375. Thirteen STC Amendments had been Approved for implementation.

Grid Code

376. The EGCRP had considered LEEMPS Final Working Group Report which was to be circulated shortly. National Grid was setting up Working Group to consider the information it may be required to provide.
377. A Regional Differences Working Group had been set up to review the definitions of Small, Medium and Large Power Stations
378. Further consultations would be issued across the STC, Grid Code and CUSC to deal with National Grid's company name change.

10 Any Other Business

- **CUSC Panel Secretary**

379. The Chairman formally announced the change to CUSC Panel Secretary, thanking Richard Dunn for his work as CUSC Panel Secretary and wishing him well in his new role within National Grid. Lindsey Paradine was introduced as the new CUSC Panel Secretary.

- **2005 CUSC Panel Elections**

380. The Secretary informed Panel Members that the 2005 CUSC Panel Election voting forms had been issued to all parties on 28th July 2005 and that voting would close on 26th August 2005.

- **Acronym List**

381. RC suggested that an acronym list should be published on the CUSC website.

ACTION: National Grid

- **August Panel Meeting**

382. The Panel AGREED to change the date of the August CUSC Panel Meeting to Thursday 25th August at 10.00, with a corresponding change to Panel Paper Submission of 19th August.

11 Record of Decisions – Headline Reporting

383. The Panel Secretary would circulate an outline Headline Report after the meeting and place it on the National Grid website in due course.

12 Date of Next Meeting

384. The next meeting will be held on Thursday 25th August 2005 at the Brandon Hall Hotel, Brandon, near Coventry commencing at 10.00am.