

**Minutes and Actions Arising from Meeting No.79
Held on 25 April 2008
At National Grid Office, Warwick and via teleconference**

Present:

Alison Kay	SC	Panel Chairman
Beverley Viney	BV	Panel Secretary
Hedd Roberts	HR	Panel Member (National Grid)
Duncan Burt	DB	Panel Member (National Grid)
Tony Diccio	TD	Panel Member (Users Member)
Paul Jones	PJ	Panel Member (Users Member)
Paul Mott	PM	Panel Member (Users Member)
Garth Graham	GG	Panel Member (Users Member)
Simon Lord	SL	Panel Member (Users Member)
Bob Brown	BB	Panel Member (Users Member)
Barbara Vest	BaV	Panel Member (Users Member)
Hugh Conway	HC	energywatch Representative
Dipen Gadhia	DG	Authority Representative

In Attendance:

Mark Feathers	MF	Ofgem (teleconference)
Min Zhu	MZ	Ofgem (teleconference)
Andrew Truswell	AT	National Grid
Pat Hynes	PH	National Grid
Chris Stewart	CS	BSC Panel Representative
Dave Wilkerson	DW	Alternate Panel Member (Users Member)

1 Introductions/Apologies for Absence

1441. There was a full Panel attendance and hence no apologies were received.
1442. AK welcomed BaV and DW who have been confirmed as Panel Member and Alternate Panel Member respectively following the mid-term election.

2 Minutes of the Meeting held on 25th January 2008

1443. The draft minutes v0.1 of the 78th CUSC Amendments Panel meeting held on 29th February 2008 were AGREED with minor amendments.

3 Review of Actions

1444. **Item 1407:** Amendments to be made to GSG Terms of Reference - complete
1445. **Item:1416:** Reference to CAP131 to be removed from CAP150 Report - complete
1446. **Item:1417:** Completion date to be changed to backstop date as appropriate - complete
1447. **Item 1418:** minor typing errors to be corrected in CAP150 report - complete

- 1448. **Item 1419:** impact on non-CUSC parties to be update in CAP150 report - complete
- 1449. **Item 1421:** DB to add further details on DG's main points to the report - complete
- 1450. **Item 1439:** BV to issue headline - complete

4 **New Amendment Proposals (as at 17/04/08)**

- 1451. **CAP160: Improvements to the assessment of Amendments.** BV gave a presentation to the Panel which is available on the National Grid Website at <http://www.nationalgrid.com/NR/ronlyres/2B1382B4-15DB-484C-ABEC-D6515C21F400/25237/CAP160ImprovementstotheassessmentofAmendments.pdf>
- 1452. SL expressed concern as to whether the Governance Standing Group (GSG) had given enough consideration to this proposal. TD confirmed as a member of the GSG that the GSG had given the proposal due consideration and that the members had been unanimous in their support of the proposal.
- 1453. SL asked for confirmation that any Working Group Chair should be independent. (post meeting note 8.17.4 states "the chairman of the Working Group who shall act impartially and as an independent chairman".
- 1454. BV recommended that the Proposal proceed to Consultation following approval of the legal text by the GSG at their meeting to be held on 15th May 2008. Unanimous approval was given by the CUSC Panel for this.
- 1455. **Transmission Access Amendment Proposals**, HR confirmed that the Transmission Access Amendment Proposals had been well trailed with seminars and workshop prior to the raising of these Proposals. During the seminars consideration and discussion had been given to the structure of the Working Groups and how these proposals fit into them.
- 1456. **CAP161: Transmission Access – System Operator Release of Short-term Entry Rights.** PH gave a presentation to the Panel which is available on the National Grid Website at <http://www.nationalgrid.com/NR/ronlyres/BA44B716-24B9-484B-9576-FB59D0C5794F/25236/CAP161164PanelPresentationApr08.pdf>
- 1457. GG recommended that consideration to undue discrimination should be included in the Terms of Reference, along with windfall gains and losses regarding Auctions, consideration should also be given to European Law regarding creating a barrier to trade.
- 1458. BaV asked how information would be obtained regarding costs i.e. computer systems. PH confirmed that National Grid would present costs worked up by National Grid.
- 1459. As there is likely to be an Authority Impact Assessment it was requested that Users come along with there IS impacts to the Working Groups.
- 1460. PJ requested that the Licence methodology should be taken forward as a wider discussion within the Working Group and requested that the charging methodology also be reviewed.

1461. It was recommended that CAP161 proceed to Working Group and the Working Group should also consider CAP162, CAP163 and CAP164. This was approved by the CUSC Panel.
1462. **CAP162:Transmission Access – Entry Overrun** PH gave a presentation to the Panel which is available on the National Grid Website at <http://www.nationalgrid.com/NR/rdonlyres/BA44B716-24B9-484B-9576-FB59D0C5794F/25236/CAP161164PanelPresentationApr08.pdf>
1463. It was confirmed that local works and zonal products will be discussed by Working Group 3. It was agreed that there are credit implementations and the Ofgem guidance on credit are to be included in the considerations.
1464. PJ recommended that the Terms of Reference should also include consideration of MaxGen and blackstart.
1465. GG recommended that consideration be given to those that have zero TEC and how and whether they should be allowed to over-run.
1466. CS stated that the computer systems may need additional flows from BSC.
1467. The Panel also recommended that consideration needs to be given to pricing signals and mindful of non-flexible plant.
1468. It was recommended that CAP162 proceed to Working Group and the Working Group should also consider CAP161, CAP163 and CAP164. This was approved by the CUSC Panel.
1469. **CAP163:Transmission Access – Entry Capacity Sharing**, PH gave a presentation to the Panel which is available on the National Grid Website at <http://www.nationalgrid.com/NR/rdonlyres/BA44B716-24B9-484B-9576-FB59D0C5794F/25236/CAP161164PanelPresentationApr08.pdf>
1470. TD confirmed that one of the benefits will be the prevention of building extra plant. PJ recommended the Terms of Reference include discussion about methodologies and associated licence change requirements.
1471. The Panel also recommended the Terms of Reference include consideration of the residual charging and the dependency as to whether it is adequate where long term access is being shared.
1472. It was recommended that CAP163 proceed to Working Group and the Working Group should also consider CAP161, CAP162 and CAP164. This was approved by the CUSC Panel.
1473. **CAP164:Transmission Access – Connect and Manage**, PH gave a presentation to the Panel which is available on the National Grid Website at <http://www.nationalgrid.com/NR/rdonlyres/BA44B716-24B9-484B-9576-FB59D0C5794F/25236/CAP161164PanelPresentationApr08.pdf>
1474. The Panel recommended the Terms of Reference should include analysis of the defect, and the circumstances that “unless both parties agree” would apply.

1475. BB reminded the Panel that CAP148 had some very good credit diagrams provided by TD that could also be useful for these Working Groups.
1476. It was recommended that CAP164 proceed to Working Group and the Working Group should also consider CAP161, CAP162 and CAP163. This was approved by the CUSC Panel.
1477. **CAP165: Transmission Access – Finite Long-term Entry Rights**, AT gave a presentation to the Panel which is available on the National Grid Website at <http://www.nationalgrid.com/NR/rdonlyres/8F7AFB0B-E2AF-44AC-B1D8-9C772120FCFF/25235/CAP165166PanelPresentationApr08.pdf>.
1478. It was stated that fixed price tariffs might be associated to the Proposal and the Working Group should consider this.
1479. GG recommended that the Terms of Reference also consider stranded Generator and Network assets.
1480. TD asked if the implementation of CAP165 would lead to CAP131 being redundant, it was confirmed that this would be the case, however the Impact Assessment for CAP131 is expected before the completion of CAP165.
1481. DW recommended that the extension of finite rights at the end of term should also be a consideration of the Terms of Reference.
1482. PJ also asked for consideration to be given to the scenario of a plant closing after 3yrs when they have a 5yr right, whilst they would have to pay for the remaining 2 yrs what would happen to these rights.
1483. It was recommended that CAP165 proceed to Working Group and the Working Group should also consider CAP166. This was approved by the CUSC Panel.
1484. **CAP166: Transmission Access – Long-term Entry Capacity Auctions** AT gave a presentation to the Panel which is available on the National Grid Website at, <http://www.nationalgrid.com/NR/rdonlyres/8F7AFB0B-E2AF-44AC-B1D8-9C772120FCFF/25235/CAP165166PanelPresentationApr08.pdf>.
1485. It was agreed that the Working Group should
- consider the zonal reserve price and whether a reserve price was desirable, and if it was would the reserve price be published
 - Consider how to judge which is better a bid of a high price for one year compared to a lower price for 40 years
 - Profit and windfall needs
 - What happens to over/under recovery
 - Consider negative charging zones
 - Review how gas auctions would work
 - Post implication evaluation/review – consider any recommendations for this
1486. It was recommended that CAP166 proceed to Working Group and the Working Group should also consider CAP165. This was approved by the CUSC Panel.
1487. DG expressed concern that these Working Groups should move forward quickly. GG agreed but commented that it was important to get the details right rather than revisit at a later day. MF requested the Panel to be mindful of the risk that the government could come in over the top and that this is a large work load that needs to progress

- as quickly as possible.
1488. GG requested that the Working Groups receive policy guidance from the Authority Representatives at the meetings.
1489. BaV asked for a commitment from Ofgem that if analysis was missing or not carried out could Ofgem point this out before the completion of the Amendment Process.
1490. MF confirmed that guidance would be given where possible.
1491. It was agreed that the groups need to be mindful of previous discussions relating to the gas arrangements, which could be drawn on for these Working Groups.
1492. Implementation issues also need to be discussed and to be mindful that a 1 month extension of the Working Groups might have very little impact on the ultimate implementation date.
1493. It was agreed by the CUSC Panel to hold a teleconference on 1st May to discuss and approve the Working Group Membership.
1494. The Panel unanimously approved that HR would be the chair of all the CAP161-166 Working Groups and sub groups.

5 Standing/Working Group Reports

1495. **BSSG (Balancing Services Standing Group)** – At the last meeting Frequency Response and the delivery of High Frequency response was discussed and analysis is currently being undertaken. After further BSSG discussion it is intended to raise an Amendment Proposal.
1496. Reactive Power Provision is also being discussed by the BSSG and work has been fed back into the Grid Code Rated MW Working Group
1497. **Governance Standing Group (GSG)** – The Panel approved the GSG Terms of Reference and noted that CAP160 was proposed as a result of the GSG meeting on 11th April. The group is scheduled to meet again on the 15th May to consider other governance issues.

6 Consultation Papers (as at 17/04/08)

1498. None.

7 CUSC Amendment Panel vote

1499. None

8 Pending Authority Decisions (as at 17/04/08)

1500. DG gave an update on the following pending Authority decisions;
- CAP131:User Commitment for New and Existing Generators – Impact

- Assessment expected shortly
- CAP144: Emergency Instructions to emergency deenergise – awaiting Grid Code Amendment
- CAP148: Deemed Access Rights to the GB Transmission System for Renewable Generators – An Impact Assessment is expected to be issued in May 2008
- CAP149: TEC Lite. – CAA 2 was approved by the Authority on 23rd April
- CAP150: Capacity Reduction – a decision is expected shortly

9 Authority Decisions (as at 17/04/08)

1501. None

10 Report on other Industry Documents (BSC, STC, Grid Code and DCUSA)

1502. **BSC** – P216 and P215 have been approved by the Authority. The tagging cashout process is keeping to tight timescales.

1503. **Grid Code** – Discussions are taking place regarding the scope of work on compliance and how to take this forward.

1504. **DCUSA** – The DCUSA arrangements are currently not transparent and a questionnaire has been issued by the DCUSA Panel Secretary, anyone who has not seen this and would like to respond are asked to contact BaV.

1505. **Governance Review** – National Grid have responded to the Code Administration Survey.

11 A.O.B

1506. MF advised the Panel of the guidance letter (http://www.nationalgrid.com/NR/rdonlyres/7BA321A0-29F4-4524-B21C-A9580BC45B71/25092/Ofgem_Environmental_Letter.pdf) issued by the Authority on Environmental issues. This is being communicated across all Panels and the Authority are keen to get initial reaction by the end of April, with the guidance taking effect mid May.

1507. TD expressed concern at the tight timescales.

1508. PJ expressed concern about the possibility of double-counting.

1509. It was clarified that whilst this guidance has no legal standing this is guidance as to how Ofgem are going to assess and Ofgem encouraged the CUSC Panel to do the same.

1510. It was suggested that the CUSC Panel might wish to set up a sub group of people to consider the guidance and consider risks and work through examples to see how to use this in practise.

1511. The Panel agreed to set up a sub group and nominations should be sent to Beverley Viney (post meeting note – This sub group will be a cross-codes sub-group).

12 Record of Decisions – Headline Reporting

1512. The Panel Secretary would circulate an outline Headline Report after the meeting and place it on the National Grid website in due course.

Action – BV to circulate and publish.

13 Date of Next Meeting

1513. The next meeting is scheduled for 1st May 2008 via teleconference, at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.