

Minutes and Actions Arising from Meeting No.91 Held on 19th December 2008

Present:

Alison Kay	AK	Panel Chair
Carole Hook	CH	Secretary
David Smith	DS	Panel Member (National Grid)
Hêdd Roberts	HR	Panel Member (National Grid)
Paul Jones	PJ	Panel Member (Users Member)
Paul Mott	PM	Panel Member (Users Member) (via teleconference)
Garth Graham	GG	Panel Member (Users Member)
Bob Brown	BB	Panel Member (Users Member)
Barbara Vest	BV	Panel Member (Users Member)
Tony Diccio	TD	Panel Member (Users Member)
Dave Wilkerson	DW	Alternate Panel Member (Users Member)
Dipen Gadhia	DG	Ofgem Representative (via teleconference)

In Attendance

Kathryn Coffin	KC	Via teleconference
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1 Introductions/Apologies for Absence

1723. Apologies for absence were received from Simon Lord, Hugh Conway and Emma Carr. Dave Wilkerson was attending as the formal alternate for Simon Lord.

2 Minutes of the Meeting held on 5th December 2008

1724. The draft minutes of the CUSC Amendments Panel meeting held on 5th December 2008 were AGREED subject to minor amendments.

3 Review of Actions

1725. **Minute 1677 – Scenarios to be placed on website** HR confirmed that the scenarios had been posted on the website.
1726. **Minute 1679 – Ofgem to provide information on the position of non physical players** Ofgem circulated 1 email to Panel members on 8th December.
1727. **Minute 1708 – CAP167, to provide clarification regarding WGAA2 status as an alternative** Following a further WG vote conducted by email WGAA2 was confirmed as a valid alternative.
1728. **Minute 1712 – Environmental Standing Group Final Report** Final report published December 12th and circulated to all industry Code Panels.

4 Standing/Working Group Reports

1729. None

5 New Amendment Proposals

1730. None

6 CUSC Amendment Panel Vote

1731. **CAP161-165 Transmission Access** - HR gave a presentation summarising the proposals, Working Group discussions, alternative amendments, and views and representations on CAP 161-165. Following the presentation the Panel voted in relation to each of the amendments as to which BETTER and BEST facilitated the Applicable CUSC Objectives. The outcome, and discussion, was as follows:

1732. **CAP161 - SO release of short-term rights**

Original	No - unanimously
WGAA1	Yes - unanimously
WGAA2	Yes - majority
WGAA3	Yes - majority
Best	WGAA1 – unanimously

All Panel members agreed that the zonal arrangements of the original proposal were inappropriate and introduced unacceptable risk of increased operational costs. The majority of Panel members had concerns over CLDTEC, which was considered to couple a long-term forecast with short-term risk; however the majority accepted that both WGAA2 and WGAA3 BETTER facilitate the CUSC Objectives (BB, PJ, HR, BV and DW voting for both of these proposals). Unanimously the Panel agreed that WGAA1 BETTER and BEST met the Applicable CUSC Objectives through providing improved information and signalling to National Grid thereby improving efficiency, and increasing competition by allowing more plant to connect.

1733. **CAP162 – Entry Overrun**

Original	No - unanimously
WGAA	Yes - unanimously
Best	WGAA – unanimously

The Panel unanimously agreed that the original proposal does not better facilitate the Applicable CUSC Objectives due to zonal concerns as with CAP161. The Panel unanimously agreed that WGAA BETTER meets the Applicable CUSC Objectives by allowing increased efficiency in the use of the network. Some Panel members questioned how much this would be used after implementation, and would welcome monitoring of this upon implementation.

1734. **CAP163 – Entry Capacity Sharing**

Original	No - unanimously
WGAA	Yes - unanimously
Best	WGAA – unanimously

The Panel unanimously voted against the original proposal based on similar zonal concerns associated with CAP161 and CAP162. The Panel unanimously voted that the WGAA BETTER and BEST facilitates the Applicable CUSC Objectives by facilitating increased competition and making better use of the Transmission system. It was suggested that this amendment would better suit large generators with portfolios spanning several power stations, however this was refuted by some Panel

members who stated that the use of exchange rates drives generators to make decisions that are best for them (either internally or externally). It was emphasised that sharing under the WGAA was not a requirement placed by the CUSC upon generators, but was rather an option for them to freely consider adopting. The Panel agreed that upon implementation information on sharing should be published on the website in order to facilitate participation.

1735. **CAP164 – Connect and Manage**

Original	No - unanimously
WGAA	Yes - unanimously
Best	WGAA unanimously

The Panel unanimously voted against the original proposal, which resulted in a negative cost benefit analysis and inappropriate socialisation of costs. The Panel unanimously agreed that in principle WGAA BETTER and BEST facilitates the CUSC Objectives. However, whilst this is true in principle it will rely completely on successful development of the Charging Methodology. The Panel agreed that this unanimous conclusion was a credit to the work of the Working Group given the polarised views on this subject at the start of the process.

1736. **CAP165 – Finite Long-term Entry Rights**

Original	No - unanimously
WGAA1	No - majority
WGAA2	No - majority
WGAA3	No - majority
WGAA4	Yes - majority
WGAA5	No - majority
WGAA6	Yes - majority
WGAA7	Yes - majority
Best	WGAA4 - majority

For the 'BEST' vote 5 Panel Members voted that WGAA4 was the best (BB, GG, PM, BV and DW), 2 voted WGAA7 was best (TD and PJ) and 1 voted WGAA1 was best (HR).

The Panel debated at length the most appropriate length of time for signals of closure to be provided to National Grid, recognising that there should be a balance between National Grid's need for system planning, and generators ability to provide meaningful information. Many of the Panel supported the argument that decisions are generally taken by generators in short timescales, without being able to provide any greater accuracy than 2 years ahead. GG stated that the existence of stranded assets on this basis had not in fact been proven during the course of the Working Group deliberations. However, HR stated that whilst this may have historically been the case given likely future developments without amendment we may begin to see evidence of this.

The Panel unanimously voted against the original proposal based on the finite nature of the proposal and the zonal concerns as with CAP161. The majority of Panel members voted against WGAA1 (HR voting for), WGAA2 (HR voting for), WGAA3 (TD, PJ and HR voting for) and WGAA5 (HR voting for) on the basis that each of the options (from 4 years to finite) present too great a risk to generators and could compromise security of supply by inhibiting new developers.

The majority of Panel members agreed that WGAA7 BETTER meets the Applicable CUSC Objectives based on the 7 year rule for liabilities (BB, TD, PJ, PM and HR voting for). The majority of Panel members also agreed that WGAA6 BETTER

meets the Applicable CUSC Objectives (BB, TD, PJ, PM, HR and DW). Overall the majority of the Panel agreed that WGAA4 BETTER and BEST facilitates the Applicable CUSC Objectives on the basis that the 15 month window represents less risk to generators, but provides more information to National Grid than the current 5 day window and also aligned with the timescales used for Transmission in gas (BB, TD, PJ, PM, HR and DW voted for WGAA4).

1737. **Way forward** The CAP161-165 reports will be updated as a result of the voting and circulated to the Panel for review prior to submission to Ofgem. They will be circulated on 19/12/08 for comment by 07/01/09.
1738. The Panel discussed concerns with the process and timescales associated with the development of CAP161-166. The Panel agreed to discuss these concerns in further detail at the February Panel meeting to align with the completion of CAP166. This would be used to develop a report to Ofgem outlining concerns, as well as an indication of the interactions across the modifications.
1739. BV outlined some initial thoughts on areas for consideration which included – lack of time to conduct full cost/benefit analysis, concerns over how widely the industry are aware of developments and potential impacts on their business, and issues relating to implementation dates. BB added that the interaction with Charging Methodologies should also be considered. GG raised concerns with the proposed approach between the submission of final reports and Authority decision, stating that the decision should be made on the basis of the reports before the Panel and not any further information provided by NG on the details of CAP161-165(6). He also raised concerns with the precedent being set in the reports that the Authority may empower National Grid to begin implementation work on some of the proposals (through for instance recruitment or commencement of system development) prior to an Authority decision. Finally GG questioned the likelihood of all reports receiving a decision in line with the planned timing of June 2009 given the delay with CAP166.

These areas of concern can be picked up as part of the GSG which is due to convene on the 8th and 29th of January. The intention will then be to discuss initial ideas at the January Panel meeting, in order to prepare the report for the end of February.

1740. It was requested that DG provides a progress report on the Authority impact assessment work in order to plan work against the scope and timings associated.

7 Authority Decisions

1741. DG provided an update on CAP148 for which the Authority decided in their December meeting to issue an additional consultation in light of changes to the Authority's statutory duties under the 2008 Energy Act. In addition to considering the changes in the Authority's statutory duties the consultation will also consider issues raised in response to the Impact Assessment and other relevant information since the Impact Assessment was published. The consultation will be issued in February 2009, with the Authority intention to reach a decision in Spring 2009.

8 A.O.B

1742. **Ofgem consultation on Decision by dates.** The draft response was circulated

along with meeting material. The Panel were broadly happy with the content of the letter. It was suggested that it would be useful to include the example of CAP148 within the response for which a decision is still awaited in excess of 500 days since submission of the report to the Authority. This will be added to the letter, along with minor drafting amendments and the letter will be re-circulated to the Panel for final comment prior to submission to Ofgem

Action – CH to amend and circulate

1743. **BSC Update** KC provided a brief update on BSC developments. A new zonal transmission losses modification has been raised which is now going to an eight month assessment stage to take into account additional considerations of offshore and environmental impact.

The BSC Panel are also expecting modifications to be raised on black start and fuel security in the new year.

9 Record of Decisions – Headline Reporting

1744. The Panel Secretary will circulate an outline Headline Report after the meeting and place it on the National Grid website in due course.

Action – CH to circulate and publish.

10 Date of Next Meeting

1745. The next meeting is scheduled for Friday 30th January 2009, at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.