

## Minutes and Actions Arising from Meeting No.91 Held on 30<sup>th</sup> January 2009

### Present:

Alison Kay	AK	Panel Chair
Bali Virk	BV	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)
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)
Simon Lord	SL	Panel Member (Users Member)
Dave Wilkerson	DW	Alternate Panel Member (Users Member)
Dipen Gadhia	DG	Ofgem Representative
Hugh Conway	HC	National Consumer Council

### In Attendance

David Jones	DJ	Elexon
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## 1 Introductions/Apologies for Absence

1746. There was a full attendance at the meeting therefore there were no apologies.

## 2 Minutes of the Meeting held on 19<sup>th</sup> December 2008

1747. The draft minutes of the CUSC Amendments Panel meeting held on 19<sup>th</sup> December 2008 were AGREED subject to minor amendments and will be placed on the National Grid website shortly.

## 3 Review of Actions

1748. **Minute 1740 – Ofgem to provide a progress report on the Authority Impact Assessment for CAP161-CAP165** DG confirmed that work was still in progress and that Ofgem are working within their timetable and are on schedule to make a decision in summer 2009 on CAPs 161-166.

## 4 Standing/Working Group Reports

1749. **CAP166 Transmission Access – Long Term Entry Capacity Auctions** HR gave a presentation summarising the proposals, working group discussions, and alternative amendments. Slides can be found at:

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/Panel/>

1750. GG requested that the minutes record that the Working Group voted as to whether an extension should be sought to allow consideration of WGAA4 (which therefore

became known as WGAP1). The Working Group voted by a majority not to seek an extension, and GG noted that two of the 'Big 6' voted for an extension whilst the majority (including the rest of the 'Big 6' and small players) voted against taking WGAA4 (WGAP1) forward.

1751. The Panel debated both the buyback and load duration options discussed at the Working Group and HR explained why these options were not taken forward as they relate to WGAA4 (WGAP1) only. The Panel requested that the reasoning is made clear within the National Grid Consultation document.
1752. GG raised a clarification issue regarding the Working Group report in terms of the Construction Agreement, and the requirement, under WGAA3, for parties who end up (after an auction is run) having some short-run charges needing to sign new Construction Agreements. HR agreed to update and clarify this in the report. In addition, GG requested clarification regarding section 8 of the Working Group report which refers to additional work to be undertaken by National Grid. HR informed the Panel that this refers to IS development of the amendments and applies to all of the access amendments, CAP161 to CAP166 and is an internal development which will feed into Ofgem's Impact Assessment. HR informed the Panel that this development work is due to conclude in March.
1753. Panel members discussed the implementation date within the Working Group HR agreed to review and update the National Grid Consultation Document.

**Action: HR**

1754. GG asked if HR could look at the provision of further pro-rata tables for the whole of GB by zone/boundary, looking at a number of scenarios for generation connections coming forward, as more information would be useful to allow parties to understand the potential impact of WGAA3 when they respond to the forthcoming Ofgem RIA. GG requested that this be reported back to the CUSC Panel.

**Action: HR**

1755. The Panel agreed that the Working Group have met its Terms of Reference and agreed CAP166 was ready to be sent to Company Consultation for period of 10 business days, with a view to a Panel vote at the February CUSC Panel meeting.

**Action: HR**

1756. It was noted that with the conclusion of Working Group's deliberations on CAP166 that the two CUSC TAR Working Groups had met for a total of 60 days, since last May (not counting 'sub-group' and associated meetings). The Panel expressed their thanks to industry participants for their considerable input regarding CAP166 and also CAPs161-165.

1757. **Governance Standing Group (GSG)** – EC informed the panel that the first GSG meeting was held on 8 January 2009 and are due to meet again on the 6 February 2009.

1758. EC confirmed that a consultation response on behalf of the CUSC Panel to the "Timing Out" of Authority decisions on modifications and Review of Industry Code Governance – Environment and Code Objectives was sent to Ofgem.

1759. Ofgem have published two further consultations Role of Code Administrators and Major Policy Reforms/Self Governance package. Both consultations were issued on

the 19 December 2008 and close on 27 February 2009. DG offered to provide an overview presentation at the GSG meeting on the 6 February 2009.

**Action: DG**

1760. BVest urged Panel members to note the content within the consultations.

1761. EC asked the Panel if a CUSC Panel response should be prepared regarding the two consultations. This was agreed and the GSG would prepare a first draft general response rather than specifically responding to each question. DJ confirmed Elexon would be responding to the consultations and agreed to forward a list of specific questions the BSC Panel are going to address in their response.

**Action: DJ**

1762. EC to circulate a draft response to the Panel w/c 16 February 2009.

**Action: EC**

1763. EC to amend the Terms of Reference to include Role of Code Administrators and Major Policy Reforms/Self Governance.

**Action: EC**

1764. It was brought to the CUSC Panel attention that an Ofgem Seminar will be held on 11 February 2009, to present an overview of the above consultations including other industry parties' views and more details can be found on the Ofgem website.

1765. EC requested clarification regarding the 19<sup>th</sup> December Panel meeting minutes 1738 to 1740 relating to the process concerns for CAP161 to 166 and how this interacted with the GSG Terms of Reference to undertake a governance review of the new process and the Transmission Access amendments?

1766. The Panel agreed that the GSG will still undertake its review and the Panel's discussion at the February meeting which aims to debate users and the Panels concerns which will be used as an input for the GSG review.

### **5 New Amendment Proposals**

1767. There were no new Amendment Proposals.

### **6 CUSC Amendment Panel Vote**

1768. **CAP167- Definition of Thresholds associated with request of Statement of Works** - HR gave a presentation summarising the proposals, working group discussions, alternative amendments, and views and representations on CAP167. The presentation can be found at <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/Panel/>

1769. HR brought to the attention of the Panel that the Working Group Report did not state when the legal text would go live in the event of Authority Approval. Therefore a paragraph has been added in Section 7.2 of the Amendment report recommending a period of 10 business days following implementation.

1770. Following the presentation the panel voted in relation to each of the amendments as to which was BETTER and BEST at facilitated the Applicable CUSC Objectives. The outcome, and discussion, was as follows:

Original            No - majority (6 No and 2 Yes)

WGAA1 No - majority (4 No and 4 Yes)  
WGAA2 No - unanimously  
Best WGAA1 – no majority (3 no support for any of the alternatives, 4 supported WGAA1 and 1 supported the Original)

As the Panel did not come to a majority decision on which was BETTER, the Original and the two WGAA's will proceed to the Authority with a recommendation that none of them be implemented.

The voting is detailed below:

Bob Brown BEST vote WGAA1 – Content that there is defect to address. Agreed with panel members there could be alternative routes to deal with the issue but the DNO's did not present such a way forward in the report. A balance is needed and the burden is on the industry and some generators and the need for transmission certainty, for that reason WGAA1 better facilitates the Applicable Objectives.

Tony Diccio BEST vote WGAA1 – WGAA1 helps better facilitate National Grid discharge of licence obligations Applicable CUSC Objective a). WGAA2 should not include carbon in its assessment.

Garth Graham – Against all proposals, aware of issues but believes the positive benefits of the solutions were out weighed by the detrimental effects on Applicable CUSC Objective b) because of the negative impact on competition.

Paul Jones – Against all proposals, does not believe any of the proposals are better than the baseline. Acknowledges that there is an issue but does not believe CAP167 provided a mechanism. He believed that better transparency and better dialogue between TO and DNO is required and that this would create greater uncertainty for generators as the thresholds could change. WGAA2 results in double counting in carbon benefits.

Simon Lord – Against all proposed solutions believing it would move the problems to a different place therefore did not meet any of the CUSC Applicable Objectives.

Paul Mott BEST vote WGAA1 – Supported the Original Proposal but felt that this proposal was too broad; therefore WGAA1 is the best vote.

Hedd Roberts BEST vote Original – Better Facilitates CUSC Applicable Objective a) prevents inefficient costs caused by connecting generators to the system that can not yet accommodate them. Better Facilitates CUSC Applicable Objective b) – ensures that generators that have some impact on the transmission network are treated in a consistent manner.

Barbara Vest BEST vote WGAA1 – WGAA1 helps better facilitate National Grid discharge of licence obligations Applicable CUSC Objective a). WGAA2 should not include carbon in its assessment.

## 7 Authority Decisions

1771. There were no Authority decisions.

## 8 A.O.B

1772. **Gas Insulated Switch Gear.** EC informed the Panel that a joint Grid Code and CUSC Working Group under the governance of the Grid Code are looking at the current ownership boundaries for Gas Insulated Switch Gear. Consequently, there will be a requirement to amend the CUSC in particular section 2 and the BCA, EC will provide an update to the Panel in March and request the Panel's views regarding next steps.
1773. **Transmission Access CAP161-CAP166 Implementation** GG had asked, prior to the meeting, if National Grid could answer four questions concerning work on implementing CAPs 161-166. The questions were (a) has NG sought (since 21st November) approval from Ofgem to undertake implementation work on CAPs 161-166; if so, (b) has such approval been granted (or refused) by Ofgem; if so, (c) has NG started work as a result of such approval; and, if so (d) when does NG anticipate this work will be concluded (and reported back to the CUSC Panel, Parties and Ofgem) HR stated that the answer to (a) was No as was, therefore, the answer to (b). Whilst the 'strict' answer to (c) was also No., HR confirmed that internal work has started and that the IS project is ongoing. HR intends to write to Ofgem to seek comfort regarding the IS development costs prior to an Authority decision. In respect of (d) HR answered that this work would be concluded in March.

**Action: HR**

1774. **BSC Update** DJ provided a brief update on BSC developments. BSC Panel have approved P226 "Improving Large Combustion plant Directive Information Disclosure" the Final Modification Report is due to be sent to Ofgem.
1775. National Grid has raised two modifications P231 and P232 in relation to black start and fuel security.
1776. BVest brought to the attention of Panel a letter regarding Transmission Access on the Ofgem website to the Secretary of State regarding Transmission Access. The letter can be found at:  
<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/Miliband%20-%20171208.pdf>

## 9 Record of Decisions – Headline Reporting

1777. The Panel Secretary will 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.**

## 10 Date of Next Meeting

1778. The next meeting is scheduled for Friday 27<sup>th</sup> February 2009, at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.