

Actions Arising from Meeting No.98 Held on 15 May 2009

Present:

Mark Ripley	MR	Panel Chair
Bali Virk	BV	Secretary
David Smith	DS	Panel Member (National Grid)
Patrick Hynes	PH	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)
Tony Dicicco	TD	Panel Member (Users Member)
Simon Lord	SL	Panel Member (Users Member) via teleconference
Dipen Gadhia	DG	Ofgem Representative
Abigail Hall	AH	Consumer Focus

In Attendance

Sarah Hall	SH	NGET
Carole Hook	CH	NGET, part meeting
Chris Bennett	CB	NGET, part meeting
Kathryn Coffin	KC	Elexon
Victoria Moxham	VM	Consumer Focus
Stuart Cook	SC	Ofgem

1 Introductions/Apologies for Absence

1970. Apologies were received from Alison Kay, Hêdd Roberts, Emma Carr, David Jones Barbara Vest and Dave Wilkerson.
1971. SL confirmed that he will act on behalf of Barbara Vest as her alternate for the CAP168 vote.
1972. AH informed the CUSC Panel that she will be replaced by Victoria Moxham as the Consumer Focus representative for future CUSC Panel meetings.

2 Minutes of the Meeting held on 24 April 2009

1973. The draft minutes of the CUSC Amendments Panel meeting held on 24 April 2009 were AGREED subject to the amendments received by the Panel Secretary and will be placed on the National Grid website shortly.
1974. MR noted that the comments in the minutes of the Panel meeting of 24 April were perhaps a little too detailed.
1975. BB pointed out that he put a paper forward for discussion at the last CUSC Panel meeting and that this was not circulated to the industry with the agenda and other papers in advance of the meeting, as required by the CUSC, due to a mix up. Therefore, to aid transparency, he had suggested a more detailed minute covering the discussion of his paper.
1976. DG expressed the view that it is important that CUSC Panel decisions are reflected

in the minutes and this is made transparent.

1977. It was agreed by the Panel that the objective was to ensure that the minutes, in conjunction with web links within the minutes, was sufficiently transparent for any interested party, who is not at the CUSC Panel, to easily understand what was discussed/agreed at the Panel meeting.

3 Review of Actions

1978. **Minute 1754 – HR to look at the provision of further pro-rata tables**
PH on behalf of HR confirmed that this action was currently being worked up and would be completed in time for CUSC Parties to respond to the Ofgem impact assessment on CAP166.
1979. All other outstanding actions were complete or to be covered under an agenda item in the meeting.

4 New Amendment Proposals

1980. There were no new Amendment Proposals.

5 Working Groups/Standing Groups

1981. **Governance Standing Group** – CH confirmed that the GSG had met on the 8 May 2009 to discuss the current provisions in the CUSC for the urgency process and to produce supporting guidance for the CUSC Panel, as well as industry participants. Work is in progress for the GSG to revise and produce this. A full summary of the discussions and the areas to be revised are available in the draft GSG minutes. These are available from Bali Virk and the final minutes will be published on the National Grid website after the next GSG meeting on the 12 June 2009.

1982. BB asked if he could attend the GSG as a member at the appropriate meeting to present his paper on “Good Business Practice” that was presented to the CUSC Panel on the 24 April 2009; this was agreed by the Panel.

Action: GSG chair

1983. CH also reminded Panel members that Emma Carr will be stepping down from her position of Chair for the GSG and therefore nominations for the position were welcomed. GG offered himself for this position at the Panel meeting.

1984. The GSG drafted a response to the Code Administrators Working Group consultation issued by Ofgem on 20 April 2009. The Panel discussed the draft response and agreed for changes to be made to the draft. The final draft response is to be circulated for comment to the CUSC Panel by Wednesday 20 May 2009 for final submission to the Authority on 29 May 2009.

Action: All

1985. One aspect of the consultation that did receive some discussion by the Panel was the concept of a “critical friend” to assist a change proposer. BB argued that this

concept was more relevant to the CUSC, as members of Working Groups were not required to act in an independent manner, which was a different arrangement from, for example, the BSC. As some members of the Panel was unsure of the role expected of Working Group members CH was asked to provide clarification.

Action: CH

1986. CH also informed the CUSC Panel that Ofgem had released a 'Timing Out of Decisions' consultation which closes on the 26 June 2009. The CUSC Panel agreed that the GSG should prepare a draft response for the Panel. DG agreed that a late response to this would be accepted from the CUSC Panel to facilitate discussion at the next Panel meeting and the following timetable was agreed:

- 12 June 2009 - GSG to meet to discuss/draft the response
- 17 June 2009 - GSG draft response to be circulated to the CUSC Panel
- 22 June 2009 – Panel comments on draft response
- 24 June 2009 – GSG draft response to be circulated as a late paper to the CUSC Panel with a view to it being agreed at the CUSC Panel on the 26 June 2009 and submitted to Ofgem.

Action: CH

1987. BB asked for clarification on the CUSC provisions with regards to participation in Working Groups or Standing Groups by non-industry members.

Action: CH

1988. **CAP169 Provision of Reactive Power from Power Park Modules, Large Power Stations and Embedded Power Stations** – CH confirmed that the Working Group Consultation is due to be submitted to the Industry on Monday 18 May 2009 for a period of two weeks. However, there remain some items for discussion so depending on the outcome of the consultation the CAP169 Working Group may require an extension at a later date.

1989. **Gas Insulated Switchgear** – DS updated the CUSC Panel on progress and explained that due to further work being needed by the working group around maintenance of GIS assets, the timetable has slipped. It is now proposed that the GIS working group will report to the Grid Code Review Panel in September and therefore any associated CUSC Amendment Proposal is now proposed to follow in September/October.

1990. PJ requested if National Grid could provide a presentation at the July CUSC Panel on GIS. DS agreed to organise this presentation.

Action: DS

6 CUSC Amendment Panel Vote – CAP168 Transmission Access- Under-use and reallocation of TEC

1991. SH gave a presentation describing the Original Amendment Proposal, the Working Group discussions, the Alternative Amendment, responses received to the Company Consultation and National Grid's view. The presentation can be found at:
http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/Panel/2009_current/4/

1992. The CUSC Panel discussed the presentation and the Draft Amendment Report. GG asked SH to check how paragraph 4.2.7 of the Draft Amendment Report is reflected in the legal text.

Action: SH

1993. The CUSC Panel discussed the Company Consultation response received from ConocoPhillips (the proposer of CAP168). The response noted disappointment that some of the points which were raised by their representative during the Working Group deliberations were not reflected in the Draft Amendment Report. Some members of the Panel noted that Working Group members had several opportunities to comment on drafts of the Working Group Report. The Panel considered that Working Group members needed to take some of the responsibility for ensuring that their views are included in the Report.

1994. BB drew attention to the consultation response from Sembcorp Utilities, which provided feedback following use of the existing TEC exchange arrangements. BB suggested that National Grid should follow this up with the Party to see if improvements could be identified for the present arrangements.

Action: National Grid

1995. AH asked the question, in relation to National Grid's view in section 12.0 of the Draft Amendment Report, whether National Grid did any analysis on the potential level of costs which could be borne by end consumers. SH confirmed that this had not been done.

1996. SH informed the CUSC Panel that the responses to the Draft Amendment Report closes on 15 May 2009, and the Final Amendment Report will be updated to include the CUSC Panel's vote and then circulated for further comment by the CUSC Panel.

1997. The Chair (MR) on behalf of the Panel formally requested a two day extension to the Final Amendment Report so that it could be submitted to the Authority on Wednesday 20 May 2009. DG, on behalf of the Authority, agreed to this.

1998. The result of the Panel Recommendation Vote as to whether CAP168 BETTER facilitated the Applicable CUSC Objectives was as follows:

Original - No - Unanimously
WGAA1- No - Unanimously
Best - Original - 3 Votes
WGAA1 – 1 Vote
Abstained – 5 Votes

Details of the voting are detailed below:

1999. **Bob Brown** – AGAINST Original and WGAA1. Concerned about the effect of the compressed timetable on the quality of analysis carried out within the Report. Feels the Working Group have not had enough time and as the Report stands neither of the proposals are better than baseline CUSC Objective (a) and (b). BEST vote WGAA1 – Greater volume of TEC would be made available.

2000. **Tony Diccio** – AGAINST Original and WGAA1. Feels the proposals are ill conceived, increase costs to consumers, National Grid and CUSC Parties therefore does not support either of the proposals. Concerned about the impact of the proposals on short-term liquidity. Believes any charges should be cost reflective. Whilst this proposal has gone through on an Urgent status feels a longer timescale

would not affect his decision. BEST vote Original – gives User more flexibility.

2001. **Garth Graham** – AGAINST Original and WGAA1. Agrees with National Grid view within section 12 of the Draft Amendment Report. Considers that point 12.3 of the Draft Amendment Report runs counter to Objectives (a) and (b), point 12.4 runs counter to Objective (b), point 12.5 runs counter to Objectives (a) and (b), and point 12.6 runs counter to Objective (b). BEST vote Original. The alternative discriminates against large generators.
2002. **Patrick Hynes** – AGAINST Original and WGAA1. National Grid's view is represented in the presentation that SH gave to the CUSC Panel and in section 12 of the Amendment Report. Neither of the proposals is better than the baseline. Against CUSC Objective (a) operators will not be efficient and against CUSC Objective (b) the proposals do not facilitate competition. BEST vote Original, this has least negative impact on the market
2003. **Paul Jones** – AGAINST Original and WGAA1. The annual proving run is both inefficient economically and environmentally. 5 week ahead nomination would be an administrative burden and would be particularly difficult for generators using wind power. Committing to a running regime on a power station basis would affect short term liquidity. Also considered that the 5MW dead-band proposed under WGAA1 was discriminatory, therefore both the proposals do not facilitate CUSC Objectives (a) and (b). BEST vote abstained.
2004. **Abigail Hall** - AGAINST Original and WGAA1. Both the proposals do not facilitate CUSC Objectives (a) and especially (b). Concerned about unknown costs on end user. No Impact Assessments have been carried out on the User and the liquidity of the market and renewables. BEST vote abstained.
2005. **Simon Lord** – AGAINST Original and WGAA1. Neither of the proposals meets CUSC Objectives (a) or (b). Concerned about the implication on costs in the short-term market. BEST vote abstained.
2006. **Simon Lord on behalf of Barbara Vest** – AGAINST Original and WGAA1. Reason same as Simon Lord. BEST vote abstained.
2007. **Paul Mott** – AGAINST Original and WGAA1. Believes the proposals were raised in good faith but not made effectively. Believe a pragmatic approach can be used where cost reflective charges are not possible however the proposal damages incentives to invest therefore neither of the proposals facilitates CUSC Objectives (a) and (b). BEST vote abstained.

7 Authority Decisions

2008. There were no Authority decisions.

8 Update on Industry Codes

2009. **BSC - KC** provided an update on the BSC developments. Black Start Report is due to go to the Authority as agreed by the BSC Panel on the 13 May 2009. Once a decision has been received from the Authority a "tidy up" on the other codes will be required. Transmission Losses BSC Modification (P229) cost benefit analysis is likely to be delayed and will go back to the BSC Panel to ask for an extension.

2010. Elexon and the BSC Panel will also be responding to the Ofgem Code Administrators Working Group consultation.
2011. Q8 – Claims a new Modification has been raised and this will be going to Working Group.
2012. **Constraint Management Workshops - DS** A workshop on Managing Constraints is going to be held on 3 June 2009. AH requested that the details of this are forwarded to her.

Action: DS

9 A.O.B

2013. GG gave an update to the CUSC Panel on the industry's preparations for a possible influenza pandemic. The Energy Emergencies Executive Committee (E3C) has set up a Pandemic sub group which has been meeting to discuss the operational requirements. The industry is preparing itself for the coming Autumn/Winter.
2014. GG asked the Panel Secretary to look at the error made in the Codes Summary Report in relation to CAP166. Codes Summary states that this has been approved.

Action: Panel Secretary

2015. GG highlighted to the CUSC Panel that the Regulatory Impact Assessments for the TAR Amendment Proposals (CAPs 161-166) have not been published and asked when these would be available. SC confirmed that the Authority is still in the process of pulling these together.
2016. CB came to the CUSC Panel to discuss two scenarios in relation to the costs on different Users under different versions of (CAP164) 'Connect and Manage'. These scenarios were circulated to the CUSC Panel on the 14 May 2009. CB explained that the scenarios had been requested by Ofgem as input to the Regulatory Impact Assessments. CB explained that Ofgem requested that these were circulated to the CUSC Panel for their initial thoughts. Spreadsheets were also circulated to CUSC Panel members to allow them to consider different situations.
2017. SC indicated that Ofgem's initial thinking was that the Evolutionary Change model of enduring access reform approach does not solve the fundamental problems associated with the access regime. He noted that there appeared to be disadvantages associated with the proposals for (CAP164) Connect and Manage, and (CAP166) Auctions. SC noted that the (CAP164) Alternative Connect and Manage proposal gave rise to high costs for new Users. SC considered that the industry needs to look at the problems associated with the models which are currently on the table..
2018. SC also confirmed that Alistair Buchanan would be writing out to Chief Executives in the next few days asking for their thoughts on this.
2019. Discussions were held regarding the two scenarios presented by CB and PJ stated that we needed to be careful how we take this forward and these discussions should take place in the TCMF meeting on the 26 May 2009.
2020. GG noted that CAP166 is currently with the Authority. GG asked for an update from

National Grid on the progress on their IS Systems analysis which, according to the CAP166 report (section 8.8), was due to be completed in March. GG also asked for the CUSC Panel to be mindful of the need for CUSC Parties, and particularly the smaller Parties, to develop their own IS Systems over and above the work that National Grid was undertaking. National Grid agreed to update the Panel on progress at the next meeting.

Action: PH

10 Record of Decisions – Headline Reporting

2021. The Panel Secretary will circulate an outline Headline Report after the meeting and place it on the National Grid website in due course.

Action : Panel Secretary

11 Date of Next Meeting

2022. The next meeting is scheduled for Friday 26th June 2009, at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.