

## CUSC Amendments Panel

### Actions Arising from Meeting No. 116 Held on 29<sup>th</sup> October 2010

#### Present

Mark Ripley	MR	Panel Chair
Steve Lam	SLa	Panel Secretary
David Smith	DS	Panel Member (National Grid Electricity Transmission)
Bob Brown	BB	Panel Member (Users' Member)
Fiona Navesey	FN	Panel Member (Users' Member)
Garth Graham	GG	Panel Member (Users' Member)
Barbara Vest	BV	Panel Member (Users' Member) – via teleconference
Paul Mott	PM	Panel Member (Users' Member)
Jon Dixon	JD	Ofgem representative – via teleconference

#### In Attendance

Abid Sheikh (via teleconference)	AS	Ofgem observer – via teleconference
Alex Thomason	AT	National Grid
Kathryn Coffin	KC	ELEXON
Peter Bolitho	PB	E.ON

#### Apologies

Alison Kay	AK	Panel Chair
Patrick Hynes	PH	Panel Member (National Grid Electricity Transmission)
Paul Jones	PJ	Panel Member (Users' Member)
Simon Lord	SL	Panel Member (Users' Member)
Richard Hall	RH	National Consumer Council

All presentations given at this CUSC Amendments Panel meeting can be found in the CUSC Panel area on the National Grid website: <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/Panel/>

#### 1 Introductions/Apologies for Absence

2595. Apologies were received from AK, PH, PJ, SL and RH. FN confirmed that PJ had appointed her as his alternate. BV confirmed that SL had appointed her as his alternate. RH did not appoint an alternate.

#### 2 Minutes of the Panel meeting held on 24 September 2010

2596. The draft minutes of the CUSC Amendments Panel meeting held on 24 September along with comments from BB and GG were discussed. AS stated that he had included a minor addition to the minutes, namely in paragraph 2568 to which the Panel agreed.

**Action: AS to email the updated Panel meeting comments to SLa for publication**

### **3 Review of Actions**

2597. **Minute 2574: NGET to amend the CAP184 Working Group Report to reflect the unanimous vote. Complete.**
2598. **Minute 2591: NGET to provide an update on the draft CUSC legal text for the enduring offshore regime at the October Panel meeting.** DS provided an update to the Panel and stated that the final publication of the draft legal text would be published next week which would be confirmed by a press release from Ofgem. DS noted that the text had been produced without industry engagement due to the short timescales prescribed, but a workshop was being planned to encourage feedback from the industry.

### **4 New Amendment Proposals**

2599. There were no new Amendment Proposals at the October 2010 Panel.

### **5 PJ paper regarding recommendations on Amendments arising from licence obligations**

2600. PB presented a paper prepared by PJ regarding recommendations on Amendments arising from licence obligations, and stated that this paper was based on one initially presented by PB at the BSC Panel and also debated at the UNC Panel. PB also noted that since the paper had been raised at the BSC Panel, Ofgem had issued an open letter to the BSC Panel chairman responding to the issues raised. PB also circulated some additional notes to PJ's paper which provided clarification to some of the points raised in Ofgem's response. KC stated that the legal advice from ELEXON had been circulated to BSC Panel members but was not published externally. GG stated that he had circulated the BSC Panel headline report to the CUSC Panel which contained the decision by the BSC Panel with regards to the paper. This can be found on the following link, under meeting number 174:

<http://www.elexon.co.uk/bscpanelandcommittees/panelmeetings/default.aspx?year=2010>

2601. JD stated that whilst there was merit in the PJ paper, he disagreed with some of the principles. JD noted that there was a concern at the BSC Panel that the paper proposes an obligation to give a zero weighting to applicable BSC objective (a) (which is equivalent to CUSC objective (a)) for amendments that arose from licence obligations, which would be an issue. The applicable objectives could be outweighed by others for example, by not being efficient, but it would be more difficult in the CUSC as there are only two applicable objectives (compared to four in the BSC, for example). However, JD noted that if the Amendment Proposal contradicted other parts of the licence then a recommendation to give zero weighting to objective (a) could be appropriate. PB responded that the weighting issue was what was being discussed within the paper rather than objective (a) being disregarded or to give no credence to it. If the Panel believed that the proposal had no value with regards to objective (a) then they could assign a zero weight to it.

2602. MR responded that the Panel's role was to weigh up the two CUSC objectives on balance at a Panel recommendation vote and noted that PB's additional notes clarified that the intention of the PJ paper was not to disregard any of the Applicable CUSC Objectives. JD noted that this was reasonable as Ofgem did not want to fetter the rights of the Panel and would not want to prescribe how the Panel voted. PB added that it would be illogical to assign weight to an objective if it had no intrinsic benefits. PB's view was that this could happen on a regular basis if CAP183 was approved and there would be more directed Amendments from Ofgem as a result of the Significant Code Review process. GG added that the Panel has used a "neutral" weighting during voting on previous occasions where members have decided that there are no benefits or disbenefits to a particular Amendment Proposal as regards the Applicable Objective(s). PB added that the Panel should not simply paraphrase the licence condition as reasons for achieving objective (a) but decide on its merits. PM asked whether the Panel should vote against proposals that had slight disbenefits. BV responded that at the BSC Panel, a modification was raised with regard to data provision from embedded generation, which was in response to a licence modification made by Ofgem. However, the BSC Panel believed that the modification was not efficient and so recommended non implementation to the Authority.
2603. MR gave a view that if the licence placed a requirement on the licensee to raise a change which had no impact on the industry then it shouldn't be voted against. However, if the required change incurred additional costs that could be perceived as inefficient, then this could be a valid reason to vote against implementation. MR noted that the Panel's vote should not be a vehicle for objecting to the licence. GG gave the view that Amendments are generally raised on their own merits and then compared to the licence rather than originating from the licence first. GG also added that there is a legal hierarchy which governs the code which starts from the EU law, then UK law, then the Transmission Licence and end with the CUSC. However, GG noted that there is a move towards EU (network) codes which would sit below EU law but above the UK law and thus above the licence, so ultimately there will be an impact on the CUSC. KC noted GG's comments and stated that if something was in the law then it could not be disregarded. Therefore it seemed that PB and JD were agreeing over the same point but viewing the topic from slightly different angles. JD added that the Panel should judge what the intent of the licence is before voting, for example whether it is beneficial to competition.
2604. GG suggested that the Panel should maybe seek the views from DECC or the Competition Commission (CC) on the topic of voting on these types of amendments in case there are any wider implications, such as on making appeals. AT responded that the CC may not feel that they are able to provide a robust viewpoint as seen in the recent request for their guidance under CAP190/P264 in relation to two thirds majority voting. MR moved the discussions forward by stating that as PB had provided an additional guidance note which addressed some of the concerns made by Ofgem in their response to the BSC chairman, it would be better for the PB to circulate this to the Panel members via the Panel Secretary. MR and DS both noted that there may be impacts on the CUSC as a result of the EU Third Package being implemented by DECC.

2605. **CAP179 - Prevention of “Timing Out” of Authority decisions on Amendment Proposals.** KC presented the CAP179 Working Group report, with a summary that the Working Group (WG) majority recommendation was to reject the original and both the Working Group Alternative Amendment Proposals as the majority WG view was that it was not proven that a defect existed and it increased the uncertainty of Authority decision dates. KC also invited views on the lessons learnt as highlighted by BB during the previous Panel meeting. KC noted that in hindsight it would have been advantageous to record the proceedings of each of the Working Group meetings due to the length of time taken between each one. BB also queried the Working Group chairman’s ability to progress alternatives if there was no majority support for them. GG noted the example of CAP131 - User Commitment as an example of where multiple alternatives can be useful especially in the case of Amendments with large impacts to the industry, but in order to be pragmatic the numbers had to be kept down – which was aided by the chairman’s prerogative. KC added that this linked to the principle of proposer ownership (shortly to be enshrined in the Code Administrator Code of Practice), as for both CAP169, CAP179 and CAP188 the chair’s powers have been used to progress the proposer’s preferred solution. DS also gave an example of CAP169 whereby the chairman had to take forward an amendment even if they didn’t agree with the merits as the chairman had to remain impartial. GG recalled that the original intention behind giving the chair this power was to protect the minority view being ‘frustrated’ by the majority. KC queried whether it is appropriate for an impartial chair to give views on the merits of solutions against the Applicable Objectives. The Panel agreed there would be merit in this issue being considered further by the GSG.

**Action: GSG to look at right of Working Group chairman for progressing Alternative Amendments.**

2606. MR moved the discussions forward and asked whether the Panel agreed with the recommendation by the CAP179 Working Group for the proposal to progress to the Company Consultation for two weeks. BV asked whether the draft Amendment Report would be available for the next Panel meeting in November. AT replied that the Company Consultation would last for two weeks which the Panel agreed with, however it may miss the November Panel.
2607. **CAP181 – Consequential changes related to Grid Code Amendment A/10 (Compliance).** DS notified the Panel that CAP181 was still awaiting the further development of the Grid Code Amendment which would be progressed at the Grid Code Review Panel in November.
2608. **CAP182 - Provision of Frequency Response from DC converters.** AT stated that at the August Panel meeting, it was agreed that the Working Group would be put on hold for two months due to the related BSC modification P259. At the October 2010 BSSG meeting, there was an update that P259 had been sent to the Authority with a decision expected in the next two weeks. JD confirmed that this was the case and that they were minded to reject the modification. This is due to the further clarity being provided by the European Third Package that interconnectors should not be treated the same as generators (or demand). AT added that National Grid would await the

formal decision from Ofgem and then withdraw CAP182 as the intent of this proposal was to treat interconnectors in a similar manner to generators.

2609. **CAP189 - Standard Gas Insulated Switchgear Ownership Boundaries.** AT explained that the first CAP189 Working Group meeting reviewed the discussions from the GIS Working Group and the next steps would be for National Grid to produce the draft legal text and present this at the next CAP189 Working Group meeting. AS asked when the CAP189 Working Group report would be presented to the Panel. AT stated that as the current work on the offshore legal text had taken precedence, a date had not been set for the CAP189 legal text. However, AT took an action to respond back to the Panel on the indicative timetable.

**Action: AT to provide an update for the CAP189 timetable.**

2610. **CAP190 - Two-Thirds Majority Voting requirement for CUSC Panel recommendations on Amendments arising from Licence obligations, Authority requests or obligations.** AT provided an update that there was a joint group meeting held in October with the similar BSC Modification, P264, modification group and the CAP190 Working Group (as their membership was the same) which concluded that advice from a QC would be beneficial. ELEXON and National Grid have drafted a brief for the QC which was circulated to the Working Groups for comments. AT added that ELEXON and National Grid would incorporate the comments received and would be sending out the brief to the QC in the next week. GG added that a small group would meet with the QC, which would probably include both of the CAP190 and P264 proposers, a representative from National Grid and ELEXON. GG suggested that it could also include a non interested party such as a member from the GSG.
2611. **Governance Standing Group (GSG).** An update was given by GG who stated that the Terms of Reference for the GSG had been amended to remove items that had been completed as the list had been steadily increasing and it was becoming difficult to note which items required addressing. The GSG also concluded that confidential responses would not be shared, with a working practice for the Code Administrator (CA) to contact the respondent to see what detail they would be happy to share. BV added that the CA could make the name anonymous but keep the detail in. GG agreed but stated that each case would be different which is why the CA would contact the respondent in the first instance.
2612. GG moved onto the topic of the appointment of an independent Panel Chairman and stated that the GSG briefly discussed the costs, type of character required for the chairman and timescales etc.. GG also noted that the process for appointment could take up to 4-5 months and would ultimately be approved by the Authority. GG advised the Panel that the GSG was minded to seek industry views on the Panel Chairman appointment process in due course.
2613. **Frequency Response Working Group (FRWG).** DS gave an update that the FRWG were looking at the future generation mix and the development of markets around frequency response. The group have also been analysing the 1,800MW largest loss figure and how it will be fulfilled. There would be three meetings as a subgroup of the FRWG to develop the technical

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requirements for the largest loss. PM added that there was a presentation from REpower at the last meeting which went over the impacts of synthetic inertia.

2614. **Balancing Services Standing Group (BSSG)/ Commercial Balancing Standing Group (CBSG).** DS gave an overview of the topics which were discussed at the September BSSG/CBSG meetings. For the BSSG these included operational Intertrips and their associated payments, the unintended consequences from CAP169 (Provision of Reactive Power from Power Park Modules, Large Power Stations and Embedded Power Stations) and offshore reactive issues regarding the payments for operating costs. For the CBSG, DS stated that the group was looking at the information provision for constraints and that a consultation would be sent out to the industry shortly. BB asked whether there was a timetable for the deliverables for the BSSG. DS responded that he would update the Panel at the next meeting for the indicative timescales.

**Action: DS to provide an update on the timetable for deliverables for the BSSG.**

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2615. MR introduced the Amendment Proposals which would be voted on. AT reminded the Panel that as RH had not appointed an alternate, there would be a maximum of eight votes for the Panel recommendation. SLa presented the summary for CAPs 183, 184, 185 and 188 which contained the Working Group and National Grid's recommendations.
2616. **CAP183: Significant Code Review.** The Amendments Panel voted on whether they believed CAP183 better facilitated the Applicable CUSC Objectives than the current baseline. The result was a 5-3 majority recommendation for CAP183 to be implemented, primarily under the facilitation of Applicable CUSC Objective (a). The majority response under Applicable CUSC Objective (b) was a neutral decision. The details of the vote can be found in the table below:

Panel Member	Better facilitates Applicable Objective (a)	Better facilitates Applicable Objective (b)
Paul Mott	Yes. In the absence of CAP183, the potential SCR topic could still have been discussed e.g. cashout, in a less constrained manner than under SCRs, so potentially the baseline could be better but overall the proposal does better facilitate applicable CUSC Objective (a)	Neutral.
Bob Brown	Yes, for two reasons: It delivers the licence changes required and there is also a potential for a more efficient process of progressing large changes. This second point	Yes. SCR delivers benefit of holistic view.

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Panel Member	Better facilitates Applicable Objective (a)	Better facilitates Applicable Objective (b)
	could be related to Applicable CUSC Objective (b) of facilitating effective competition.	
Fiona Navesey	Yes. On balance it does facilitate Applicable CUSC Objective (a) but only on the basis that it carries out the mechanistic process of the obligation imposed. There is also the potential for SCRs to lend to a more efficient approach to market issues and accelerating some of the big decisions in next few years.	Neutral
Fiona Navesey alternated for Paul Jones	Neutral (zero weight).	Neutral
Garth Graham	Yes, being mindful of the consultation responses in Volume 2 and also paragraphs 6.3 and 14.1 of the Amendment Report.	Neutral
David Smith	Yes, it discharges National Grid's licence obligations and also allows for a more efficient process by avoiding the duplication of Amendment Proposals.	Neutral
Barbara Vest	No. The Electricity Act did not envisage the shift in balance to allow the regulator to be "judge, jury and executioner", therefore this is not the most efficient Amendment Proposal NGET could have brought forward to fulfil its licence obligation. It also doesn't give timely resolution to issues; checks and balances not appropriate.	No, imposes restrictions on industry that BV does not believe the Act envisaged. It also limits the ability of the industry to influence the codes that the industry has to adhere to.
Barbara Vest alternated for Simon Lord	No. The Electricity Act did not envisage the shift in balance to allow the regulator to be "judge, jury and executioner", therefore this is not the most efficient Amendment Proposal NGET could have brought forward to	No, imposes restrictions on industry that BV does not believe the Act envisaged. It also limits the ability of the industry to influence the codes that the industry has to adhere to.

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Panel Member	Better facilitates Applicable Objective (a)	Better facilitates Applicable Objective (b)
	fulfil its licence obligation. It also doesn't give timely resolution to issues; checks and balances not appropriate.	

2617. **CAP184: Self-governance.** The Amendments Panel voted on whether they believed CAP184 better facilitated the Applicable CUSC Objectives than the current baseline. The result was a unanimous recommendation for CAP184 to be implemented, under the facilitation of Applicable CUSC Objective (a). There was a unanimous response of “neutral” under Applicable CUSC Objective (b). BV also raised the issue of the “consent to modify” process and whether Ofgem could provide guidance as to which Amendments should follow Self-governance or consent to modify as some changes would be self evident which may not warrant a Self-governance Amendment. GG suggested that to address the potential issue of Amendment Proposals switching between Self-governance and standard process, a log could be kept by National Grid of how many amendments started off in each path and then changed.

**Action: Ofgem to provide examples or guidance as to which Amendments should follow the consent to modify process**

2618. The details of the vote can be found in the table below:

Panel Member	Better facilitates Applicable CUSC Objective (a)	Better facilitates Applicable CUSC Objective (b)
Paul Mott	Limited benefit in its own right, mindful that Self-governance can be appealed and "snatched back". However, on balance it does better facilitate Applicable CUSC Objective (a)	Neutral.
Bob Brown	Yes, against licence requirement. Marginal improvement in process and efficiency.	Neutral.
Fiona Navesey	Yes, potential for more efficient process, but wait and see whether it delivers. Yes, against licence requirement.	Neutral.
Fiona Navesey alternated for Paul Jones	Yes, potential for more efficient process, but wait and see whether it delivers. Yes, against licence requirement.	Neutral
Garth Graham	Yes, being mindful of consultation responses in Volume 2 and paragraphs 6.3, 14.1 of the Amendment Report, it does better facilitate Applicable CUSC	Neutral.



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	Objective (a). If a proposal was Self-governance and reverted back into the standard amendments process, it would not be detrimental, therefore it would be more efficient to allow a choice for either route.	
David Smith	Yes, it is more efficient for less material amendments and it reduces the time for the process compared to the standard CUSC Amendments process. Additionally there it reduces the burden on the Authority.	Neutral.
Barbara Vest	Yes, but it only has a marginal improvement under (a). There is a "Consent to Modify" process which should be used for trivial matters therefore the Self-governance process may be a duplication of this. There is also the concern that there may be disputes between the Panel, National Grid and Ofgem as to whether an Amendment Proposal should be treated under Self-governance or not. There is also scepticism about the number of amendments going through this route in the future.	Neutral
Barbara Vest alternated for Simon Lord	Yes, but it only has a marginal improvement under (a). There is a "Consent to Modify" process which should be used for trivial matters therefore the Self-governance process may be a duplication of this. There is also the concern that there may be disputes between the Panel, National Grid and Ofgem as to whether an Amendment Proposal should be treated under Self-governance or not. There is also scepticism about the number of amendments going through this route in the future.	Neutral

2619. **CAP185: Role of Code Administrator and Code Administration Code of Practice.** The Panel members voted by a majority of 6 to 2 that CAP185 original Amendment Proposal better facilitates achievement of Applicable CUSC Objective (a). For Applicable CUSC Objective (b) the Panel members

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all voted that they were Neutral. The results of the voting can be found in the table below:

### 2620. Panel recommendation vote for CAP185 original

<b>Panel Member (Representation in brackets)</b>	<b>Better facilitates Applicable CUSC Objective (a)</b>	<b>Better facilitates Applicable Objective (b)</b>
Paul Mott (User)	Yes. The Code of Practice is a good development. However, find the idea of an 'independent' Chairman being forced to vote for status quo difficult – the Chairman should be able to exercise own independent judgement.	Neutral
Bob Brown (User)	Yes. The original would place the Chairman in a more comfortable position when voting.	Neutral
Fiona Navesey (User)	Yes. Code of Practice provides a better definition of the Code Administrator role and provides consistency across the codes. Voting for status quo in a split vote is already standard practice for the industry.	Neutral
Fiona Navesey alternated for Paul Jones (User)	Yes. Code of Practice provides a better definition of the Code Administrator role and provides consistency across the codes. Voting for status quo in a split vote is already standard practice for the industry.	Neutral
Garth Graham (User)	Yes. Taking into account section 6 and paragraphs 4.5, 14.1 and 14.2 of the Amendment Report, plus the comments in Volume 2 the original is better than the CUSC baseline.	Neutral
David Smith (National Grid)	Yes. It provides consistency across the codes for Code Administrators, understanding the process for smaller parties. Having an independent chair increases the perception of impartiality and makes the withdrawal process clearer and therefore more efficient.	Neutral
Barbara Vest alternated for Simon Lord (User)	Yes. As a general comment, it is unnecessary to have mandated the Code of Practice as the industry would have developed it regardless. The Code of Practice is beneficial to the industry, Panels, the Chairman and the Code Administrators. The Chairman's role is to be impartial and to ensure that all views are heard. Therefore there is not a requirement for them to be an industry expert and they should not have to be in a	Neutral

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<b>Panel Member (Representation in brackets)</b>	<b>Better facilitates Applicable CUSC Objective (a)</b>	<b>Better facilitates Applicable Objective (b)</b>
	position to vote, except for the status quo.	
Barbara Vest (User)	Yes. As a general comment, it is unnecessary to have mandated the Code of Practice as the industry would have developed it regardless. The Code of Practice is beneficial to the industry, Panels, the Chairman and the Code Administrators. The Chairman's role is to be impartial and to ensure that all views are heard. Therefore there is not a requirement for them to be an industry expert and they should not have to be in a position to vote, except for the status quo.	Neutral

2621. **Panel recommendation vote for CAP185 Working Group Alternative Amendment (WGAA).** The Panel members voted by a majority of 5 to 3 that CAP185 Working Group Alternative Amendment better facilitates achievement of Applicable CUSC Objective (a). For Applicable CUSC Objective (b) the Panel members all voted that they were Neutral. The results of the voting can be found in the table below:

<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)</b>	<b>Better facilitates Applicable Objective (b)</b>
Paul Mott	Yes	Neutral.
Bob Brown	Yes. The Code of Practice provides a better definition of the Code Administrator role and gives consistency across the codes.	Neutral.
Fiona Navesey	Yes. The Code of Practice provides a better definition of the Code Administrator role and gives consistency across the codes.	Neutral.
Fiona Navesey alternated for Paul Jones	Yes. The Code of Practice provides a better definition of the Code Administrator role and gives consistency across the codes.	Neutral.
Garth Graham	No. The Panel Chairman would be placed in a difficult position, as demonstrated with the CAP179 Working Group chairman. The Panel Chairman should be bound by their role and not have a vote on decisions. CAP185 will be beneficial in that the CUSC will be clear what the default position will be.	Neutral.

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<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)</b>	<b>Better facilitates Applicable Objective (b)</b>
David Smith	Yes. It provides consistency across the codes for Code Administrators, understanding the process for smaller parties. Having an independent chair increases the perception of impartiality and makes the withdrawal process clearer and therefore more efficient. The WGAA is better as it is about self-governance and therefore more trivial matters.	Neutral.
Barbara Vest	No. There is a concern that the Panel Chairman could vote, which should not be in their powers as they should not have expert knowledge on the subject matter.	Neutral.
Barbara Vest alternated for Simon Lord	No. There is a concern that the Panel Chairman could vote, which should not be in their powers as they should not have expert knowledge on the subject matter.	Neutral.

2622. The majority Panel preference was that the CAP185 original Amendment Proposal best facilitated the Applicable CUSC Objectives, as shown in the table below:

<b>Panel Member</b>	<b>BEST</b>
Paul Mott	WGAA
Bob Brown	Original
Fiona Navesey	Original
Fiona Navesey (alternated for Paul Jones)	Original
Garth Graham	Original
David Smith	WGAA
Barbara Vest	Original
Barbara Vest (alternated for Simon Lord)	Original

**CAP188: Governance of Charging Methodologies.** The Panel voted by a majority of 7 votes to 1 that the original Amendment Proposal best facilitates the Applicable CUSC Objectives overall. The results can be found in the tables below:

2623. **Panel Recommendation Vote for CAP188 original**

<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)?</b>	<b>Better facilitates Applicable Objective (b)?</b>
Paul Mott	Yes. The fixed cut-off date is not perfect as not all Amendment Proposals are as complex as each other, however, it is	Yes, the original represents a minor improvement under (b).

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Panel Member	Better facilitates Applicable Objective (a)?	Better facilitates Applicable Objective (b)?
	<p>preferable to no cut-off date as it manages expectations and provides good discipline to the Panel.</p> <p>CAP188 represents a more efficient process than currently exists as it allows other parties to raise charging methodology changes.</p>	
Bob Brown	<p>Yes, CAP188 delivers National Grid's licence obligation. It also provides a more efficient process for charging methodology changes.</p> <p>The original proposal provides certainty to the market on the charge setting process. However, you should not restrict options too far; particularly with smaller parties in mind.</p>	<p>Yes, a more efficient process is better for competition.</p>
Fiona Navesey	<p>Yes, CAP188 original is more transparent and improves accessibility against the CUSC baseline and should make TOs more accountable. There is also the potential for introducing more innovative charging methodology changes from third parties. CAP188 would also allow charging impacts to be considered alongside associated CUSC Amendment Proposals.</p> <p>Preference for the original as it provides certainty, noting that the recent mid-year tariff change was extremely difficult for the industry.</p>	<p>Yes, CAP188 will improve transparency and accessibility and therefore could potentially improve competition.</p>
Fiona Navesey (alternated for Paul Jones)	<p>Yes, CAP188 original is more transparent and improves accessibility against the CUSC baseline and should make TOs more accountable. There is also the potential for introducing more innovative charging methodology changes from third parties. CAP188 would also allow charging impacts to be considered alongside associated CUSC Amendment Proposals.</p> <p>Preference for the original as it provides certainty, noting that the recent mid-year tariff change was extremely difficult for the industry.</p>	<p>Yes, CAP188 will improve transparency and accessibility and therefore could potentially improve competition.</p>
Garth Graham	<p>Yes. Mindful of paragraphs 4.25 and 4.26 and the Company Consultation respondents in Volume 2 which were</p>	<p>Yes, CAP188 will improve transparency and accessibility and therefore</p>

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<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)?</b>	<b>Better facilitates Applicable Objective (b)?</b>
	<p>unanimous in supporting the fixed cut-off date. Noted a concern in the EDF response which opined that the Panel could be pressurised by Proposers to shorten timescales if there was no fixed cut off date. Noted that there is no "opening" of the window and that a party could raise a charging modification proposal at any time; there is just a "guillotine" at the end of the modification process.</p>	<p>could potentially improve competition.</p>
David Smith	<p>Yes, CAP188 provides clarity to the industry on the process for raising changes to the charging methodologies. It also facilitates non-discrimination by allowing materially affected parties to raise changes to the charging methodologies.</p> <p>Raised a concern over fixed cut-off date – it may mislead the industry into thinking that meeting that date could guarantee implementation for the following 1<sup>st</sup> April. Noted that the Panel can still push back on third parties trying to pressurise it for shorter lead times.</p>	<p>Yes. CAP188 offers transparency and accessibility to the industry, particularly to smaller parties, to bring forward their change proposals.</p>
Barbara Vest	<p>Yes, as it is a good idea for third parties to be able to raise change. CAP188 original is preferable as there is a need to manage uncertainty, for example to the industry in contracting rounds.</p>	<p>Yes, CAP188 will improve transparency and accessibility and therefore could potentially improve competition.</p>
Barbara Vest (alternated for Simon Lord)	<p>Yes, as it is a good idea for third parties to be able to raise change. CAP188 original is preferable as there is a need to manage uncertainty, for example to the industry in contracting rounds.</p>	<p>Yes, CAP188 will improve transparency and accessibility and therefore could potentially improve competition.</p>

2624. **Panel Recommendation Vote for CAP188 WGAA.** The Panel members voted unanimously that CAP188 Working Group Alternative Amendment better facilitates achievement of Applicable CUSC Objective (a) and by majority that it better facilitates Applicable CUSC Objective (b). The results of the voting can be found in the table below:

<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)</b>	<b>Better facilitates Applicable Objective (b)</b>
Paul Mott	<p>Yes. The fixed cut-off date is not perfect as not all Amendment Proposals are as complex as each</p>	<p>Yes, the original represents a minor improvement under (b).</p>

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Panel Member	Better facilitates Applicable Objective (a)	Better facilitates Applicable Objective (b)
	<p>other, however, it is preferable to no cut-off date as it manages expectations and provides good discipline to the Panel.</p> <p>CAP188 represents a more efficient process than currently exists as it allows other parties to raise charging methodology changes.</p>	
Bob Brown	<p>Yes, CAP188 delivers National Grid's licence obligation. It also provides a more efficient process for charging methodology changes. To avoid avoidable last minute change there should be a need for parties to demonstrate to the Panel why they could not have raised their change proposal earlier in the process.</p>	<p>Yes, a more efficient process is better for competition.</p>
Fiona Navesey	<p>Yes, CAP188 is more transparent and improves accessibility against the CUSC baseline and should make TOs more accountable. There is also the potential for introducing more innovative charging methodology changes from third parties. CAP188 would also allow charging impacts to be considered alongside associated CUSC Amendment Proposals. Preference for the original over the WGAA as it provides greater certainty, noting that the recent mid-year tariff change was extremely difficult for the industry.</p>	<p>Yes, CAP188 will improve transparency and accessibility and therefore could potentially improve competition.</p>
Fiona Navesey (alternated for Paul Jones)	<p>Yes, CAP188 is more transparent and improves accessibility against the CUSC baseline and should make TOs more accountable. There is also the potential for introducing more innovative charging methodology changes from third parties. CAP188 would also allow charging impacts to be considered alongside associated CUSC Amendment Proposals. Preference for the original over the WGAA as it provides greater certainty, noting that the recent mid-year tariff change was extremely</p>	<p>Yes, CAP188 will improve transparency and accessibility and therefore could potentially improve competition.</p>

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<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)</b>	<b>Better facilitates Applicable Objective (b)</b>
	difficult for the industry.	
Garth Graham	Yes, the WGAA better facilitates objective (a), but is not better overall. If the WGAA were implemented charges to customers would go up as generators and suppliers would have to factor in a risk premium against the risk of varying transmission charges.	Neutral.
David Smith	Yes, CAP188 provides clarity to the industry on the process for raising changes to the charging methodologies. It also facilitates non-discrimination by allowing materially affected parties to raise changes to the charging methodologies. Preference for the WGAA due to concerns over a fixed cut-off date and potential to mislead the industry into thinking that meeting that date could guarantee implementation for the following 1 <sup>st</sup> April. Noted that the Panel can still push back on third parties trying to pressurise it for shorter lead times.	Yes. CAP188 offers transparency and accessibility to the industry, particularly to smaller parties, to bring forward their change proposals.
Barbara Vest	Yes as it is a good idea for third parties to be able to raise change. Preference for original as set out above.	Yes, CAP188 will improve transparency and accessibility and therefore could potentially improve competition.
Barbara Vest (alternated for Simon Lord)	Yes as it is a good idea for third parties to be able to raise change. Preference for original as set out above.	Yes, CAP188 will improve transparency and accessibility and therefore could potentially improve competition.

2625. The majority Panel preference was that the CAP188 original proposal best facilitated the Applicable CUSC Objectives, as shown in the table below. BB changed his overall preference from the WGAA to the original after listening to the rationale from the other Panel members.

<b>Panel Member</b>	<b>BEST</b>
Paul Mott	Original
Bob Brown	Original



## CUSC Amendments Panel

Fiona Navesey	Original
Fiona Navesey (alternated for Paul Jones)	Original
Garth Graham	Original
David Smith	WGAA
Barbara Vest	Original
Barbara Vest (alternated for Simon Lord)	Original

2626. Once the voting had concluded, GG noted that the legal text comments from the Authority in relation to the Code Governance Review Amendments still required addressing. DS responded that a letter of comfort had been drafted by National Grid to the Authority and would be sent shortly. GG noted that GSG has also volunteered to undertake a review of Sections 8 and 11 of the CUSC if the Code Governance Review Amendments were approved. Assuming a December implementation date, GG advised the Panel that the GSG was looking to undertake this review early in the New Year.

2627. BV asked if CAP188 were approved whether there would be a moratorium on charging Amendments due to Project TransmiT. JD replied that this would be covered within the decision letter for CAP188. GG added that Project TransmiT could potentially become an SCR which could have the effect of subsuming charging related Amendments. JD stated that the industry should expect to see Authority decisions to be provided far quicker than we have seen recently with decisions taking a number of years and hopefully quicker than the KPI of 25 working days.

### 8 Authority Decisions as at 21 October 2010

2628. **CAP186 – Send Back Process.** This was approved by the Authority on 19<sup>th</sup> October 2010 with an implementation date of 02<sup>nd</sup> November 2010.

2629. **CAP187 – Environmental Assessment and the relevant objectives.** This was approved by the Authority on 19<sup>th</sup> October 2010 with an implementation date of 02<sup>nd</sup> November 2010.

2630. The following Amendment Proposals were rejected by the Authority for the main reason that the implementation of Connect and Manage by the Secretary of State in August 2010 has significantly changed the baseline from which the Amendments below were compared against within the CUSC and therefore it is difficult to assess whether the Panel and industry respondents would have made the same recommendations under the new baseline:

2631. **CAP148: Deemed Access Rights to the GB Transmission System for Renewable Generation**  
**CAP161: Transmission Access - System operator Release of Short-term Entry Rights**  
**CAP162: Transmission Access - Entry Overrun**  
**CAP163: Transmission Access - Entry Capacity Sharing**  
**CAP164: Transmission Access - Connect and Manage**  
**CAP165: Transmission Access - Finite Long Term Entry Rights**  
**CAP166: Transmission Access - Long term Entry Capacity Auctions**  
**CAP167: Definition of a threshold(s) associated with the request for a Statement of Works**

### **CAP168: Under-use and reallocation of TEC**

#### **9 CUSC Key Performance Indicators – September 2010**

2632. AT gave an overview of the KPIs for September to which there were no comments.

#### **10 Industry Updates**

2633. DS stated that there would be an EU (network) codes workshop in Brussels on the 5<sup>th</sup> November 2010 to which National Grid would be sending a codes representative.

#### **11 AOB**

2634. GG commented on the lack of a manual workaround solution for Short Term Operating Reserve (STOR) highlighted by the recent STOR consultation and contrasted that with the manual workaround proposed by National Grid for CAP182. DS responded that this would be taken to the CBSG for discussion.

**Action: DS to discuss at the CBSG and provide an update at the Panel.**

2635. PM notified the Panel that he would be on a secondment at DECC from the 8<sup>th</sup> November for 6 months and therefore wouldn't be available to participate in any Working Group. However, PM noted that he could still continue as a Panel member during his secondment.

#### **12 Date of next meeting**

2636. The next meeting is scheduled for 26 November 2010 at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.