

CUSC Modifications Panel

Actions Arising from Meeting No. 125 Held on 29 July 2011

Present

Alison Kay	AK	Panel Chair
Steve Lam	SLa	Panel Secretary
David Smith	DS	Panel Member (National Grid Electricity Transmission)
Patrick Hynes	PH	Panel Member (National Grid Electricity Transmission)
Simon Lord	SL	Panel Member (Users' Member) – via teleconference
Bob Brown	BB	Panel Member (Users' Member)
Fiona Navesey	FN	Panel Member (Users' Member) – via teleconference
Garth Graham	GG	Panel Member (Users' Member)
Barbara Vest	BV	Panel Member (Users' Member)
Paul Mott	PM	Panel Member (Users' Member)

In Attendance

Abid Sheikh	AS	Ofgem representative – via teleconference
Alex Thomason	AT	National Grid

Apologies

Richard Hall	RH	National Consumer Council
Kathryn Coffin	KC	Elexon
Paul Jones	PJ	Panel Member (Users' Member)

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

2830. Apologies were received from RH, KC and PJ. BV stated that she would be acting on behalf of PJ.

2 Minutes of the meeting held on 24 June 2011

2831. The draft Panel minutes were approved by the Panel subject to minor changes.

3 Review of Actions

2832. **Minute 2804: PH to check with legal whether they will be available for the two day Workgroup meeting.** Complete – PH stated that legal would be available for the two day CMP192 Workgroup meeting.

2833. **Minute 2814: AT to add National Grid feedback loop to JESG Terms of Reference on recommendations.** Complete.

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2834. **Minute 2815: AT to amend paragraph 2(a) of JESG Terms of Reference.** Complete.
2835. **Minute 2820: Panel to officially approve BV as chairman of JESG after BSC Panel and GCRP.** The Panel agreed that BV would be Chairman of the JESG which accorded with the decisions by the BSC Panel and GCRP.
2836. **Minute 2821: AS to circulate to the Panel the new appointments at ACER.** Complete.
2837. **Minute 2822: DS to enquire about escalation routes relating to EU Network Code issues.** DS provided a presentation on the EU Network Code development process. BV asked what the impact would be on the existing codes if the Network Codes came into force. AK stated that the current GB code, such as the CUSC, would have to be amended to ensure that they were aligned. DS added that Ofgem could raise the modifications if necessary. AS stated that DECC had not decided how the Network Codes would be translated into the GB codes. GG added that there was a government obligation to ensure that they would be in place and the Secretary of State could designate a change to the CUSC, as happened at NETA and BETTA. DS noted that National Grid would be charged with the implementation of the GB Codes.

4 New CUSC Modification Proposals

2838. None.

5 Workgroup/Standing Groups

2839. **CAP189 - Standard Gas Insulated Switchgear Ownership Boundaries.** AT provided an update to the Panel that CAP189 was due to be voted on by the Panel this month, however some last minute changes to the legal text had been suggested by a respondent after the Code Administrator Consultation had closed. AT stated that the Code Administrator had contacted the CAP189 Workgroup Members who agreed with the revised changes, deferring to the Workgroup's DNO representative, as the issue had been raised by another DNO not involved in the process. However, changing the legal text at this stage would require a second consultation in order to include it within the modification. GG stated that he did not believe the CUSC allowed for changes to be made to the legal text after the Code Administrator Consultation as highlighted by the Code Governance Review modifications whereby Ofgem's comments could not be included. GG noted that CMP198 aimed to deal with this issue by allowing, for example, the Panel to direct minor changes back to the Workgroup to consider, however this had not yet been implemented.
2840. PH asked whether CAP189 could be delayed until a decision had been made on CMP198. AS stated that a Self-governance modification or using the send back provisions could possibly rectify this issue with CAP189 if the Panel voted on the modification rather than delay it. GG stated that send back would be faster than Self-governance and there would be no guarantee that the defect could be classed as Self-governance due to the respondent stating that it was "significant". BV agreed that send back would be the most appropriate.

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2841. In light of the discussions, the Panel decided to undertake the vote for CAP189. The results can be found under section 7 of these minutes.
2842. **CAP190 - Two-Thirds Majority Voting requirement for CUSC Panel recommendations on Amendments arising from Licence obligations, Authority requests or obligations.** AT informed the Panel that CAP190 was scheduled to be reviewed by the Panel in July 2011, but that since the last time it had been discussed, the Authority had published its decisions on the BSC Modification P264 and the UNC Modification 0312 and had rejected both. AT stated that as CAP190 was similar to the rejected modifications, these decisions should be taken into account when deciding on the progression of CAP190 as the Workgroup timetable had already been extended for 4 months.
2843. AT noted that the Code Administrator had contacted the CAP190 Proposer to ask how she wished to progress in light of the Authority decisions. The Proposer acknowledged that the Proposal may need to be withdrawn but asked for the Panel's views on the matter. BB asked whether CAP190 had any unique elements which made it different to the related BSC and UNC modifications. AT responded that there was a slight variation in CAP190 where a two thirds majority vote would be required for both SCR directed modifications and also any requirements from Ofgem which were not set out in the licence.
2844. GG's view was that the CAP190 Workgroup should be allowed to convene and complete its Terms of Reference. AS asked where CAP190 had progressed in the CUSC process. AT replied that advice had been sought from the QC and the Workgroup consultation had not been published. SL's view was that an extension should not be given to CAP190 and it would be up to the proposer to see if they wished to withdraw the modification. BV asked whether Ofgem could give a minded to statement as the BSC process allowed for this where the Panel required guidance. AT replied that the CUSC only allowed for this after the Modification Report had been sent to the Authority and the question would be in relation to when a likely decision would be made, not what the decision would be.
2845. FN stated that she sympathised with GG's view but believed that an extension should be rejected and then it would be up to the proposer to decide. AK stated that it would not be appropriate for the Panel to decide on whether the proposer should withdraw CAP190. GG agreed and added that if an extension was not granted then the Panel would effectively be saying that the CAP190 Workgroup had completed their terms of reference. SL asked whether the proposer had given a minded to statement that they would withdraw. AT replied that they had not stated this so it could not be assumed that they wished to withdraw. BB's view was that there was not a sufficient difference between the proposals from the BSC UNC and CUSC and therefore did not believe an extension should be given. PM agreed.
2846. BV stated that the industry was supportive of the BSC proposal and a lot of money was spent on the QC advice therefore it seemed to be a shame to not continue. AK asked the Panel for their views on an extension and added that the Panel would not be giving a steer to the proposer whether to withdraw or continue CAP190. SL, FN, BB, DS and PM all believed that an extension

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should not be given. GG and BV believed that an extension should be given; however, the majority of the Panel agreed that there would not be a further extension to CAP190. GG stated that it would be useful to plan out the timescales for the outcome of a withdrawal or non withdrawal by the proposer.

Action: NGET to plan out CAP190 timescales for withdrawal/non withdrawal

2847. **CMP191 - NETSO Consultation in relation to any potential changes to the CUSC which takes place in forums other than the CUSC.** BV presented the CMP191 Workgroup Report and stated that the Workgroup had voted with a majority of 4 to 2 to implement CMP191 Workgroup Alternative CUSC Modification 1. BV asked the Panel to agree that the Workgroup had completed its Terms of Reference and recommended that CMP191 should proceed to the Code Administrator Consultation. GG added that he had some minor comments on the report which he had emailed to the Code Administrator. AT stated that the voting for CMP191 would take place at the September Panel. BV added that it would be appreciated if a quick turnaround was given by the Authority as European developments were moving at a quick pace. The Panel agreed that CMP191 should progress to the Code Administrator Consultation.
2848. **Joint European Letter.** AT stated that a letter had been drafted by GG and BV, on behalf of the Workgroup, and agreed by the CMP191 Workgroup. The intention of the letter was to be sent to ENTSO-E as a joint letter from the CUSC Panel, BSC Panel and GCRP. GG added that it would be useful to set out the process that would be followed with respect to the European Network Codes from a GB perspective to enable ENTSO-E to communicate any concerns that they may have with the GB change process. AK stated that she was happy for the letter to be sent jointly by the three GB electricity industry code Panels.
2849. PM stated that the appendix in the letter contained references to the “number of customers” by supplier sector which may not be public information. BB agreed that it should be removed. GG replied that it was up to the respondent to choose whether to include that information. AT added that a disclaimer could be included. PH asked what the view from DECC and Ofgem was as it would give the letter more weight if they supported it. GG replied that they could be consulted but it may take time for them to provide a covering letter. AK stated that the letter could be copied to DECC and Ofgem when it was sent.
2850. **CMP192 - Enduring User Commitment.** PH provided an update that the Seminar was well received by the industry as highlighted by the industry feedback. PH added that the Workgroup Report would be presented at the special Panel meeting in mid September. However PH warned that if significant issues were raised in the consultation responses then the timescales may need to be revised.
2851. **CMP195 - Code Governance Review Post Implementation Clarifications.** AT presented the CMP195 Workgroup Report to the Panel that the Workgroup had voted with a 4-1 majority that CMP195 Workgroup Alternative CUSC Modification 1 should be implemented. AT stated that this alternative

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contained all of the changes in the original but it allowed the Authority to change the implementation date for charging methodology proposals after following a standard consultation process with the industry. The Panel agreed that CMP195 should be progressed to the Code Administrator Consultation.

2852. **CMP197 - Amendment to Qualifying Guarantor.** SLA gave an update to the Panel that the Workgroup had voted with a 4-1 majority that CMP197 should be implemented, however, the Workgroup were still reviewing the draft Workgroup Report which would be presented at the August Panel meeting.
2853. **CMP198 - Proposer Ownership of CUSC Modification Proposals.** AT provided an update that the Workgroup Consultation was in process and would close on 5 August 2011 and a post Workgroup consultation meeting would be held on 12 August. Therefore the Workgroup Report would miss the August Panel and be presented to the 30 September Panel meeting.
2854. **Frequency Response Working Group.** DS provided an update that the technical sub group would be meeting on 02 August to discuss the best way to meet the requirements for Frequency Response.
2855. **Governance Standing Group.** GG provided an update that the GSG had not convened as it was used to host CMP195 and CMP198, therefore the next scheduled meeting would take place in September. GG added that the GSG would be considering principles for paying expenses for participation in the CUSC modification process, specifically for Workgroup chairmen, where not employed by National Grid, and Workgroup Members. BB asked who had asked for the issue to be raised, AT confirmed she had raised it, due to the increase in non-National Grid Workgroup chairs and the lack of guidance in the area of CUSC expenses.
2856. **Joint European Standing Group.** AT provided an update that the Terms of Reference for the JESG had been circulated and were approved by the BSC Panel and the GCRP. AT noted that so far only 6 members had signed up. AS stated that he would attend and also a further member from Ofgem was planning to attend. FN stated that she was surprised at the lack of members. AT replied that the invitation to the JESG was sent to all CUSC Parties and all BSC Parties, via ELEXON. BV asked whether the Grid Code parties had been contacted. AT replied that she would check and would also try to contact the trade associations.

Action: AT to check whether the JESG invitation had been sent to the Grid Code distribution list

6 European Code Development

2857. AS provided an update that an email had been circulated from National Grid about the draft Framework Guidelines for System Operation and also the final Framework Guideline on Electricity Grid Connections had been adopted by ACER.

7 CUSC Modifications Panel Vote

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2858. **CAP189 - Standard Gas Insulated Switchgear Ownership Boundaries.** The Panel voted unanimously that CAP189 should not be implemented but recommended that Ofgem should use the Send back process to enable the Workgroup to rectify the legal text issue. The table below contains the details for each vote:

Panel Member	Better facilitates Applicable Objective (a) and (b)?
Garth Graham	No. There is a defect in the legal text and therefore it doesn't better facilitate the Applicable CUSC Objectives.
Bob Brown	No. It is not immediately clear whether the original legal text properly addresses the defect as identified by the respondent to the report.
Paul Mott	No. Agree with UK Power Networks that there is a defect in the legal text, therefore in its current form, it does not better facilitate the Applicable CUSC Objectives.
Barbara Vest	No. Agree with the rest of the Panel members. However, recommend that the Authority should use their send back powers to allow the Workgroup to rectify the defect in the legal text.
Barbara Vest (on behalf of Paul Jones)	No. Agree with the rest of the Panel members. However, recommend that the Authority should use their send back powers to allow the Workgroup to rectify the defect in the legal text.
David Smith	No. The intent of CAP189 would have better met the Applicable CUSC Objectives, however, the defect in the legal text means that it no longer meets the Applicable CUSC Objectives.
Simon Lord	No. Same reasons as set out by Barbara Vest. Recommend that the Authority uses the send back provisions for efficiency.
Fiona Navesey	No. Same reasons as set out by Barbara Vest and Simon Lord.

2859. **CMP196 - Revisions to "recommendations" in the final CUSC Modification Report.** The Panel voted unanimously that CMP196 should be implemented. The table below shows the details for each vote:

Panel Member	Better facilitates Applicable Objective (a)?	Better facilitates Applicable Objective (b)?
David Smith	Yes. CMP196 clarifies the terminology in the CUSC, reduces the	Yes. CMP196 removes the potential barrier to the right of appeal to the

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	potential for confusion and thereby enhancing efficiency.	Competition Commission.
Garth Graham	Yes. Being mindful of the Workgroup Vote and the Code Administrator Consultation CMP196 demonstrably better facilitates the Applicable CUSC Objective (a) as it clarifies the terminology in the CUSC, reduces the potential for confusion and thereby enhancing efficiency.	Yes. CMP196 makes the right of appeal to the Competition Commission more robust.
Bob Brown	Yes. CMP196 is an improvement over the baseline and so better facilitates the Applicable CUSC Objectives.	Yes. CMP196 is an improvement over the baseline and so better facilitates the Applicable CUSC Objectives.
Paul Mott	Yes. The wording of the Statutory Instrument caused an issue with the ambiguity over recommendations and so CMP196 clarifies this which better facilitates the Applicable CUSC Objectives.	Yes. The wording of the Statutory Instrument caused an issue with the ambiguity over recommendations and so CMP196 clarifies this which better facilitates the Applicable CUSC Objectives.
Barbara Vest	Yes. Same reasons as set out by Garth Graham.	Yes. Same reasons as set out by Garth Graham.
Barbara Vest (on behalf of Paul Jones)	Yes. Same reasons as set out by Garth Graham.	Yes. Same reasons as set out by Garth Graham.
Fiona Navesey	Yes. Same reasons as set out by all of the Panel Members.	Yes. Same reasons as set out by all of the Panel Members.
Simon Lord	Yes. It better clarifies the terminology within the CUSC and so better facilitates the Applicable Objectives.	Yes. It better clarifies the terminology within the CUSC and so better facilitates the Applicable Objectives.

8 Authority Decisions as at 21 July 2011

2860. None

9 CUSC Key Performance Indicators – June 2011

2861. AT presented the KPIs, reporting on the month of June. BB asked whether all codes had similar KPIs. AT replied that they did but each had subtle variations. GG noted that the codes had a variation in consultation timescales such as the BSC where they had a shorter Workgroup

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consultation than the standard 15 working day prescribed within the Code of Practice.

10 Update on Industry Codes/General Industry Updates relevant to the CUSC.

2862. **Grid Code.** DS provided an update that a joint GCRP and DCRP Working Group had been held to discuss the compliance issue with LEEMPS. DS noted that National Grid had initially raised CAP181 to deal with this and then withdrew it as the issue had changed but there was a potential for it to return.

2863. **TCMF.** PH stated that the July TCMF had not taken place due to CMP192 taking priority. PH noted that the next TCMF was scheduled for 24 August, however, there was a strong industry focus on Project TransmiT and therefore the August TCMF would also be cancelled. The Panel did not object to this decision.

11 AOB

2864. **Expenses.** GG stated that the final modification reports for CMP196 and CAP189 should capture the final estimated industry and administration costs of the progression of the modifications, in line with the guidance developed at the GSG.

Action: NGET to capture the estimated costs of progressing CMP196 and CAP189 in the modification reports.

2865. **Elections.** SLa confirmed that the Panel elections had closed and that the existing Panel Members would continue in their role from 1st October 2011. SL requested that Panel Members send a letter from their employer to National Grid agreeing that they could act in their capacity as a Panel Member, as required by the CUSC.

2866. **Panel Chairman.** AT provided an update on the recruitment for the new Panel Chairman and stated that there could be a shortlist of around 10 – 15 people. AT stated that the head hunter had responded with an initial estimate of costs which appeared to be expensive compared with the rest of the industry. BV suggested that the chairman should be paid per meeting and then the fee should be reduced as they become more experienced. AT replied that National Grid had asked the head hunters to reduce the estimated costs. AS asked whether the new Panel Chairman would be available on 1 October 2011. AT replied that it was possible providing that the Panel agrees the Chair in September 2011.

2867. **Panel Secretary.** SLa informed that Panel that he would be stepping down from the role as Panel Secretary and his successor would be Emma Clark from National Grid.

12 Next Meeting

2868. The next meeting is scheduled for 26 August 2011 at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.