

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	127
<b>Date of meeting</b>	30 September 2011
<b>Location</b>	National Grid House, Warwick

## Attendees

Name	Initials	Position
Alison Kay	AK	Panel Chair
Emma Clark	EC	Panel Secretary
Alex Thomason	AT	Code Administrator (presenter)
Neil Rowley	NR	National Grid (presenter), part meeting
David Smith	DS	National Grid Panel Member
Patrick Hynes	PH	National Grid Panel Member
Abid Sheikh	AS	Authority Representative
Bob Brown	BB	Users' Panel Member
Simon Lord	SL	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Fiona Navesey	FN	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Ian Pashley	IP	National Grid Observer

## Apologies

Name	Initials	Position
Richard Hall	RH	National Consumer Council (Consumer Focus) Representative
Kathryn Coffin	KC	ELEXON
Barbara Vest	BV	Users' Panel Member

*All presentations given at this CUSC Modifications 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

2896. Apologies were received from RH, KC and BV. PJ advised that he would be acting on behalf of BV.

2897. AK highlighted that DS has taken up a secondment at DECC and that this would be his last Panel meeting for the foreseeable future. The Panel thanked DS for his contribution and support. AK introduced IP as the new National Grid Panel Member in replacement of DS.

## 2 Approval of Minutes from the last meeting

2898. The draft Panel minutes were approved by the Panel subject to minor changes made in relation to comments received from GG.
2899. BB noted that the minutes had been sent out in a timely manner.

### 3 Review of Actions

2900. **Minute 2870: AT to speak to Consumer Focus regarding representation at the Panel.** AT advised that she had spoken to RH after the last Panel meeting and he had responded that it was unlikely that he or a colleague would be able to attend the Panel in the near future because of resource constraints at Consumer Focus. EC noted that she had attempted to contact RH prior to this meeting to discuss the options available, particularly in relation to voting, but that she had not been able to successfully contact him as yet.

**Action: EC to contact RH again prior to next meeting to discuss attendance and voting options.**

2901. **Minute 2877: AS to provide update on whether a formal Self-governance statement is required.** AS advised the Panel that he and his colleagues had considered this matter and had decided that, as a Self-governance statement exists in the BSC, the CUSC Panel should have the same process. GG asked AS if there would be a quick turnaround from the Authority on whether to accept the Self-governance statement to which AS noted that the Authority has the right to decide that the proposal no longer meets the Self-governance criteria up until the point of the Panel vote.

**Action: National Grid to produce Self-governance template and ensure consistency with the other codes where possible.**

2902. **Minute 2886: AT to amend the GSG Terms of Reference.** AT advised that the Terms of Reference had been updated and that this will be discussed further under the GSG update later in the meeting.

### 4 New CUSC Modification Proposals

2903. None

### 5 Workgroup / Standing Groups

2904. **CMP192 – Enduring User Commitment.** PH presented the CMP192 Workgroup Report to the Panel. PH noted that CMP192 was a very complex proposal with lots of discussion points and thanked all of those involved in the Workgroup. Whilst providing an overview of the Proposal PH acknowledged that the figures for financial security based on risk may change over time as the system evolves. PH informed the Panel that 12 Workgroup Alternative CUSC Modifications (WACMs) have been raised and whilst there was not a single majority support for any of the WACMs, most of the Workgroup supported the principle behind WACM 8. PH reminded the Panel of the timetable for CMP192 and pointed out that the final report was due to be sent to the Authority on 22<sup>nd</sup> November 2011 and the anticipated implementation date was April 2012 and the anticipated go-live date was April 2013.

2905. AS asked about the voting process and the number of Workgroup members that voted. GG explained that the vote was conducted via email and that there were 14

(out of 15) voters in total. GG added that where the Workgroup Report detailed that a WACM had received a certain number of votes, the remaining number of possible votes were either not supportive of the WACM (in terms of the applicable CUSC objectives) or abstentions.

2906. The Panel accepted the Workgroup Report and agreed that CMP192 is progressed to the Code Administrator Consultation for three weeks.
2907. **CMP198 – Proposer Ownership of CUSC Modification Proposals.** AT presented the Workgroup Report to the Panel. SL queried what process is in place to control the proposal and not risk it being considerably changed through proposer ownership approach. AT responded that any changes to the proposal still have to address the original defect and be within the Workgroup Terms of Reference. AT added that the Panel (as well as the Workgroup) may also question a radical change. GG pointed out that a clause has been included in the legal text which allows the proposal to be withdrawn if it is deemed that the Proposer is deliberately disrupting or frustrating the (change) process. PJ commented that this situation is very unlikely as it would not be in the Proposer's interest to disrupt their own proposal. AT added that one WACM has been put through on the basis that the Chairman of the Workgroup believed it better facilitated the Applicable CUSC Objectives, although noting that it was not supported by the majority of the Workgroup.
2908. The Panel accepted the Workgroup Report and agreed that CMP198 is progressed to the Code Administrator Consultation for three weeks.
2909. **Balancing Services Standing Group (BSSG).** EC updated the Panel on discussion items in the recent BSSG meeting, in particular the Consultation that had recently been issued on Compensation Arrangements for Loss of Generator Access to the Transmission System. EC advised the Panel that the Terms of Reference had been updated following a suggestion from a BSSG member to include more robust governance around the timing and communication of meetings and justification for cancelling a meeting. BB suggested that it should be the case that justification is provided for holding (rather than cancelling) the meeting in the interests of efficiency. The Panel approved the BSSG Terms of Reference.

**Action: National Grid to publish updated BSSG Terms of Reference.**

2910. **Commercial Balancing Services Group (CBSG).** EC highlighted that the main discussion point for the CBSG recently had been the Constraint Costing Methodology and advised that it had been published this week. EC also noted that the CBSG Terms of Reference had been updated in line with the BSSG Terms of Reference and that these had been approved by the CBSG and published. EC reminded the Panel that the CBSG does not sit formally under the CUSC and therefore the Terms of Reference did not require Panel approval.
2911. **Frequency Response Working Group (FRWG).** DS provided an update on the progress of the group and advised the Panel that there are currently two elements of work being undertaken by the group, one looking at technical aspects which is due to have a final report ready in October, and the other looking at the commercial mechanisms which is due to publish a final report in January. DS highlighted that attendance is fairly limited and recommendations may arise to consider the work that the group is doing and other options to carry out this work.
2912. **Governance Standing Group (GSG).** GG asked the Panel to agree the GSG Terms of Reference which had been amended to include the consideration of expenses for Panel and Workgroup Members. The Panel approved the updated Terms of Reference. GG advised the Panel that the GSG had met the day before

and discussed the issue of expenses and had agreed to draft a consultation for November and bring back to the CUSC Panel in December or January. SL asked where the cost of expenses, if they were to be paid, would ultimately fall to which AT responded that there is no current process for a pass through for the Code Administrator costs and therefore it is not clear where the costs would fall as yet. AT pointed out that the process in the BSC is not the same as under the CUSC. DS commented that the costs would have to be forecast and considered through National Grid's (electricity) Transmission Price Control. SL asked if the expense issue was the same for the Independent Panel Chair but AK advised that this is a different situation as there would be an agreed salary for the Independent Panel Chair. BB queried what process is used under the UNC and AT responded that the Joint Office, in their role as Code Administrator to the UNC, do not recompense expenses as they (the Joint Office) are funded by the transporters, so it would ultimately be the transporters that paid for any expense costs if this was introduced into the UNC. BB advised that the argument in the BSC with regard to this issue centred around the fact that the Workgroup Members are independent, whereas under the CUSC the Workgroup Members are not independent so therefore it is a different situation. GG noted that the position of Workgroup Members was discussed at the GSG and it was considering if a change to the CUSC was required regarding Workgroup impartiality. AS commented that it would be helpful for the consultation on expenses to be shared with as many parties as possible in order to get a range of views. GG agreed with this.

2913. GG moved on to note that the GSG had also discussed the relevance and operation of post-implementation evaluations and what can be done to encourage Workgroups to consider this. GG then noted that the GSG had discussed the frequency of meetings and it was a possibility that, as there were now fewer areas of discussion in the Terms of Reference, the meetings could be held quarterly. BB voiced his support for holding the meetings only when required.

**Action: National Grid to publish updated GSG Terms of Reference.**

2914. **Joint European Standing Group (JESG).** DS informed the Panel that the JESG did not meet in September as originally planned due to lack of availability of a venue. DS advised that the next meeting was scheduled for 12<sup>th</sup> October and this would cover agenda items such as transparency guidelines, framework guidelines and the Statutory Instrument for the implementation of the European Third Package. DS also noted that DECC and Ofgem are holding an industry meeting on 6<sup>th</sup> October to seek the views of the industry on this subject.

2915.

## **6 The Commercial Arrangements for the Obligatory Reactive Power Service from offshore generators**

2916. DS advised that NR had prepared a presentation on this subject in relation to a CUSC Panel report that had been prepared for the meeting but unfortunately the report had not been sent out with the Panel Papers. DS apologised for this omission and asked the Panel if they would like to hear the presentation without seeing the report, or if they wished to postpone it until the next Panel meeting. The Panel agreed that they would be happy for this item to be postponed until the October meeting to allow time for them to read the report.

## **7 European Code Development**

2917. AS confirmed that the meeting hosted by DECC and Ofgem that DS mentioned earlier would be going ahead on 6<sup>th</sup> October and that invitations had been sent out. FN asked if there was a Terms of Reference for the DECC / Ofgem group, to which AS responded that he was unsure if anything had yet been published. AT advised

that she had seen the agenda for the meeting and that it suggested the scope of what the group would cover would be discussed at the first meeting. BB asked if the group was by invitation only and AS replied that it was but that he was not sure how wider the invite list was. AT added that the invitation went out from DECC and that a number of National Grid colleagues were attending and also Barbara Vest from AEP.

2918. AT highlighted that she had received an invite to an ACER Workshop on Electricity Balancing Framework Guidelines on 24<sup>th</sup> October in Ljubljana. IP stated that he would possibly attend and could provide an update afterwards to the Panel.

## 8 CUSC Modifications Panel Vote

2919. **CMP191 – NETSO Consultation in relation to any potential changes to the CUSC which takes place in forums other than the CUSC Modifications Panel.** AT provided a brief background to CMP191 in preparation for the Panel vote. GG asked AT to check the wording in the draft modification report on the view of National Grid, as it was not specified that the view was that of National Grid in its role as Code Administrator. PJ queried the wording on the front page of the draft CUSC Modification Report templates and commented that there seemed to be inconsistencies with whose recommendation or view was depicted. PJ felt that for the CMP191 draft modification report, by having only National Grid's view on the front page, this seemed to give priority to this view. AT responded that usually the Workgroup view is shown on the front page of the Workgroup Report and then this is replaced with the Panel recommendation in the final report for submission to the Authority. GG suggested that all three views could be included on the front page for transparency and fairness.

**Action: National Grid as Code Administrator to review information contained on the front page of the report templates.**

2920. The Panel voted by majority that the CMP191 WACM better meets the Applicable CUSC Objectives and so should be implemented. The table below contains the details for each vote:

**Does CMP191 Original better facilitate the Applicable CUSC Objectives than the CUSC baseline?**

Panel Member	Better facilitates Applicable Objective (a)?	Better facilitates Applicable Objective (b)?
Bob Brown	Does not better meet ACO (a) as does not add anything to the baseline and therefore is not efficient.	Not better than baseline as JESG has since been set up and this fulfils the expectations. 3 Panels are responsible for the JESG and parties need to engage with stakeholders to encourage these groups without needing a Modification Proposal.
Simon Lord	No, as CMP191 is too widely drafted.	No, due to the set up of JESG
Paul Mott	It marginally does not better meet the objective as it is too broadly set.	Same as above.
Paul Jones	Same argument as Paul Mott.	Same as Paul Mott.
Paul Jones for Barbara Vest	Same as Paul Mott.	Same as Paul Mott.
Garth Graham	Yes, as the baseline is what is	Yes, and this is the stronger

	in the CUSC so this is an improvement.	argument as it encourages more engagement.
David Smith	No, the proposal is too wide and therefore inefficient for NG.	Neutral, as the JESG has now been set up, so a code change is not required.
Fiona Navesey	Marginal no for same reasons set out above.	No, as the JESG has changed the baseline although still a concern that the JESG could be disbanded.

**Does the CMP191 WACM better facilitate the Applicable CUSC Objectives than the CUSC baseline?**

<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)?</b>	<b>Better facilitates Applicable Objective (b)?</b>
Bob Brown	No, for same reasons as original, although the WACM is less ambiguous than the original.	No, for same reasons as original.
Simon Lord	Yes, it does better meet ACO (a) as it is a lot tighter than the original and specific to the CUSC.	Yes, provides more clarity.
Paul Mott	Yes, it is more efficient.	Yes, it facilitates competition as National Grid would take account of GB views in developing the European Network Codes.
Paul Jones	Yes, helps efficiency of CUSC process. Also provides forewarning of CUSC changes due to European codes.	Yes, provides certainty and clarity.
Paul Jones for Barbara Vest	As above	As above
Garth Graham	Yes. Concur with PJ and SL	Yes, the WACM particularly facilitates objective (b) as it is narrowly focussed on ENTSO-e meetings that National Grid attends and any changes from ENTSO-e are brought to the attention of CUSC Parties.
David Smith	No, cannot see the benefit to bring this obligation into the code. There are examples of European work, such as Transparency, which is outside the role of ENTSO-e and therefore falls outside the WACM definition.	No, as the JESG has been established and the Terms of Reference agreed by the Panel.
Fiona Navesey	Yes, WACM is more defined than the original, is well drafted and proportionate and gives enough interpretation for National Grid.	Yes, as it provides further clarity.

**Which option BEST facilitates the Applicable CUSC Objectives? (CMP191, WACM or CUSC baseline)**

<b>Panel Member</b>	<b>BEST?</b>
Bob Brown	Baseline
Simon Lord	WACM
Paul Mott	WACM
Paul Jones	WACM
Paul Jones for Barbara Vest	WACM
Garth Graham	WACM
David Smith	Baseline
Fiona Navesey	WACM

2921. **CMP195 – Code Governance Review Post Implementation Clarifications.** AT provided an overview of CMP195 and explained that there were three WACMs that had arisen from the Workgroup meetings. The Panel discussed the differences between the WACMs with regard to which allowed the Panel to re-vote and it was concluded that a re-vote was permitted through WACM 1 and 3 but not on the CMP195 Original or WACM 2.

2922. The Panel carried out its recommendation vote and voted by majority that WACM 1 best facilitated the Applicable CUSC Objectives and should be implemented. The tables below contain the details of each vote:

**Does CMP195 Original better facilitate the Applicable CUSC Objectives?**

<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)?</b>	<b>Better facilitates Applicable Objective (b)?</b>
Fiona Navesey	Better meets ACO (a) as provides clarity.	Better meets ACO (b) as provides clarity. The date needs to be flexible otherwise there could be commercial implications.
Paul Mott	Yes, better than baseline as more explicit.	Yes, better than baseline as more explicit.
Bob Brown	Benefits ACO (a) as it tidies up the CUSC but overall not better than baseline.	No, as implementation not better.
Simon Lord	Yes, provides clarity.	Yes, as flexibility.
Paul Jones	Yes as it tidies up the CUSC.	Yes.
Paul Jones for Barbara Vest	Same as above.	Same as above.
Garth Graham	Yes, as tidies up CUSC.	Yes, better for market participants.
David Smith	Yes, as above.	Yes, as above.

**Does CMP195 WACM1 better facilitate the Applicable CUSC Objectives?**

<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)?</b>	<b>Better facilitates Applicable Objective (b)?</b>
Fiona Navesey	Better meets ACO (a) as provides clarify.	Better meets ACO (b) as provides clarity. The date needs to be flexible otherwise there could be commercial implications.

Paul Mott	Yes, better than baseline as more explicit.	Yes, better than baseline as more explicit.
Bob Brown	Yes, as introduces requirement to tidy up the CUSC.	Yes, as introduces effective implementation.
Simon Lord	Yes, more clarity.	Yes, as allows consultation.
Paul Jones	Yes, more clarity.	Yes, because of the consultation.
Paul Jones for Barbara Vest	Same as above.	Same as above.
Garth Graham	Yes, same as Paul Jones.	Yes, same as Paul Jones.
David Smith	Yes, as above.	Yes, as above.

**Does CMP195 WACM2 better facilitate the Applicable CUSC Objectives?**

<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)?</b>	<b>Better facilitates Applicable Objective (b)?</b>
Fiona Navesey	No, as too much commercial risk.	No, do not accept the fixed date of 1 <sup>st</sup> April.
Paul Mott	No, does not have merit as no industry consultation.	No.
Bob Brown	Better on (a) but will not get effective process as Panel cannot re-vote.	No, as no re-vote.
Simon Lord	Yes, but (b) is the stronger argument.	No, inferior as does not allow for consultation.
Paul Jones	No, as argument for (b) negates the benefit of tidying up the CUSC.	No, as there is no consultation.
Paul Jones for Barbara Vest	Same as above.	Same as above.
Garth Graham	No, as uncertainty outweighs benefits of tidying up.	No, lack of consultation and therefore provides for uncertainty.
David Smith	Yes.	Yes.

**Does CMP195 WACM2 better facilitate the Applicable CUSC Objectives?**

<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)?</b>	<b>Better facilitates Applicable Objective (b)?</b>
Fiona Navesey	Better meets ACO (a) as provides clarify.	Better meets ACO (b) as provides clarity. The date needs to be flexible otherwise there could be commercial implications.
Paul Mott	No, not better than baseline.	No.
Bob Brown	Yes, as provides clarity.	Better than baseline as gives process for flexing implementation.
Simon Lord	Same as WACM 1.	Same as WACM 1.
Paul Jones	Yes, tidies up the CUSC.	Yes, as allows for consultation.



Paul Jones for Barbara Vest	Same as above.	Same as above.
Garth Graham	Yes, as above	Yes, as above.
David Smith	Yes, as above.	Yes, as above.

### Which option best facilitates the Applicable CUSC Objectives?

Panel Member	Best Option
Fiona Navesey	WACM 1
Paul Mott	WACM 1
Bob Brown	WACM 1
Simon Lord	WACM 1
Paul Jones	WACM 1
Paul Jones for Barbara Vest	WACM 1
Garth Graham	WACM 1
David Smith	WACM 3

## 9 Authority Decisions as at 22 September 2011

2923. The Panel noted that CMP196 'Revisions to "recommendations" in the final CUSC Modifications Report' was approved by the Authority on 15<sup>th</sup> September 2011 and subsequently implemented on 29<sup>th</sup> September 2011.

## 10 Key Performance Indicators – August 2011

2924. AT presented the August KPIs to the Panel. AT noted that following the Send Back of CAP189, the CAP189 Workgroup was contacted to discuss the changes made to the legal text. AT added that due to the time that had elapsed from the Workgroup phase to the current developments, not all the Workgroup members had been available to speak to and therefore AT requested additional time in order to speak to all of the Workgroup members and to allow for a 3 week Code Administrator Consultation. The Panel advised that they were satisfied with this way forward. GG asked if the Authority were happy with the timetable, to which AS responded that the Authority were comfortable with this so far.

2925. Following a request from GG, EC listed the current modifications proposals that were impacted by the implementation of CMP196. These are as follows:

- **CAP190** 2/3 Majority Voting requirement for CUSC Panel recommendations on Amendments resulting from licence obligations, Authority requests or obligations.
- **CMP191** NETSO Consultation in relation to any potential changes to the CUSC which takes place in forums other than the CUSC Modifications Panel
- **CMP192** Arrangements for Enduring User Commitment
- **CMP195** Code Governance Review post implementation clarifications
- **CMP197** Amendment to Qualifying Guarantor
- **CMP198** Proposer Ownership of CUSC Modification Proposals
- **CMP199** Reactive Despatch Network Restrictions

2926. GG queried if there was any legal text interaction from CMP196 with CMP195. EC advised that she believed there were some minor interactions but would check.

**Action: EC to check legal text interaction between CMP196 and CMP195.**

## 11 Update on Industry Codes / General Industry updates relevant to the CUSC

2927. **Managing Intermittent and Inflexible Generation in the Balancing Mechanism Consultation.** DS provided an update on a consultation issued by National Grid which explores the issues which have been encountered when faced with increasing quantities of intermittent and inflexible generation. DS advised that the consultation contains some information around the treatment of Bilateral Embedded Licence Exemptable Large Agreement's (BELLA's) in the CUSC.

2928. **Impact of draft Statutory Instrument: The Electricity and Gas (Internal Markets) Regulations 2011.** AT highlighted that the draft Statutory Instrument will have implications for the CUSC if it is passed. AT advised the Panel that there were two main impacts for the CUSC. Firstly, that the proposed licence text includes the ability for the Authority to raise CUSC Modification Proposals where they feel it is required in order to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or ACER. Secondly, that a new licence objective (Applicable CUSC Objective (c)) will be created to reflect compliance with European legislation. AT added that an anomaly had been identified which could have the result that a CUSC Modification Proposal raised by National Grid would not be able to be withdrawn without the Authority's permission and may be subject to a timetable directed by the Authority. GG asked if AT could circulate the relevant sections of the SI for ease of reference due to the length of the draft Statutory Instrument.

**Action: AT to circulate references to the Draft Statutory Instrument on The Electricity and Gas (Internal Markets) Regulations 2011.**

2929. **Grid Code.** DS updated the Panel that the issue of LEEMPS compliance had arisen in the Grid Code and there had been a decision by the Grid Code Review Panel to put it on hold whilst a better understanding of the European changes is developed.

## 12 AOB

2930. **CUSC Panel meeting dates 2012.** EC advised that the meeting dates for the 2012 CUSC Panel had been circulated and asked if the Panel had any concerns. GG noted that there might be an issue with the August CUSC Panel as it falls in the bank holiday week, whereas in the past it has fallen in the week before. AT highlighted that there has been limited attendance in the past when it has fallen on the Friday before the bank holiday due to people taking a long weekend. The Panel agreed to retain the date for now.

2931. **Appointment of Independent CUSC Panel Chairman.** AT updated the Panel on the status of this process, namely that the head-hunters are currently interviewing the shortlisted candidates and the final interview is scheduled for Thursday 6<sup>th</sup> October 2011. AT advised that the next step would be for the Panel subcommittee to meet and discuss the outcome of the interviews and a date for this to take place is currently being arranged. PM asked if the successful candidate would be able to hold other roles in the industry in addition to the CUSC Panel Chairman role and AK

responded that she believed they would be able to, as long as there were no business or date conflicts. AT reminded the group that the CUSC requires the Independent Chair to be in place for 1<sup>st</sup> October but that as the process had taken longer than anticipated, Ofgem had sent an email to the Code Administrator acknowledging the delay and supporting the continued progression.

## **13 Next Meeting**

2932. The next meeting is scheduled for 28<sup>th</sup> October 2011 at National Grid House, Warwick.