

## Minutes

<b>Meeting name</b>	CUSC Modifications Panel
<b>Meeting number</b>	128
<b>Date of meeting</b>	28 October 2011
<b>Location</b>	National Grid House, Warwick

## Attendees

<b>Name</b>	<b>Initials</b>	<b>Position</b>
Mark Ripley	MR	Panel Chair
Emma Clark	EC	Panel Secretary
Steve Lam	Sl	Code Administrator (presenter)
Neil Rowley	NR	National Grid (presenter), part meeting
Ian Pashley	DS	National Grid Panel Member
Abid Sheikh	AS	Authority Representative
Bob Brown	BB	Users' Panel Member
Barbara Vest	BV	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
Duncan Carter	DC	Consumer Focus (Observer)
Jade Clarke	JC	National Grid (Observer)
Joyce Chinyanganya	JCh	National Grid (Observer)
Lisa Charlesworth	LC	Ofgem (Observer)

## Apologies

<b>Name</b>	<b>Initials</b>	<b>Position</b>
Alison Kay	AK	National Grid
Alex Thomason	AT	Code Administrator
Patrick Hynes	PH	National Grid Panel Member
Richard Hall	RH	National Consumer Council (Consumer Focus) Representative
Kathryn Coffin	KC	ELEXON
Simon Lord	SL	Users' Panel Member

## Alternates

Barbara Vest for Simon Lord

*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

2933. Apologies were received from AK, AT, PH, RH, KC and SL. BV advised that she would be acting on behalf of SL. MR welcomed DC as an observer from Consumer Focus.

## 2 Approval of Minutes from the last meeting

2934. The draft minutes from the meeting held on 30<sup>th</sup> September 2011 were approved by the Panel subject to minor changes made in relation to comments received from GG.

## 3 Review of Actions

2935. **Minute 2900: EC to contact RH prior to next Panel meeting to discuss attendance and voting options.** EC explained that DC had recently joined Consumer Focus and was attending today as an observer with a view to attending future meetings as the Consumer Focus representative.

2936. **Minute 2901: National Grid to produce Self-governance template and ensure consistency with the other codes where possible.** EC advised that the template had been sent out with Panel Papers for review. AS highlighted that he had some comments. Firstly, AS suggested that reference should be made to the Self-governance definition in Section 11 of the CUSC rather than describe the criteria in the statement. AS also suggested that more detail could be given with regard to the timetable proposed for the Self-governance modification, rather than just the date for the Panel's determination. Thirdly, AS suggested that the Panel's reasoning for why the modification should be progressed as Self-governance could be included as an annex to the statement, rather than within the statement itself. GG pointed out that this is not necessary if the reasoning was brief and straightforward, to which AS advised that it was a stylistic point and suggested that perhaps only if the reasoning was substantive, then it should be contained as a separate annex. PJ pointed out that by making reference to the CUSC, it may make it more difficult for the reader as they will have to refer to another document. AS suggested that as an alternative, the criteria described in the draft template should be changed to mirror the exact wording of the CUSC definition. GG also suggested using the word 'confirmed' instead of 'determined' in the second paragraph in line with the definition.

**Action: EC to re-draft Self-governance template in line with comments received.**

2937. **Minute 2926: EC to check legal text interaction between CMP196 and CMP195.** EC advised that having checked the legal text for CMP196 which was implemented on 29<sup>th</sup> September, there were minor interactions but that these did not have an impact on the way the CMP195 legal text was drafted. EC advised that if CMP195 is approved by the Authority, the Code Administrator will use CMP195 as the baseline due to the amount of changes, and will insert the changes from CMP196 and any other modifications approved in the meantime on top of that.

## 4 New CUSC Modification Proposals

2938. None

## 5 Workgroup / Standing Groups

2939. **Balancing Services Standing Group (BSSG) / Commercial Balancing Standing Group (CBSG).** EC advised that there had not been a meeting for the BSSG and CBSG since the last Panel and that the next meeting was scheduled for 30<sup>th</sup> November 2011.

2940. **Frequency Response Working Group (FRWG).** IP advised that there had not been a meeting since the last CUSC Panel and reiterated the previous update given at the last Panel.
2941. **Governance Standing Group (GSG).** GG highlighted that following discussions on travel expenses for Panel and Workgroup Members at the last GSG meeting, a consultation had been drafted and it was intended for this to be discussed further by the group and then published in November 2011.
2942. MR highlighted an email that GG had sent to the Panel regarding possible consequences of Project TransmiT. GG noted that if there were to be a modification raised in the spring of 2012; following the conclusions of Project TransmiT; then it was possible that this could be (i) the first SCR directed CUSC modification (ii) the first CUSC charging modification and (iii) the first CUSC modification requiring an environmental impact assessment. In light of this GG had suggested to the Panel that the GSG could discuss the steps that may need to be taken should a CUSC Modification Proposal be directed by the Authority under the Significant Code Review for Project TransmiT. GG advised that he had discussed this with the National Grid Charging team and had specifically considered the environmental impact issue that may arise and how this may be considered; i.e. through using an existing model or using an external consultant. GG noted that the November GSG meeting had been cancelled but it could be reinstated in order to expedite this issue. AS pointed out that this is a positive step and that Ofgem will be as helpful as possible in this matter. The Panel noted AS's comments, accepted GG's suggestion and agreed to the GSG Terms of Reference being amended to consider this matter further and report back to the Panel in due course.

**Action: GSG to consider Project TransmiT SCR implications.**

2943. **Joint European Standing Group (JESG).** BVe advised that the JESG had met on 12<sup>th</sup> October 2011 and covered a number of items, including REMIT (Regulation on Energy Market Integrity and Transparency), Framework Guidelines and also feedback on the first meeting of a DECC/Ofgem Stakeholder Group on EU Network Codes and Framework Guidelines which was held on 6<sup>th</sup> October 2011. BVe noted that the JESG was viewed as being important to DECC and Ofgem with regard to the Network Codes and that an Issues Log had been created, with a view to condensing the issues down to one or two key items. This could then be provided to DECC for consideration in the Comitology process as they are the GB member state representative. BVe also noted that the Transparency Guidelines will be the next topic to be progressed through to the Comitology process as it has been directly developed by the European Commission. BVe informed the Panel that the next meeting of the JESG was scheduled for 23 November 2011 and meetings are currently being planned for 2012.
2944. BVe highlighted Ofgem's recent Decision Letter on P229 – 'Introduction of a seasonal Zonal Transmission Losses scheme' and advised that at the last BSC Panel there had been a discussion on EU interaction. BVe suggested that it would be useful for the Panel to gain some feedback regarding EU interaction following the views portrayed in the P229 decision letter and that it could be discussed at the next Panel meeting.

**Action: Ofgem to consider code work and EU interactions following the P229 decision letter.**

2945. BVe continued to update the Panel on the progress of the JESG and advised that the balance was not quite right for the group and that discussions were too focused on what has happened in the past, rather than notification of future developments such

as upcoming code drafting sessions. GG added that the JESG needs to be engaged in any decision regarding the Network Codes, for example the setting of the GB national technical limits within the Requirements for Generators Network Code covering, for example, frequency range etc., which will have impacts on the GB Codes and users. BB added that he supports BVe's view that the balance needs to be adjusted. BVe advised that she would work with Sla to set the agendas and to make sure that the attendees are providing timely and relevant information.

2946. AS agreed with BVe that a more effective way of working together would be helpful and advised that Ofgem would continue to attend the JESG and monitor progress. AS noted that the P271 'NETSO Consultation in relation to any potential changes to the BSC which takes place in forums other than the BSC Panel' decision letter highlighted that there is a process in place to enable this work to continue. GG pointed out the reference in the decision letter to National Grid providing a long-term commitment to participate in the JESG. IP advised that National Grid would shortly be providing confirmation to Ofgem of that commitment.

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

2947. NR provided some background to this report, namely that the BSSG had been discussing the issues and that a consultation had been carried out which resulted in the production of the Report. NR advised that no CUSC change will result from the findings of the report. NR advised that the conclusion of the report was that it was recognised that there is a cost difference for generators providing and those not providing reactive power, but that this is minimal and therefore the commercial arrangements are appropriate as they stand and the BSSG is not recommending any specific arrangements for offshore generators. GG queried whether there would be merit in publishing data for the utilisation of assets for transparency. NR responded that this topic could be discussed under the fundamental review of reactive power scheduled to take place in the near future. FN queried why offshore generators not providing reactive power wouldn't be paid by National Grid, to cover the costs passed on by the OFTO. NR responded that this class of provider is in essence not really exposed to the costs that reactive power payments are designed to cover, except the minimal increment maintenance cost.

**Action: NR to ensure a fundamental review of reactive power takes place and include an assessment of TO owned assets.**

## 7 European Code Development

2948. AS advised that the consultation on Draft Framework Guidelines on System Operation ended on 15<sup>th</sup> September 2011 and they are due to be finalised by the end of the year.
2949. FN asked AS about the progression of REMIT and the opportunity to work with DECC prior to REMIT coming into force. AS stated that REMIT was due to come in by the end of the year, to which FN pointed out that they have to comply with it from the date it goes live, which does not provide much opportunity to work with DECC in the meantime. AS advised that he would find out when the next stakeholder event is scheduled for. FN highlighted that ACER was also planning a workshop in November 2011 but details had not been published.

**Action: AS to find out the date for the next stakeholder workshop on REMIT.**

2950. **CAP190 – Two-thirds majority voting requirement for CUSC Panel recommendations on Amendments arising from Licence obligations, Authority requests or obligations.** The Panel voted by a 6 to 2 majority that CAP190 better meets the Applicable CUSC Objectives and so should be implemented. The table below contains the details for each vote:

<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)?</b>	<b>Better facilitates Applicable Objective (b)?</b>
Bob Brown	No. No improvement on the baseline.	No. Only a marginal change in terms of the one vote difference so does not improve the baseline.
Barbara Vest	Neutral.	Yes. Provides for an appropriate check and balance.
Barbara Vest for Simon Lord	Neutral.	Yes. Provides for an appropriate check and balance.
Paul Mott	Neutral.	Yes. Do not accept code consistency argument and important to have checks and balances.
Paul Jones	Neutral.	Yes. A necessary check and balance and assists right to appeal.
Garth Graham	Neutral.	Yes. Due to the issue of Ofgem acting as Judge, Jury and Executioner. Parties need certainty concerning regulatory risk, and the right of appeal acts as a check and balance which reduces this risk so therefore it facilitates competition.
Ian Pashley	No. Causes cross code inconsistency.	No. Only a minor change from existing regime and CMP196 raised to deal with ambiguities.
Fiona Navesey	Yes. It terms of transparency.	Yes. As it improves the likelihood of appeal.

2951. **CMP197 –** The Panel voted by a 7 to 1 majority that CMP197 better meets the Applicable CUSC Objectives and so should be implemented. The table below contains the details for each vote:

<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)?</b>	<b>Better facilitates Applicable Objective (b)?</b>
Bob Brown	Yes.	Yes. More likely to benefit new parties and strikes the right balance between ensuring robust

		credit arrangements and risk of default from parties.
Barbara Vest	Neutral.	Yes. Supports small and new parties.
Barbara Vest for Simon Lord	Neutral.	Yes. Supports small and new parties.
Paul Mott	Neutral.	No. There are concerns that independent credit assessments are not as robust as the larger credit rating agencies; therefore it increases the risk to the rest of the industry so this marginally outweighs the benefit.
Paul Jones	Neutral.	Yes. Risk is very small and benefit to parties overrides this. The cap on the total aggregate amount of guarantees a party can provide will also lower the risk to other parties in the event of the guarantor defaulting.
Garth Graham	Neutral.	Yes. Facilitates and supports new and small parties in terms of access to credit. Agree with Bob Brown's comments on providing a balance between robust credit arrangements and risk of default.
Ian Pashley	Neutral.	Yes. Support smaller and new parties.
Fiona Navesey	Neutral.	Yes. Although there is a slight increase in risk, overall it strikes the right balance.

2952. **CMP199** – The Panel voted unanimously that CMP199 better meets the Applicable CUSC Objectives and so should be implemented. The table below contains the details for each vote:

<b>Panel Member</b>	<b>Better facilitates Applicable Objective (a)?</b>	<b>Better facilitates Applicable Objective (b)?</b>
Bob Brown	Yes. For consistency.	Yes. It removes potential restrictions so facilitates competition.
Barbara Vest	Yes. Consistent with Grid Code.	Yes. Removes restrictions so facilitates competition.
Barbara Vest for Simon Lord	Yes. Consistent with Grid Code.	Yes. Removes restrictions so facilitates competition.
Paul Mott	Yes. Consistent with Grid Code.	Yes. Facilitates competition.
Paul Jones	Yes. Consistent with Grid Code.	Yes. Facilitates competition.
Garth Graham	Yes. For consistency with Grid Code.	Yes. For the reasons set out in 6.1 of the CUSC Modification Report.
Ian Pashley	Yes. For consistency with Grid Code.	Yes. Facilitates payments and enables a better pool of providers.
Fiona Navesey	Yes. Align with Grid Code.	Yes. Increases pool of providers.

## 9 Authority Decisions as at 20 October 2011

2953. None.

## 10 Key Performance Indicators – September 2011

2954. EC presented the September KPIs to the Panel. FN commented that it is difficult to see what value the KPIs add, as there are no targets and therefore it is not clear whether the figures are positive or negative, or neither. PJ agreed, and gave the example that the late paper KPI may be viewed as negative, but that it could actually be a deliberate action in order to progress a CUSC proposal more quickly, and therefore show that the Panel is providing flexibility in the process. BB suggested that the Panel could consider what they find useful in the KPIs and what could be done to improve the report. BB referred to the KPIs that ELEXON produce as a comparison.

**Action: Panel to consider how KPIs could be improved.**  
**Action: EC to circulate link to ELEXON's KPIs.**

2955. SLa asked AS about the status of the Code Administrator's Working Group (CAWG) as this would be the forum in which to discuss issues such as the KPIs. AS advised that there was a plan to possibly reconvene the CAWG in December 2011.

**Action: AS to provide the Panel with the date for the next CAWG**

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

2956. GG provided an update on Space Weather with regard to what information National Grid requires from generators and advised that an information request would be issued shortly and a further update would be available in mid February 2012.

2957. AS mentioned the draft Statutory Instrument regarding the Electricity and Gas Regulations 2011 with regard to the new Applicable CUSC Objective and suggested that the Code Administrator updates the relevant templates to take account of the new objective, as once passed, the new rules would come into force the next working day.

**Action: EC to update templates with the new objective in preparation for the new Statutory Instrument.**

## 12 AOB

2958. **Appointment of Independent CUSC Panel Chairman.** EC advised that a teleconference had been held on 27<sup>th</sup> October 2011 amongst the Panel Chairman sub-committee to discuss the short list of candidates. EC asked GG if he could update the Panel further as he had participated in the teleconference. GG advised that progress is ongoing and that the Sub-committee had agreed to interview the candidates as soon as possible and that it is hoped that the new Chairman would be in place for January 2012.

2959. GG asked if an update could be provided on the outstanding CAP048 claims in terms of (i) the total number of claims received (ii) how many had been accepted (iii) how

many rejected and (iv) how many were still to be assessed / determined. EC agreed that an update would be provided at the next Panel.

**Action: EC to investigate CAP048 claims in order to provide an update at the next Panel meeting.**

## 13 Next Meeting

2960. The next meeting will be a Special Panel to vote on CMP192 which is scheduled for 11<sup>th</sup> November 2011 at National Grid House, Warwick.