

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	131
Date of meeting	16 December 2011
Location	National Grid House, Warwick via teleconference

Attendees

Name	Initials	Position
Alison Kay	AK	Panel Chair
Emma Clark	EC	Panel Secretary
Wayne Mullins	WM	National Grid (presenter)
Andrew Wainwright	AW	National Grid (presenter)
Ian Pashley	IP	National Grid Panel Member
Patrick Hynes	PH	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
Simon Lord	SL	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Alex Thomason	AT	Code Administrator

Apologies

Name	Initials	Position
Kathryn Coffin	KC	ELEXON
Fiona Navesey	FN	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Duncan Carter	DC	Consumer Focus Representative

Alternates

Barbara Vest for Paul Mott
 Garth Graham for Fiona Navesey

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

2990. Apologies were received from KC, DC, FN and PM. BV confirmed that she was acting as alternate for PM and GG confirmed that he was acting as alternate for FN.

2 Approval of Minutes from the last meeting

2991. The draft minutes from the special meeting held on 11th November and the meeting held on 25th November 2011 were approved by the Panel subject to minor changes made in relation to comments received from GG.

3 Review of Actions

2992. **Minute 2968. CMP200 Code Administrator Consultation to be published.** EC confirmed that this had been published on 30th November 2011 for a period of three weeks. EC advised the Panel that the Code Administrator recommended that CMP200 should be postponed for approximately one month due to changes that have been identified to the like-for-like Grid Code proposal. EC advised that whilst these changes do not impact CMP200, it was deemed pragmatic to put CMP200 on hold whilst the Grid Code proposal is progressed further in order to align them. The Panel agreed with the recommendation for a one month postponement for CMP200.
2993. **Minute 2984. EC to consider options for producing the KPIs in line with feedback received and review at the January 2012 Panel.** AK noted that this would be discussed at the next Panel meeting in January 2012.
2994. GG requested that the item discussed at the last Panel meeting on CAP48 claims be added either as an ongoing action or as an agenda item to either the January or February Panel. EC advised that she would keep it as an ongoing action on the agenda going forward.

Action: CAP48 claims to be added as an ongoing action of the Panel agenda.

4 New CUSC Modification Proposals

2995. **CMP201 – Removal of BSUoS charges from Generation.** AW presented to the Panel on CMP201. BV queried the ‘contractual agreements’ mentioned in the description of the proposal in the CMP201 form. AW advised that it refers to generators and suppliers and the period of time that the arrangements are in place for. PJ added that it is about being mindful of the arrangements. BB queried the statement in the proposal form regarding CMP201 having no adverse effects for GB end consumers since National Grid was not a party to the contracts between generators and suppliers and those between suppliers and their customers. PH noted that as BSUoS is charged on MWh to all parties it is avoidable and so it considered as a pass through element. BB suggested that the Terms of Reference for CMP201 should include an examination of the impact on consumers. GG highlighted that FN had requested that the impact on competition is included in the Terms of Reference along with an early indication of implementation timescales for suppliers. PJ suggested some other items which could be added to the Terms of Reference:
- a. An explanation of how BSUoS is charged on the continent.
 - b. What is meant by generators in the context of delivering and offtaking Trading Units and BM Units
 - c. Impact of implementation on participants
 - d. The impact of how BSUoS is charged to remaining parties
2996. PH noted that PJ’s last point is possibly out of scope of CMP201, although it can be considered in the Workgroup and another proposal could be raised if necessary.
2997. SL raised two issues. Firstly, with regard to timescales to ensure that contracts are not frustrated, and secondly with regard to the treatment of the specific demand group: pumped storage, and whether or not pumped storage is appropriate to be included. BB asked if competition would be considered in the Workgroup and highlighted that the impact on existing competition should be considered along with embedded benefits which impact embedded generators. PH noted that it is implicit

within the process to consider the impact on competition, and also agreed the impact on embedded generation should be clarified by the Workgroup.

2998. BB suggested that the Workgroup should consider if charging BSUoS 100% to demand is appropriate as this is not consistent with the rest of Europe. AK agreed that this should be in the scope of the Terms of Reference to discuss. BB asked about the split of charging on TNUoS and the Proposer's view that CMP201 should be exempt from the ongoing electricity transmission charging SCR as there is a related principle of how charges are made. GG noted that this had been discussed in the Project TransmiT Workgroup and noted that there is a potential interaction with the SCR that the Panel and Ofgem need to consider. PH advised that the numbers presented to the Project TransmiT Technical Working Group had not included any contribution of BSUoS. GG confirmed that he was comfortable that CMP201 does not interact with the SCR.
2999. BB asked if CMP201 was a voluntary change by National Grid and if it was related to the new obligations under the new Applicable CUSC Objective (c) relating to Europe. PH advised that it was being raised to improve competition generally, which is considered consistent with the transmission licence objectives, while reminding the Panel that the new Applicable CUSC Objective (c) does not apply to charging methodology Modification Proposals.
3000. AT asked the Panel if they felt that CMP201 met the Self-governance criteria to which the Panel agreed that it does not. AT asked if there were any further views on the interaction with the current electricity Transmission Charging SCR. The Panel agreed that there was no interaction with the SCR. AS responded that Ofgem does not believe that CMP201 falls under the current SCR. The Panel agreed that CMP201 should progress to a Workgroup under the standard process.
3001. GG highlighted the possibility of amalgamation of CMP201 and CMP202 and made reference to 8.19.3 of the CUSC which describes the rules for amalgamation. GG added that there is a potential logical dependency of CMP201 and CMP202 and therefore there is a case for amalgamation. PH pointed out that the two proposals are not necessarily dependent on each other as one could be raised without the other. PH added that the two proposals seek to address different defects and that there could be issues with implementation if the two were amalgamated. AK suggested that CMP202 is discussed first before making a decision on amalgamation.
3002. **CMP202 – Revised treatment of BSUoS charges for lead parties of Interconnector BM Units.** AW presented on CMP202 and highlighted the key elements of the proposal to the Panel. PJ noted that many of the Terms of Reference identified in CMP201 would apply to this proposal. SL added that the pumped storage issue is not relevant for interconnectors. PJ advised that there is a complication regarding the status of Trading Units as a whole which determines which BM Units are charged and which ones receive money. PH advised that interaction with Trading Unit operation is valid for the Terms of Reference for CMP202.
3003. BV commented that it is important to circulate this proposal to interconnector users and power exchanges. PH agreed that they would try and inform these parties and to gain their representation on the Workgroup in order to ensure a full range of views are represented in the meetings.

Action: National Grid to circulate CMP202 to relevant parties.

3004. BB asked for confirmation that CMP202 was being progressed as a result of the Third Package, whereas CMP201 is not. AW agreed this was the main driver i.e. to remove a barrier to cross border trade.
3005. AT asked the Panel to confirm that CMP202 is progressed through the standard process and not through Self-governance. The Panel agreed. AT asked for views on the Proposer's suggestion that CMP202 should be exempt from the current SCR. The Panel agreed that there was no interaction with the SCR and AS advised that Ofgem do not believe that there was an interaction with the SCR.
3006. AK noted that the Proposer's view is that CMP201 and CMP202 should not be amalgamated. GG noted that whilst he was sympathetic to amalgamating the two proposals, he would be happy with the majority view. PJ commented that whilst the two proposals are closely linked, he did not believe that they are dependent on each other and therefore should not be amalgamated. The Panel agreed that the two proposals should be progressed separately.
3007. AT asked if any of the Panel wanted to volunteer as Workgroup Members at this stage. PJ, GG and SL all agreed to be Workgroup Members for CMP201 and 202. SL noted that he had a preference for the meetings to be held in London.
3008. AT asked if the Panel had a preference as to who should be the Workgroup Chair. PJ advised that he was happy for the Code Administrator to be the Workgroup Chair. The rest of the Panel agreed with this view. BV added that the AEP may be able to accommodate the meetings at their offices in London.
3009. **CMP203 – TNUoS Charging Arrangements for Infrastructure Assets subject to one-off charges.** WM gave the Panel a presentation on the background to the Proposal and the key elements.
3010. PJ noted that the proposal covered user choice but asked if it was broader than that, in the context of other scenarios where a user may be asked to pay a one-off charge where the costs cannot be capitalised. WM responded that it is something that the Workgroup could consider.
3011. The Panel agreed for CMP203 to proceed to a Workgroup and not be dealt with through Self-governance.
3012. AT asked the Panel for their views on interaction with the ongoing electricity transmission charging SCR. AS advised that Ofgem are happy that there is no interaction with the SCR. PJ noted that there is a potential interaction with regard to socialised costs but that this alone was not significant enough for CMP203 to be subsumed into the SCR. The Panel agreed that there was no interaction with the SCR. AT asked if there were any volunteers to be Workgroup Members. PJ advised that there would be a representative from E.ON UK and GG also advised that a representative from SSE would attend. The Panel agreed that they were happy for the Code Administrator to chair the Workgroup.

5 Workgroup / Standing Groups

3013. **CBSG/BSSG.** EC provided an update and advised that the CBSG planned for 30th November had been cancelled due to lack of items on the agenda. EC advised that going forward the CBSG would be used as a forum to discuss managing intermittent and inflexible generation in the balancing mechanism. EC advised that the BSSG had met on 30th November and had discussed the responses to the consultation on compensation methodology for loss of transmission access and that whilst some of the issues had concluded, a number of other issues had received mixed responses.

EC confirmed that a paper was being compiled describing the various options for compensation and the aspects affecting the compensation mechanisms and that this would be discussed further. EC also noted that the group had considered forming a cross-codes group as some of the issues raised affected the other codes.

3014. GG advised that he had attended the BSC P276 Workgroup (Introduce an additional trigger/threshold for suspending the market in the event of a Partial Shutdown) and that the group had concluded that compensation arrangements should fit under the CUSC rather than the BSC. GG added that it would be pragmatic to note this conclusion and to discuss it at the next BSSG.

Action: EC to bring forward P276 conclusions to the next BSSG meeting.

3015. **Governance Standing Group (GSG).** GG advised that there had not been a GSG meeting since the last Panel meeting but that the consultation on travel expenses was due to go out today (16th December) for 5 weeks to take account of the Christmas period.

3016. **Frequency Response Working Group (FRWG).** IP advised that a meeting for the technical sub-group had been arranged for 13th January 2012.

3017. **Joint European Standing Group (JESG).** AT advised that at the last JESG on 23rd November the group had agreed for a technical sub-group on Requirements for Generators to be held on 14th December 2011. The technical sub-group discussed issues raised by the draft Generation Connection code in detail and noted around ten specific technical issues to make the JESG aware of and these would be added to the JESG issues list. AT added that there was a large piece of work to be done on code-mapping for all the GB codes and that this would be completed by mid January 2012. AT added that ENTSO-e has planned a stakeholder session to discuss the Generation Connection Code consultation for February 2012.

3018. BV voiced her disappointment that the code-mapping exercise is anticipated to take until mid-January. BV added that the group would have preferred this information earlier in order to have sufficient time to discuss with ENTSO-E. BV referred to a document that Scottish Power had provided on this subject shortly after the last JESG meeting which had been useful and informative. GG agreed with BV that the Scottish Power document had been very useful and that it would be positive if National Grid could deliver something similar for the other European Network Codes under development as soon as possible. BV noted that the Scottish Power document had not been published on the National Grid website. AT advised that she would seek permission to publish the document. AK acknowledged the feedback received and advised that it was a significant piece of work that would take some time to compile.

7 European Code Development

3019. AS advised that there was no further update to add to the email sent out to the Panel on 13th December 2011 providing updates and links for the Panel on the various aspects of European Code development.

8 CUSC Modifications Panel Vote

3020. There were no votes at this meeting.

9 Authority Decisions as at 9 December 2011

3021. The Panel noted three decisions had been received this week:

- CAP190 'Two-thirds majority voting requirement for CUSC Panel recommendations on Amendments arising from licence obligations, Authority requests or obligations' – **Rejected**
- CMP197 'Amendment to Qualifying Guarantor' – **Approved** (implementation 3rd January 2012)
- CMP199 'Reactive Despatch Network Restrictions' – **Approved** (implementation 3rd January 2012).

10 Key Performance Indicators – November 2011

3022. EC presented the November KPIs to the Panel. GG questioned the accuracy of two of the figures and EC advised that she would check these figures and would make any necessary changes.

Action: EC to correct KPIs and re-publish on National Grid website. [Post meeting comment – action completed]

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

3023. IP advised that the Interim Operational Forum had taken place on 13th December 2011 and that the presentation slides are available on the National Grid website at <http://www.nationalgrid.com/uk/Electricity/Balancing/operationalforum/2011/>

3024. GG advised that a further update on Space Weather would be available in the New Year regarding information provided by generators to National Grid.

3025. AS advised that an email had been sent by Ofgem with regard to the forthcoming Impact Assessment on CMP192 and the subsequent timescales. AS added that a decision on CMP192 was anticipated in late March/early April.

12 AOB

3026. AT advised that an email had been received from Ofgem with regard to undertaking a review of the Code Administration Code of Practice (CACOP). AT advised that Ofgem had requested the Code Administrators to seek feedback on the principles in the CACOP and any other suggestions by 20th January 2012.

3027. AT updated the Panel on the latest progress with regards to the Independent Panel Chairman process and advised that the Authority's decision on the recommendation was expected shortly. AS noted that the letter should be issued by the end of the day.

3028. AS advised the Panel that Ofgem were continuing to carry out work on the implementation of the new EU regulations via the Statutory Instrument and that they would communicate with the Code Administrators shortly with regard to any further action that may be required. AS added that a letter on EU Third Package Changes has been published on 8th December 2011 and that the implications of the licence changes on the Codes in terms of raising any proposals would move forward in the New Year.

13 Next Meeting

3029. The next meeting will be held on 27th January 2012 at National Grid House, Warwick.