

## Minutes

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|------------------------|------------------------------|
| <b>Meeting name</b>    | CUSC Modifications Panel     |
| <b>Meeting number</b>  | 133                          |
| <b>Date of meeting</b> | 24 February 2012             |
| <b>Location</b>        | National Grid House, Warwick |

## Attendees

| <b>Name</b>    | <b>Initials</b> | <b>Position</b>            |
|----------------|-----------------|----------------------------|
| Mike Toms      | MT              | Panel Chair                |
| Emma Clark     | EC              | Panel Secretary            |
| Tom Derry      | TD              | National Grid (presenter)  |
| Kein-Arn Ong   | KO              | National Grid (presenter)  |
| Lilian Macleod | LM              | National Grid (presenter)  |
| Bali Virk      | BVi             | Code Administrator         |
| 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        |
| Fiona Navesey  | FN              | Users' Panel Member        |
| Paul Mott      | PM              | 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

| <b>Name</b>    | <b>Initials</b> | <b>Position</b> |
|----------------|-----------------|-----------------|
| Kathryn Coffin | KC              | ELEXON          |
| Duncan Carter  | DC              | Consumer Focus  |

*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 and DC. The Panel welcomed MT as the new Independent Panel Chairman.

## 2 Approval of Minutes from the last meeting

2991. The draft minutes from the meeting held on 27<sup>th</sup> January 2012 were approved by the Panel, subject to minor changes. GG noted a comment he had made on the minutes regarding the comparison document between the Network Codes and the GB Grid Code, in that the comparison should include all the Codes, such as the CUSC and BSC. IP responded that it currently contained only the Grid Code and the STC. GG suggested that it would be useful to have all the codes included in this document and IP advised that it was the intention to do so ultimately.

### 3 Review of Actions

2992. **Minute 2994: EC to investigate CAP48 claims.** EC presented on the latest update with regard to CAP48 claims. EC advised that work was ongoing to resolve the outstanding claims and that since the last Panel meeting, much progress had been made on dealing with the claims. EC explained that between 2004 and 2009 there had been 6 claims paid, 3 rejected and 1 accepted and pending payment. EC went on to explain that there were 20 further incidents being investigated which covered 36 sites and that 10 of these were in the process of being investigated whilst 9 had been concluded as covered by BCA clauses and therefore no compensation payable, and 1 had been concluded as a planned outage and compensation had been agreed. EC added that 2 further claims had recently been received for incidents that occurred in November and December 2011 and that these were being investigated along with the others. GG advised that he was happy with this update.
2993. **Minute 3000: Consider if indicative figures in MSA are reliable, investigate to what extent National Grid have utilised mandatory services in the past prior to completion of compliance testing, whether there has been a dispute in the past and whether there would or could be payment prior to passing compliance tests.** IP advised that compliance testing is carried out as soon as is possible but added that there may be some practicalities that may cause delays. However, IP noted that it is not in the interest of National Grid or the generators to delay and therefore the intention is to carry out the testing as soon as possible. FN queried whether it was the case that National Grid cannot, or do not, use relevant balancing services from new generators. IP advised that he believed that National Grid cannot use these services until compliance testing has been fully completed and also noted that it is not good practice to use a service prior to compliance testing being completed as its performance may not be fully understood.
2994. **Minute 3020: GSG to consider process and consistency for Panel sub-groups to report back to Panel with recommendations / conclusions.** MT noted that this action would be covered under Item 5.

### 4 New CUSC Modification Proposals

2995. There were no new CUSC Modification Proposals raised this month. MT asked AT to advise the Panel of any possible modifications that may arise in the near future.
2996. AT advised that a generic housekeeping modification was being compiled in order to address some minor typographical errors that had been identified throughout the CUSC. BVi requested that the Panel provide any housekeeping errors that they may come across to the Code Administrator to include in the modification. AT went on to advise that a modification would be raised following the Statutory Instrument for the Electricity and Gas (Internal Markets) Regulations that came into effect in November 2011.
2997. AT also noted that the Balancing Services Standing Group is currently looking at consistency of payments for loss of access and that a proposal may be raised when these discussions have concluded. Lastly, AT noted the recent outcome of the GSG consultation on expenses and advised that a modification is being considered to address the issue of impartiality that came out of the consultation and subsequent GSG discussions.
2998. FN added that there may be changes in respect of charging following the conclusions of Project TransmiT. PH advised that it is expected that a direction will be received in April 2012 which then allows 28 days for a modification to be raised if required. GG

suggested that there may be a window of opportunity to discuss this at the Panel after the direction has been issued, depending on which date the direction is issued. AT clarified that the 28 day period is the maximum time between the Authority issuing its Significant Code Review conclusions for Project TransmiT and a subsequent direction to raise one or more CUSC Modification Proposals. AS advised that the conclusions may not necessarily include a direction, and that any decision may provide information on how long the licensee has to raise any modification(s).

2999. AS noted that the omissions in relation to the changes made to licence conditions from the EU Third Package are still being looked at and asked AT if it was possible to consider raising a modification at this stage. AT advised that work had begun to start drafting the modification but that clarity is required on a number of issues before the modification can be progressed any further. AT added that Section 8 of the CUSC will need to be changed in light of the changes made allowing the Authority to raise modifications in order to comply with relevant European legislation. GG noted a concern with regard to adding another change process into Section 8 as this may cause confusion and suggested that it may be worth considering putting this Authority EU related change process within a separate section of the CUSC, such as Section 10.

## 5 Workgroup / Standing Groups

3000. **CMP202 – Revised treatment of BSUoS charges for lead parties of Interconnector BM Units.** PH advised that two Workgroup meetings had taken place and that the Workgroup Consultation had been issued and was due to close on 8<sup>th</sup> March 2012, with a post-consultation Workgroup meeting planned for 15<sup>th</sup> March 2012.
3001. **CMP201 – Removal of BSUoS Charges from Generation.** PH advised that the Workgroup had discussed CMP201 in detail and that a number of comments had been received in relation to the draft Workgroup consultation. Therefore, PH advised that after speaking with Ofgem, he had felt that it was appropriate to issue a further draft of the consultation to the Workgroup for further comment prior to publishing the consultation. PH advised that the intention was to publish the consultation on 1<sup>st</sup> March 2012 for a period of four weeks instead of three, due to the complexity of the proposal. PH confirmed that this action resulted in a one month delay to the timetable and asked the Panel for their views on this delay. The Panel agreed that it was sensible to extend the timetable by one month. AS added that Ofgem are happy with the revised timetable as it allows for a more robust process and a longer consultation period.
3002. FN asked about representation of small parties on the CMP201 Workgroup. PH advised that there were a high number of Workgroup members. AT asked if the Panel had any suggestions for ensuring that small parties have access to and read the Workgroup consultation. BB advised that he will pick up with the Small Parties Association.
3003. **CMP203 – TNUoS Charging Arrangements for Infrastructure Assets subject to one-off charges.** AT ran through the background to CMP203 and advised that it had been agreed to provide the Workgroup with an additional week to comment on the draft Workgroup consultation and that a teleconference was planned in order to discuss and agree the issues raised. AT advised that an extension was not required at this stage. AS asked AT about the length of the consultation and AT confirmed that it is planned to send the consultation out for a period of three weeks. SL noted that CMP203 looks like a non-contentious modification and that the only issues seem to be around the application of retrospective modifications. AT responded that this was an issue, along with how offshore assets are treated. SL suggested that it may

have been pragmatic to split the proposal into two, to separate historic and future issues.

3004. **Governance Standing Group (GSG).** GG advised the Panel that the GSG Terms of Reference have been updated to reflect a change in membership and also an update on the status of the Scope and Objectives. GG noted that as one of the members had now left the GSG, the group was at minimum quorum and therefore unless everyone was able to attend each meeting, there would be circumstances where the group was not quorate. GG asked the Panel if they were willing to reduce the quorum to four members until more members could be recruited. The Panel agreed with this approach. GG confirmed that he would write out to the GSG member who had left the group to express gratitude on behalf of the group for their contribution.

**Action: GG to send email to former GSG member**

3005. BB noted that Standing Groups such as the GSG are set up to advise the Panel, and not necessarily make decisions themselves so the issue with the quorum may not be crucial. AT pointed out that the GSG is sometimes used as a Workgroup for governance modifications, in which case a quorum would be required. GG highlighted that he would encourage all Panel members to ask their colleagues to consider joining the GSG. AS added that it would be helpful for the quorum to be increased back to five as soon as possible. BVi suggested that an email is sent out to the industry to highlight the existence of the GSG and the work that it carries out.

**Action: BVi to email industry regarding the existence and activities of the GSG**

3006. GG ran through the list of Scope and Objectives within the GSG Terms of Reference. With regard to the objective concerning review of current industry practices after Ofgem's Code Administration Code of Practice (CACOP) meeting, GG asked if AS had an update as to the next CACOP meeting. AS advised that a meeting had been scheduled for the Code Administrators to attend in March which could then lead to the reconvening of the Code Administrators Working Group (CAWG). BV asked if the minutes from this meeting would be published and AS advised that he believed that they would.
3007. Moving on to the objective regarding Project TransmiT, GG suggested that the timings specified within the Terms of Reference could be adjusted depending on the conclusions of Project TransmiT.
3008. The final new item in the objectives of the Terms of Reference was discussed by the Panel. This referred to the process for how Panel subgroups report back to the Panel. BB suggested that the Panel should be directing and defining what is required, in relation to all Standing Groups. GG suggested that it could be useful for the GSG to consider what practical things the Panel may ask, in order to allow the Code Administrator to guide the Panel as to what they might want the particular Standing Group to look at.
3009. AT highlighted a concern that there are some items within the scope of the Terms of Reference that the GSG is waiting on, for example, the April meeting currently only has one item on the agenda so depending on priorities at the time, it may be a struggle to reach a quorum.
3010. The Panel accepted the updated Terms of Reference and BB noted that the GSG had carried out some good work.

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

3011. **Joint European Standing Group (JESG).** BV advised the Panel that the Network Code for Requirement for Grid connection to Generators; known as 'RfG'; Technical Workshop had been held on 22<sup>nd</sup> February 2012. BV explained that an issues log had been compiled and that there had been 30 issues in relation to RfG and that the log was currently being updated. BV advised that the group had looked at the draft RfG code and that a comparison (to the GB Grid Code and GB Distribution Code) had been completed and that offshore had been included in this comparison. BV informed the Panel that there had been some discussion on what use is made of the issue log document and also that there was a concern regarding the membership for the JESG RfG discussions so this was being looked at by National Grid. GG pointed out that 20 actions from the log had been discharged but that 21 issues had been added so there was still much discussion to be had. GG added that it is useful to have back-to-back meetings and that the workshops are very useful. GG added that an additional two documents were available for comment in addition to the RfG consultation, that of the FAQs and the Motivation and Approach document. AT added that the links to these documents would be circulated.

**Action: National Grid to circulate link to draft Network Code, FAQs and M&A documents.**

3012. BV moved on to providing an update to the Panel on the JESG meeting which took place on 23<sup>rd</sup> February 2012. BV advised that there had been a good number of attendees and that the quality of debate and presentations was good. BV explained that the group discussed the Demand Connection Code (DCC), which was still in the early stages of development and had agreed that a separate technical workshop should be held to discuss this in further detail. BV added that the JESG had been asked to consider who should be invited to attend a technical workshop and GG noted that the majority of participants would likely be existing members of the JESG. FN queried if there was going to a threshold level for the DCC, like that in the RfG, as it is not domestic and advised that it needs to be future-proofed. GG responded that there may be another code, with a different threshold, and that the European Network process has a multitude of codes.
3013. BV continued with her update and advised that there had been a discussion on the Capacity Allocation and Congestion Management Code (CACM) and that the group had gone through the items that needed to be provided to the TSO for the CACM to go forward.
3014. FN asked if there had been any discussion on a compromise for D-2 (two days before) data on the Euro link and ENTSO. BV replied that there had not been any discussion. GG noted that there was a suggestion to use a 100 MW limit which was D-1 (one day before). BV highlighted that these issues need to be discussed and that the next JESG meeting on 15<sup>th</sup> March may be used to go through the CACM.
3015. MT asked BV about the decision powers of the JESG. BV advised that the JESG had no decision making powers and that any industry party could join the group at any time. GG noted that once a decision comes out of the comitology process, members of the JESG may be used to populate the relevant code workgroups on implementation matters, given their knowledge to date. MT confirmed that a role of the JESG therefore was to discuss how the provisions of European codes can be incorporated into domestic codes, and how modifications are dealt with thereafter. IP highlighted that National Grid are beginning to consider in more detail how the codes will interact and will update the Panel as this is considered further.

**Action: IP to provide an update to the Panel on progress of work regarding how the European Codes will interact with the domestic codes.**

3016. PH explained that the European Codes will take precedence over the CUSC where differences arise and that National Grid would need to take a lead on bringing the codes forward and that high-level codes should have common definitions.
3017. AS advised that demand-side users may have an interest in the Demand Connection Code and that these users should be alerted to ENTSO-E's preliminary scope document on the Code. GG pointed out to the Panel that it is important to indicate that the definition of a Significant Generator, in the RfG code, includes down to 400 watts, as it may be presumed that this would not be included as 'significant'. PH agreed with this comment.

## 6 Investment Document Consultation

3018. LM and KO presented on the proposed consultation regarding potential changes to the Seven Year Statement (SYS) and the Offshore Development Information Statement (ODIS) and advised that the main objective at this stage is to seek stakeholder views.
3019. LM advised that the SYS had been in existence since the early 1990's and provides information to the industry on connection opportunities to the National Electricity Transmission System, utilising the contracted background. LM added that the SYS is a complex document containing a large amount of technical data. LM went on to explain that the ODIS had been introduced in 2009 and provides information on how the offshore transmission system may potentially develop against a range of future energy requirements illustrated by different future energy scenarios.
3020. KO went on to explain to the Panel the reasons for reviewing these documents. KO also advised that there are different strands of work which outlines how the National Electricity Transmission System e.g. SYS and ODIS documents and ENSG reports which may result in potential of overlap between the documents and possible confusing regarding the information published. It, therefore, seems pragmatic to bring the work together into one document.
3021. GG commented that from an industry perspective, a public document would always be required. LM responded that an electricity investment document will continue to be made publicly available.
3022. LM advised the Panel that the plan is for the consultation to take place during the next few months with slots at the forthcoming customer seminars and other industry code panels scheduled. LM added that views on the current documents and how these may be developed in the future would be appreciated. GG asked if a list of generators who have a contracted would be provided in the document, to which LM responded that this information is publicly available on National Grid's website and feedback will be sought on what information should be included in the electricity investment document(s). GG commented that it would be useful to understand National Grid's view on how a generator is classed, particularly if the view is different, in respect to the European Network Codes.
3023. SL pointed out that over the years, National Grid has changed the SYS and there are some quite complex diagrams and information contained within the document. Therefore, SL suggested that whilst the SYS is useful in electronic form, sometimes it is difficult to access it on the website and it may be helpful to be provided with a CD. SL added that in order to read the document effectively, a paper copy is more practical but noted that the SYS is a large document. GG echoed these comments.
3024. FN advised that the SYS is a valuable and important document so due care should be taken when altering it. LM agreed that it is a complex and technical document

and that it is appropriate for it to be so. It was also acknowledged that the delivery of the information was important i.e. utilising of ‘bubbles’ to illustrate potential future reinforcements on the National Electricity Transmission System may not provide the level of information required by the industry.

## 7 European Code Development

3025. AS advised that an update had been provided in his email of 20<sup>th</sup> February 2012 with regard to EU code and other developments. AS noted that information on the publication by ENTSO-E of the preliminary scope of work on the Demand Connection Code had also been provided by National Grid via email on 22<sup>nd</sup> February 2012.

## 8 CUSC Modifications Panel Vote

3026. **CMP200 – Generator Led Due Diligence Review.** TD provided the Panel with an overview of CMP200 and the key elements of the proposal. BV asked if the Code Administrator Consultation had been circulated correctly, recognising that there had been no responses. TD advised that the consultation had been circulated to the necessary distribution lists and that the lack of responses was perhaps due to other priorities in the industry at the time and the fact the CMP200 was a straightforward and non - contentious proposal. AS asked if the like-for-like Grid Code proposal would be progressed simultaneously and TD advised that both reports would be submitted to the Authority together.

3027. The Panel voted unanimously that CMP200 better facilitates the Applicable CUSC Objectives and so should be implemented. The table below contains the details for each vote:

| Panel Member  | Better facilitates ACO (a)  | Better facilitates ACO (b)?  | Better facilitates ACO (c)? | Overall (Y/N) |
|---------------|---|--|-----------------------------|---------------|
| Ian Pashley   | Yes, as clarification of the arrangements allows for more efficient development of the offshore transmission system | Yes, as additional clarification allows for increased participation in the market and therefore improved competition | Neutral                     | Y             |
| Barbara Vest  | Yes, for same reasons as above  | Yes, for same reasons as above   | Neutral                     | Y             |
| Paul Mott     | Yes, for same reasons as above  | Yes, for same reasons as above   | Neutral                     | Y             |
| Bob Brown     | Yes, as there is additional clarity for offshore  | Yes, for same reasons as above   | Neutral                     | Y             |
| Paul Jones    | Yes, with this being a stronger argument than ACO (b)   | Yes, for reasons already stated  | Neutral                     | Y             |
| Fiona Navesey | Yes, for reasons already stated   | Yes, for reasons already stated  | Neutral                     | Y             |
| Garth Graham  | Yes, with this being a stronger argument than ACO (b)   | Yes, for reasons already stated  | Neutral                     | Y             |
| Simon Lord    | Yes, for reasons already stated   | Yes, for reasons already stated  | Neutral                     | Y             |

## 9 Authority Decisions as at 16 February 2012

3028. None

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

3029. AS advised that the consultation on Ofgem's impact assessment of CMP192 is still open, with a view to making a final decision in April 2012 following a review of the responses. GG noted that the standard custom and practice for a consultation from the Authority is for a period of six weeks and that the consultation for CMP192 was for only four weeks. GG questioned whether this was a sign that the Authority was moving to a standard four week consultation period. AS referred the Panel to a document produced in December titled 'Guidance on Ofgem's approach to Consultation'<sup>1</sup> where it was set out that consultation periods of either four, eight or twelve weeks would be introduced with effect from February 2012. AS highlighted that Ofgem were mindful that CMP192 had been through two industry consultations already, those being the Workgroup and Code Administrator consultations, and therefore it was concluded that a four week consultation by Ofgem was adequate. GG commented that good practice according to the House of Lords Select Committee in November 2007 was for a consultation period of twelve weeks, noting that this is a general point and not specific to CMP192. AS responded that there would be appropriate justification in the document as to why a particular length of time has been chosen for a consultation. GG suggested that there maybe merit in the Authority carrying out an audit in the future in order to obtain figures as to how many consultations were carried out for each of the time periods. PH agreed that it would be interesting to do an audit and that it could be expanded to look at similarities or differences in the responses to previous consultations such as the Code Administrator Consultation. FN noted that responding to consultations is an issue for smaller parties who do not have the resources available, particularly if the consultations fall over holiday periods such as the summer.
3030. PH provided an update on the Transmission Charging Methodology Forum (TCMF) and advised that at its last meeting on 31<sup>st</sup> January 2012 the group discussed RIIO and its effect on charges, also the Condition 5 report. PH explained that the Condition 5 report looks at five years worth of data and there had been a discussion in the TCMF as to whether it would be appropriate to publish it in light of the changes taking place this year. PH advised that the TCMF had agreed that National Grid would produce an interim document by the end of March 2012 as a one off replacement for the traditional Condition 5 report. PH advised that in terms of the CACM, it had been highlighted that due to the way the code had been written, there is a possibility that gate closure could be less than 1 hour to real time. PH advised that the TCMF had noted that flow based optimisation would be on a holistic basis, not on an individual basis. PH concluded with informing the Panel that the next TCMF is planned for 21<sup>st</sup> March and that this may be used as an education session on the outcome of Project TransmiT.
3031. IP informed the Panel that the next Frequency Response Working Group (FRWG) meeting is due to place on 1<sup>st</sup> March to discuss the draft industry consultation document.

## 11 AOB

3032. MT invited the Panel's views on how the Panel could potentially deal with the outcome of Project TransmiT, noting that the outcome was unknown at this time. MT suggested having a discussion on this at the next Panel meeting in March. GG highlighted that the environmental assessment issue had been discussed previously in terms of how such an assessment might be carried out. FN and PJ voiced their concern that an early discussion could be seen as prejudging the outcome of Project

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<sup>1</sup> Link to document

<http://www.ofgem.gov.uk/About%20us/BetterReg/Documents1/guidance%20on%20ofgems%20approach%20to%20consultation.pdf>



TransmiT. MT responded that it was a case of forward planning so that the Panel is prepared for any possible outcome and it was a discussion about process rather than any detail on Project TransmiT itself.

**Action: Panel to provide views to PH on a process for dealing with potential outcomes of Project TransmiT with a view to discussing at March Panel meeting.**

3033. AS asked if there had been any response to the Code Administrator's email regarding potential dates for a Project TransmiT Workgroup. BVi responded that the email had generated some interest from parties wanting to have involvement in the process. MT asked if Ofgem could bring a view on how it would envisage any workgroup would operate to the next Panel meeting in preparation for the discussion. PH noted that separate discussions were taking place between National Grid and Ofgem as to the potential conclusions of Project TransmiT and MT confirmed that the next meeting would be to discuss the process of dealing with any potential outcome only. SL pointed out that it is important to ensure that the time the Workgroup has to discuss and develop any potential modifications needs to be sufficient.

**Action: AS to provide Ofgem view on Project TransmiT process in the event that it leads to a proposed modification.**

## 12 Next Meeting

3034. The next meeting will be held on 30<sup>th</sup> March 2012 at National Grid House, Warwick.