

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	138
Date of meeting	27 July 2012
Location	National Grid House, Warwick

Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
Emma Clark	EC	Panel Secretary
Ian Pashley	IP	National Grid Panel Member
Patrick Hynes	PH	National Grid Panel Member
Abid Sheikh	AS	Authority Representative (by teleconference)
Bob Brown	BB	Users' Panel Member
Paul Mott	PM	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Alex Thomason	AT	Code Administrator
Duncan Carter	DC	Consumers' Panel Member
Peter Bingham	PB	Observer (National Grid)

Apologies

Name	Initials	Position
Adam Lattimore	AL	ELEXON
Simon Lord	SL	Users' Panel Member

Alternates

Paul Jones 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

3224. Introductions were made around the group. PB introduced himself as the current Deputy CUSC Panel Chair as he is covering the role of Regulatory Frameworks Manager in National Grid at present. Apologies were received from AL and SL. PJ confirmed that he is acting as alternate for SL.

2 Approval of Minutes from the last meeting

3225. The draft minutes from the meeting held on 29 June 2012 were approved by the Panel following some minor amendments.

3 Review of Actions

3226. **Ongoing Action: IP to provide an update to the Panel on progress of work regarding how the European Codes will interact with the domestic codes.** IP advised that a workshop is being held on 2 and 3 August 2012 to look at the Requirement for Generator (RfG) Code and tables that have been produced to compare with the GB Codes. IP added that the workshop will look at the issues of application of the code and look at crystallising stakeholder views. GG added that stakeholder views may change during the comitology process. MT asked about the vision for the outcome of the work on the codes. IP responded that the European Codes take precedence over the GB Codes but that having two documents would be difficult to work with as there would be high volumes of cross-overs. GG advised that a debate involving stakeholders regarding the best way forward should take place sooner rather than later when it comes to implementation.
3227. **Ongoing Action: EC to provide update on CAP48 claims.** EC advised that further to the update provided at the last Panel meeting, two of the larger claims had been resolved to the satisfaction of the claimant and their remaining claims were pending further information being received. EC advised that it had been agreed that a deadline would be set for receiving this information after which time the claims would be considered closed. For the other existing claims, EC advised that they were still in the process of being validated. PJ suggested that it would be worth knowing how effective the mechanism is, in terms of CAP48 payments and what the gross payments per year are. GG commented that the CMP212 (Setting limits for claims: submission, validation and minimum threshold values in relation to Relevant Interruptions) Workgroup would be looking at this as part of developing the proposal. BB suggested that it would be useful to have a closure report on these claims by the end of September 2012 in order to bring the matter to a close. AT reiterated GG's point, that the CMP212 Workgroup would be considering this and their conclusions would be contained in their Workgroup Report. The Panel agreed that CMP212 should deal with the administrative process of the CAP48 claims and therefore it could be removed as a standing item on the CUSC Panel agenda.
3228. **Minute 3191: CMP211 and CMP212 Terms of Reference to be drafted and circulated and Workgroup nominations sought.** Complete.
3229. **Minute 3191: Self-governance statements for CMP211 and CMP212 to be provided to Ofgem.** Complete.
3230. **Minute 3192: Circulate email regarding CMP213 Authority position on governance issues to CMP213 Workgroup.** Complete.
3231. **Minute 3201: CMP213 Terms of Reference to be drafted and circulated and Workgroup nominations sought.** Complete.
3232. **Minute 3219: Circulate link to GSR010 Report to CUSC Panel.** Complete.
3233. **Minute 3205: CMP207 Terms of Reference to be updated to reflect 1 month extension in the timetable.** Complete.

4 New CUSC Modification Proposals

3234. There were no new CUSC Modification Proposals raised this month. MT asked AT if there were any potential CUSC proposals likely to be raised soon and AT responded that a consequential CUSC change had been highlighted in the P276 (Introduce and additional trigger/threshold for suspending the market in the event of partial shutdown) Workgroup and that the Authority Decision had been published on 20 July 2012 which approved the modification for implementation on 31 March 2014. AT advised that there were no immediate plans to raise a CUSC Modification Proposal in relation to this.

5 Workgroup / Standing Groups

3235. **CMP201 – Removal of BSUoS charges from Generation.** PH presented the CMP201 Workgroup Report to the Panel. PH ran through the background to the Proposal and the discussions and conclusions of the Workgroup. The Panel accepted the CMP201 Workgroup Report and agreed for it to progress to Code Administrator Consultation for four weeks.

Action: Publish CMP201 Code Administrator Consultation.

3236. **CMP206 – Requirement for NGET to provide and update year ahead TNUoS forecasts.** AT provided an update on CMP206 and advised that the Workgroup Consultation was due to close on 27 July 2012 and that the post-consultation Workgroup meeting would be taking place on 6 August 2012.

3237. **CMP208 – Requirement for NGET to provide and update year ahead TNUoS forecasts.** AT gave the same update as for CMP206 as the two proposals were being progressed together with the same timescales.

3238. **CMP207 - Limit increases to TNUoS tariffs to 20% in any one year.** AT advised that the Workgroup had discussed several options for CMP207 during their meetings so far, and that the original proposal had been developed further with the Proposer. AT advised that two potential Workgroup Alternative CUSC Modifications have been put forward and that views on these had been requested as part of the Workgroup Consultation which had been issued on 24 July 2012. AT advised that the post-consultation Workgroup meeting was planned for 23 August 2012. MT asked if AS was comfortable with the progression of CMP207 considering the issue highlighted when CMP207 was raised regarding a potential interaction with the Project TransmiT SCR which was ongoing at the time. AS responded that Ofgem was comfortable with the process and developments so far.

3239. AT noted that the equivalent CMP207 proposal under the DCUSA – DCP125, had been withdrawn on 23 July 2012 due to a procedural issue and would be re-raised shortly.

3240. GG raised an issue with regard to the 3 week consultation period for CMP207. GG felt that due to the material impact that CMP207 had on parties and the summer period, a 4 week consultation would be more appropriate. PM advised that he supported this approach. MT queried the impact that this would have on the overall timetable. AT responded that it would be dependent on when the post-consultation meeting could be held and that it would still be possible for the CMP207 Workgroup Report to be presented to the September Panel if a meeting could be held at the start of September. PH commented that more than one post-consultation meeting may be required. MT asked AS for his views on a possible extension to the CMP207 timetable and AS advised that he would consider this further. The Panel acknowledged that it would be useful to have a 1 week extension on CMP207 at this stage and agreed for the CMP207 Workgroup Consultation to be extended to 4

weeks. PB asked if there was interaction with CMP201 but PH advised that CMP201 dealt with BSUoS whereas CMP207 dealt with TNUoS.

Action: Extend CMP207 Workgroup Consultation to 4 weeks

3241. **CMP209 and CMP210 - Allow Suppliers' submitted forecast demand to be export.** AT updated the Panel with the progress of CMP209 and CMP210 and advised that a meeting had been held on 4 July 2012 and that the Workgroup Consultation had been published on 25 July with responses requested by 22 August 2012. AT added that the Workgroup had been significantly involved in writing the Workgroup Consultation and that the Workgroup process so far had been a positive one.
3242. **CMP211 - Alignment of CUSC compensation arrangements for across different interruption types.** AT advised that the first meeting for CMP211 is due to be held on 31 July 2012.
3243. **CMP212 - Setting limits for claim: submission, validation and minimum financial threshold values in relation to Relevant Interruptions.** AT advised that the first meeting for CMP212 is due to be held on 31 July 2012 alongside the meeting for CMP211.
3244. **CMP213 - Project TransmiT TNUoS Developments.** PH updated the Panel with progress made on CMP213. PH noted that three Workgroup meetings had been held so far. PH advised that there had been some technical discussions on modelling and that this was a complex area which required some quite specific expertise. PH added that the group had also had some initial discussions on how the original proposal could be developed. MT asked PH if the Workgroup seemed satisfied with the management of the process, to which PH responded that he believed that there were no issues so far and no negative feedback had been received. PH added that as well as the Workgroup meetings, separate conversations where required were taking place with various individuals to discuss issues and clarify understanding. MT asked if Ofgem were happy with the work so far and AS replied that feedback from colleagues indicated that they were comfortable with the progress so far and that there was a positive approach to the work. PJ added that the contribution from Ofgem in the CMP213 Workgroup meetings had been useful and well received.
3245. **Governance Standing Group (GSG).** GG advised that the meeting planned for 24 July 2012 had been cancelled due to lack of items on the agenda and industry workload. GG added that the GSG is due to reconvene in September 2012.
3246. **Joint European Standing Group (JESG).** GG advised that he had chaired the JESG on 17 July 2012 and that there had been discussions on various codes including the Demand Connection Code and the Capacity Allocation and Congestion Management Network Code (CACM). GG advised that the formal CACM consultation had closed and that ENTSO-E will be holding two workshops in Brussels in order to talk through the issues and comments. GG added that Ofgem had presented at the JESG on the Balancing Framework Guidelines. Finally, GG noted that the JESG had agreed to hold a two day workshop in Warwick on 2 and 3 August to review the RfG code to highlight for DECC the key GB stakeholder issues and on 21 and 22 August 2012 to go through the detail of the Demand Connection Code.
3247. **Transmission Charging Methodologies Forum (TCMF).** PH advised that the TCMF had met on 12 July 2012 and some comments had been received on the updated Terms of Reference that had been circulated. The group had decided that

rather than separating the meeting into two separate sessions in order to focus the afternoon session on potential new CUSC Modifications, as suggested by National Grid, the group felt it would be more productive to remain running the meeting as a single session. Therefore, PH advised that the Terms of Reference would again be updated and discussed at the next meeting on 26 September 2012 in order to bring to the CUSC Panel in September to approve.

3248. PH advised the Panel that the TCMF had discussed a number of other items including the Price Controls Proposals and a potential CUSC Modification to tidy up the charging methodology that had been incorporated into the CUSC as part of the Code Governance Review.
3249. **Frequency Response Working Group (FRWG).** IP advised that a meeting for the FRWG had been scheduled in order to discuss the final draft of the Workgroup Report; however, the report had not been completed so the meeting had been postponed.
3250. **Commercial Balancing Services Group (CBSG).** EC advised that the CBSG meeting planned for 1 August 2012 had been cancelled due to lack of items on the agenda. EC told the Panel that the next meeting is scheduled for 5 September 2012.
3251. **Balancing Services Standing Group (BSSG).** EC advised that the BSSG meeting planned for 1 August 2012 alongside the CBSG had also been cancelled due to lack of items on the agenda. EC advised that the Terms of Reference were in the process of being updated but these had not been completed in time for the Panel to approve, therefore they would be presented to the August Panel in order to reach a decision on the immediate future of the BSSG.

6 European Code Development

3252. AS referred to his email circulated on 19 July 2012 and added that there would be an ACER workshop on the Requirements for Generators (RfG) Code on 3 September 2012 in order for stakeholders to provide comments, and also that ENTSO-E are looking for participation in a Forward Markets Network Code Advisory Group and a Balancing Network Code Advisory Group.
3253. AS informed the Panel that a discussion had been held with National Grid in terms of a division of labour regarding these updates and it had been agreed that National Grid would provide updates in terms of ENTSO-E developments and Ofgem in terms of ACER developments from August 2012 onwards. AT added that National Grid will provide this update by circulating and tabling a paper summarising work on the codes at each Panel meeting. GG asked if the paper could include a work plan and AT responded that this could be provided separately as it would be in a different format.

7 CUSC Modifications Panel Vote

3254. **CMP203 - TNUoS Charging Arrangements for Infrastructure Assets Subject to One-Off Charges.** AT presented on CMP203 and ran through the background to the proposal and progress so far. PJ commented that he felt it is important to avoid retrospective application in these circumstances and DC echoed this point. DC added that he agreed with the principle of cost-reflectivity but that retrospective application would undermine competition. PM advised that he agreed with this sentiment but could also understand the argument for both sides. PJ added that the methodology needs to change without question, as parties are being double-charged, but overall the materiality is small and if retrospective application is allowed, then this could set a precedent for more material changes in future. PH noted this point and

added that if this issue had been highlighted at the time, it would have been identified as an error. PJ felt that it was important that market participants could be confident that the rules that exist at any particular point in time would apply and not be changed at a later date with retrospective effect. This was different from the manifest error provisions for instance which do not seek to change the rules themselves but address the incorrect application of the rules, for example due to inaccurate data submission.

3255. PJ noted the second issue regarding wider works and advised that he believed that the methodology needs to change so that double-charging is resolved in the wider charge too.

3256. The Panel voted unanimously that the CMP203 Original and Workgroup Alternative CUSC Modification (WACM) 1 better facilitates the Applicable CUSC Objectives and so should be implemented. A majority of Panel Members expressed a preference for WACM 1. The tables below shows a breakdown of the votes:

Original

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Overall (Y/N)
Paul Jones	Yes, it is more cost reflective and therefore improves competition.	Yes, as it is more cost-reflective.	Neutral.	Y
Paul Jones for Simon Lord	Yes, as above.	Yes, as above.	Neutral.	Y
Garth Graham	Yes, double-charging is wrong and distorts competition.	Yes, it is more cost-reflective.	Neutral.	Y
Patrick Hynes	Yes, largely for the reasons already provided and to correct the error in the methodology.	Yes, it is more cost-reflective.	Neutral.	Y
Duncan Carter	Yes, retrospective application undermines competition.	Yes, this is a more cost-reflective way of charging so is more equitable for CUSC parties.	Neutral.	Y
Bob Brown	Yes, same reasons as Paul Jones.	Yes, same reasons as Paul Jones.	Neutral.	Y
Paul Mott	Yes, same reasons as Duncan Carter.	Yes, same reasons as Duncan Carter.	Neutral.	Y

WACM 1

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Overall (Y/N)
Paul Jones	Same reasons as Original but improved due to the wider works being taken into account.	Same reasons as for Original.	Neutral.	Y
Paul Jones for Simon Lord	As above.	As above.	Neutral.	Y
Garth	Same reasons as for Original.	Same reasons as for Original.	Neutral.	Y

Graham				
Patrick Hynes	Yes, it is more cost-reflective and therefore improves competition.	Yes, same reasons as Original.	Neutral.	Y
Duncan Carter	Yes, same reasons as for Original.	Yes, same reasons as for Original.	Neutral.	Y
Bob Brown	Yes, same reasons as Paul Jones.	Yes, same reasons as Paul Jones.	Neutral.	Y
Paul Mott	Yes, same reasons as for Original.	Yes, same reasons as for Original.	Neutral.	Y

WACM 3

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Overall (Y/N)
Paul Jones	No, effect on competition is detrimental due to retrospective application.	No, due to retrospective application element.	Neutral.	N
Paul Jones for Simon Lord	Same as above.	Same as above.	Neutral.	N
Garth Graham	Yes, it improves competition due to correcting an error in the methodology.	Yes, it corrects an historic cross subsidy and is more cost reflective going forward.	Neutral.	Y
Patrick Hynes	No, due to concerns regarding wider works.	No, it is not more cost-reflective than the current methodology.	Neutral.	N
Duncan Carter	No, retrospective application undermines competition.	No, due to retrospective application element.	Neutral.	N
Bob Brown	No, same reasons as Paul Jones.	No, same reasons as Paul Jones.	Neutral.	N
Paul Mott	No, same reasons as Paul Jones and Duncan Carter.	No, same reasons as Paul Jones and Duncan Carter.	Neutral.	N

WACM 7

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Overall (Y/N)
Paul Jones	No, same reasons as for WACM 3.	No, same reasons as for WACM 3.	Neutral.	N
Paul Jones for Simon Lord	As above.	As above.	Neutral.	N
Garth Graham	Yes, same reasons as for WACM 3.	Yes, same reasons as for WACM 3.	Neutral.	Y
Patrick Hynes	Yes, same reasons as for Original.	Yes, same reasons as for Original.	Neutral.	Y
Duncan Carter	No, same reasons as for WACM 3.	No, same reasons as for WACM 3.	Neutral.	N
Bob Brown	No, same reasons as Paul Jones.	No, same reasons as Paul Jones.	Neutral.	N
Paul Mott	No, same reasons as Paul Jones.	No, same reasons as Paul Jones.	Neutral.	N

	Jones and Duncan Carter.	Jones and Duncan Carter.		
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BEST

Paul Jones	WACM 1
Paul Jones for Simon Lord	WACM 1
Garth Graham	WACM 7
Patrick Hynes	WACM 7
Duncan Carter	WACM 1
Bob Brown	WACM 1
Paul Mott	WACM 1

8 Authority Decisions as at 19 July 2012.

3257. None.

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

3258. IP advised that the Consultation on Balancing Services Incentive Scheme (BSIS) 2011 – 2013 Methodology Amendments¹ had been published on 12 July 2012 with responses requested by 10 August 2012. IP advised that the consultation requested views on whether amendments should be made to the current BSUoS modelling methodologies in order to increase modelling accuracy.

10 AOB

3259. AT advised that the BSC Panel had recently held elections and noted that BB had taken up the position of BSC Panel member.

3260. MT queried if there were any questions or comments on the KPIs that had been circulated to the Panel for the period of April – June 2012. AT advised that Ofgem were currently undertaking a review of the Code Administration Code of Practice and that guidance had been drafted, and that Ofgem are intending to complete this review at the same time as the Code Governance Review Phase 2 in September 2012.

3261. AT advised that an email had been sent to CUSC Parties on 23 July 2012 to commence the CUSC Elections Process and that four nominations had been received. AT confirmed that the deadline for returning ballot forms is 14 August 2012 after which the votes would be counted with a view to announcing the results in early September 2012.

3262. AS advised that the CMP202 (Revised treatment of BSUoS charges for lead parties of Interconnector BM Units) Final CUSC Modifications Report had been received and that Ofgem are expecting to make a decision in line with the 25 day KPI.

11 Next Meeting

3263. The next meeting will be held on 31 August 2012 at National Grid House, Warwick. PM and DC advised that they would be absent for this meeting but would select Alternates. PJ confirmed that SL had agreed to act as his alternate for this meeting.

¹ <http://www.nationalgrid.com/uk/Electricity/soincentives/docs/>