

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	142
Date of meeting	27 November 2012
Location	Teleconference

Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
Emma Clark	EC	Panel Secretary
Abid Sheikh	AS	Authority Representative
Ian Pashley	IP	National Grid Panel Member
Andrew Wainwright	AW	National Grid Observer
James Anderson	JA	Users' Panel Member
Bob Brown	BB	Users' Panel Member
Simon Lord	SL	Users' Panel Member
Michael Dodd	MD	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Antony Mungall	AM	Ofgem Observer
Robert Longden	RL	Alternate Users' Panel Member
Caroline Kluyver	CK	National Grid Observer

Apologies

Name	Initials	Position
Alex Thomason	AT	Code Administrator
Paul Mott	PM	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Duncan Carter	DC	Consumers' Panel Member
Patrick Hynes	PH	National Grid Panel Member
David Kemp	DK	ELEXON

Alternates

Robert Longden for Paul Jones

Bob Brown for Duncan Carter

Simon Lord for Paul Mott

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

3369. Introductions were made around the group. Apologies were received from DK, DC, PJ, PM, AT and PH. SL confirmed that he was acting as PM's alternate, RL confirmed that he was acting as alternate for PJ and BB confirmed that he was DC's alternate.

2 CUSC Modifications Panel Vote

3370. **CMP214 – Implementation of TNUoS Charging Parameter Updates following a Price Control Review.** EC presented on the key elements of CMP214 and how it had been progressed so far.
3371. SL queried whether National Grid could implement parameter changes as a single entity (i.e. without generation re-zoning) if CMP214 was rejected. AW advised that National Grid would work to the existing Use of System Charging Methodology as defined in the CUSC in the event that CMP214 was not approved and that, in National Grid’s opinion, this would require both parameter changes and generation re-zoning to be completed ahead of the publishing of the 2013/14 final tariffs. AW confirmed that currently, National Grid is working on the basis that CMP214 does not exist.
3372. The CUSC Panel voted on CMP214 against the Applicable CUSC Objectives for the Use of System Charging Methodology. The voting is contained in the table below:

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Overall (Y/N)
Simon Lord	No. CMP214 is likely to set a precedent allowing future charging changes (e.g. Project Transmit) to be delayed even if the notice of charges as set out in the CUSC is met. This may lead to inappropriate charges for some Users and effect decision making.	No. Delaying parameter changes and resulting implementation of charges that have been notified in accordance with the CUSC is likely to result in charges that are not cost reflective being applied to Users. The materiality is significant in both positive and negative direction. TNUoS is inherently volatile delaying some changes but allowing others (allowable revenue and TEC) increases volatility. Often the various sources of volatility act against each other to reduce overall change.	Neutral.	No.
Simon Lord for Paul Mott	As above.	As above.	Neutral.	No.
Garth Graham	Yes. Noted the comments in the consultation responses. It allows parties to predict charges and the benefit of this outweighs the dis-benefits of cost-reflectivity.	No as it could lead to charges that are not cost-reflective.	Neutral.	Yes
Michael Dodd	Yes, marginally. Likely that it sets a precedent, as per Simon Lord’s comments, but notes the concerns that suppliers raised in response to consultation.	No. It will lead to charges that are not cost-reflective as there will always be a year of “lag” following the first year of a price control. It also sets an uncomfortable precedent that some sources of charge volatility may be delayed, whilst others are not, exacerbating the impact on cost-reflectivity that this modification introduces.	Neutral.	Yes.
James Anderson	Yes. It enables Users to make economic decisions but it is difficult to see how Users can accurately predict	Neutral. There is a marginal reduction in cost-reflectivity in the short-term but there is a longer term-signal and concur with National Grid’s	Neutral.	Yes.

	charges.	view on this point.		
Bob Brown	Yes, due to the enhanced predictability of charges and subsequent stability.	No. It will delay the implementation of cost-reflectivity.	Neutral.	Yes.
Bob Brown for Duncan Carter	Same as above.	Same as above.	Neutral.	Yes.
Ian Pashley	Yes. It helps competition by allowing suppliers and generators to incorporate the charges into their pricing structures.	Marginal yes.	Yes. It is consistent with the outcome of Ofgem's consultation on charging volatility.	Yes.
Robert Longden for Paul Jones	Yes, marginally. Improves predictability for stakeholders.	Marginal yes, as per James Anderson's views.	Neutral.	Yes.

3373. MT asked Ofgem if they had any comments to make. AM asked if any further information would be provided by National Grid in addition to the information provided in the draft Final Modification Report. MD raised a concern about the possibility of the report being updated at this point. EC advised that at this stage in the process, no further information in addition to the recording of the Panel vote would be added to the report and that the industry had commented on the information contained in the report, and also that the Panel had voted on the basis of the information in the report. Any further information would require Panel consent and possibly further consultation. AW confirmed that all the information available had been included in the report and that further data had formed part of National Grid's Consultation response, therefore no further information would be sent to Ofgem.

3374. SL highlighted an information paper on TNUoS tariffs that had been published recently on National Grid's website and asked if that had been produced with the assumption that CMP214 would be approved. AW advised that the default position is that CMP214 is not implemented but that, for the avoidance of doubt, AW would confirm back to the Panel the basis on which the information paper has been published.

Action: AW to confirm on what basis the information paper has been published.

11 Next Meeting

3375. The next meeting will be held on 30 November 2012 at National Grid House, Warwick.