

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	145
Date of meeting	25 January 2013
Location	National Grid House, Warwick

Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
Emma Clark	EC	Panel Secretary
Alex Thomason	AT	Code Administrator
Abid Sheikh	AS	Authority Representative
Ian Pashley	IP	National Grid Panel Member
Patrick Hynes	PH	National Grid Panel Member
James Anderson	JA	Users' Panel Member
Bob Brown	BB	Users' Panel Member
Michael Dodd	MD	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Simon Lord	SL	Users' Panel Member (by teleconference)
Paul Mott	PM	Users' Panel Member
Jenny Doherty	JD	National Grid Presenter
Tariq Hakeem	TH	National Grid Presenter
Thomas Derry	TD	National Grid

Apologies

Name	Initials	Position
Robert Longden	RL	Alternate Users' Panel Member
David Kemp	DK	ELEXON

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

3444. Introductions were made around the group. Apologies were received from RL and DK.

2 Approval of Minutes from the last meeting

3445. The minutes from the CUSC Modifications Panel meeting held on 14 December 2012 were approved, subject to minor comments received.

3 Review of Actions

3446. **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 meeting is being held on 19 February 2013 to discuss changes arising

from the Requirements for Generators Code (using the topic of Fault Ride Through as a vehicle for examining both Grid Code and Distribution Code impacts) as well as options for stakeholder engagement. GG suggested that it would be useful to have a session prior to that to enable stakeholders to engage in the GB codes process. AS advised that Ofgem are intending to hold a consultation in order to gain stakeholders views on proposals for progressing the application of the EU codes to the GB regime. GG responded that his concern is around the ability to influence the detail of application, as well as proposing future changes to the codes, and that items may be incorporated into the GB codes in a way that prevents changes subsequently being proposed by GB code stakeholders. AS noted that Ofgem want to go into the consultation process from an informed point of view.

3447. **Minutes 3422: CMP213 Seminar slides to be updated and published on National Grid's website.** Complete.
3448. **Minute 3423: Revise GSG Terms of Reference and circulate to CUSC Panel members.** Complete.
3449. **Minute 3426: Update CBSG and BSSG Terms of Reference.** EC advised that an update will be provided on this later in the meeting.
3450. **Minute 3433: Ask GSG to develop process for CUSC Panel to determine the claims threshold.** It was noted that this item had been included in the GSG Terms of Reference. The Panel agreed that they were happy with this.
3451. **Minutes 3440: Panel members to send feedback on Panel meetings to cusc.team@nationalgrid.com.** MT noted that one Panel Member had provided some feedback on the meetings. No other comments were received.
3452. **Minute 3422: Ensure CUSC Panel dates are published.** Complete. The Panel agreed that they were happy for the December Panel to be put back a week to 20 December 2013 to accommodate the Chairman's availability. GG suggested the possibility of holding the August Panel in Edinburgh due to the Warwick offices being refurbished at this time and a number of other industry meetings occurring during the same week in Edinburgh.

Action: CUSC Panel Members to email the Code Administrator with their views on holding the August CUSC Panel meeting in Edinburgh.

4 New CUSC Modification Proposals

3453. **CMP215 – Removal of references to TNUoS charges for Interconnector BM Units and requirement to provide security cover.** JD presented the background and outline of CMP215. The Panel agreed that CMP215 should be progressed as Self-Governance and for it to progress straight to the Code Administrator Consultation. The Authority Representative exempted CMP215 from the ongoing Electricity Balancing Significant Code Review.

Action: Send CMP215 Self-Governance Statement to Ofgem.

3454. **CMP216 – Removal of references to BSUoS charges for Interconnector BM Units.** JD presented the background and outline of CMP216. The Panel agreed that CMP216 should be progressed as Self-Governance and for it to progress straight to the Code Administrator Consultation. The Authority Representative exempted CMP216 from the ongoing Electricity Balancing Significant Code Review.

Action: Send CMP216 Self-Governance Statement to Ofgem.

3455. **CMP217 – Clarification of the CUSC ‘Interruption Payment’ and ‘Interruption Period’ definitions.** TH described the background and key elements of CMP217 to the Panel. BB asked for clarification that CMP217 does not change the basis of the calculations, and TH confirmed that it simply provided a clearer route to the same outcome.
3456. PJ asked why interconnector owners are receiving payment when they do not pay Transmission Network Use of System Charges. PH advised that this issue requires a separate modification, as it is not within the scope of CMP217 to consider this. GG asked whether this issue could be addressed under CMP215 and/or CMP216. PJ commented that interconnectors are treated as transmission, so there should be equal treatment. PH advised that until the whole interconnector regime is understood further, it is difficult to address the issue holistically. PH added that the proposals raised today are simply making clear what the arrangements are, not actually changing the arrangements. MD agreed and suggested that this needs to be looked at separately as a larger issue. PJ commented that an anomaly exists in terms of the principle, as changes have been made for interconnector users and owners in some areas, but not in other respects. The Panel considered ways to take this issue forward since it had been highlighted. AS suggested that it would be useful for the Panel to have this item on the agenda for a future meeting and for National Grid to put together a paper on what the interactions are. PH responded that there are a number of interconnector issues that need to be looked at, but that a lot of the work may stem from the Licence. PJ noted that the compensation approach is paired up with what is paid for transmission access, so there are standalone issues. PJ added that it is not apparent how compensation is received for the GB network as an interconnector user, and that it actually seems not to exist. TH clarified that it is the interconnector owner that receives the compensation. MT suggested that PH talk to the appropriate Panel Members to work together to identify the issues, with a view to potentially raising a Modification proposal. The Panel noted that whilst this issue is valid, it is not a priority over work ongoing at present.

Action: PH and other Panel Members to discuss Interconnector charges and identify issues.

3457. The Panel moved on to discussing how to progress CMP217. GG felt that there is merit in holding a Workgroup in order to allow third parties who are unfamiliar with the process to have some input, particularly as interruption payments are very important to Users. TH advised that CMP217 does not change the payments, it merely clarifies the calculations and therefore a Workgroup may not be necessary as discussions would be limited to the scope of the proposal. GG felt that it would be useful for parties to have an opportunity to discuss the proposal. AT suggested that the proposal and legal text could be circulated again to give parties an opportunity to review, and ask questions if necessary. AS agreed that it would be useful for parties to have this opportunity, and suggested that extra questions could be asked in the consultation. Parties could also be given longer than the standard three weeks to respond. AS added that, if appropriate, a meeting could then be set up in order to deal with any questions or issues raised. AS highlighted that a consultation would draw out the materiality of the proposed legal text and also noted that there would be additional comfort for the process of making any further non-material changes to the legal text after the Code Administrator Consultation. MT confirmed with the Panel that the objective is to keep the proposal non-material and AT added that it would not address the defect if it were material.
3458. The Panel therefore agreed for CMP217 to progress to the Code Administrator Consultation for a period of four weeks and for CMP217 to follow the Self-

Governance route. The Authority Representative exempted CMP217 from the ongoing Electricity Balancing Significant Code Review.

Action: Send CMP217 Self-Governance Statement to Ofgem.

5 Workgroup / Standing Groups

3459. **CMP201 - Removal of BSUoS Charges from Generators.** PH explained that since the CMP201 Final Modification Report had been sent back in October 2012, the CMP201 Workgroup had met to discuss the issues and to redraft the Workgroup Report, with a view to re-taking the Workgroup vote and submitting the Workgroup Report back to the Panel addressing the issues raised in the Send Back letter. PH advised that the Workgroup Report was currently being reviewed, and that the Workgroup were planning on meeting again in early February to finalise the report and to hold the vote.
3460. EC explained that the timetable presented to the Panel in November 2012 had depicted that the CMP201 Workgroup Report would be presented to the Panel in January 2013. EC advised that due to the work being carried out in order to ensure that the Workgroup Report contains sufficient information and the time required to hold a further meeting, it was now looking likely that the report would be presented to the March Panel. AS advised that Ofgem were happy for additional time to be taken to ensure that the work is carried out correctly and that Ofgem is satisfied that the work is moving in the right direction. GG added that he is happy with the progress of the Workgroup and JA commented that he believes it would be useful to hold another Workgroup meeting to finalise the report.
3461. **CMP213 - Project TransmiT TNUoS Developments.** PH reviewed the progress of CMP213 so far and explained that the Workgroup Consultation had been completed and that 21 responses had been received, with mixed comments. PH advised that the Workgroup were at the stage of forming Workgroup Alternative CUSC Modifications (WACMs) and that a sub-group had been formed to look at modelling the market impact.
3462. PH moved on to considering the timescales and advised that due to the amount of potential alternative proposals and the amount of legal text that needed to be drafted, it would not be feasible for the Workgroup Report to be presented to the February CUSC Panel, and instead PH requested an extension to CMP213 and for it to be presented to the March Panel. PH noted that the March Panel is being held a week early due to the Easter bank holiday, and suggested the Panel hold a special meeting on 28 March 2013 as well as the meeting already scheduled for 22 March 2013, in order to discuss the Workgroup Report as the CMP213 Workgroup Report would not be ready for 22 March due to the timing of the Workgroup meetings. PH suggested discussing the detail of CMP213 at the February Panel meeting in preparation for the Workgroup Report being published and AT noted that currently there is a light agenda for February, and therefore the Panel would be able to spend some time discussing CMP213. The Panel agreed that this approach would be useful. PH added that the group were planning on including the technical details of CMP213 as an appendix to the Workgroup Report, rather than in the main body of the report. GG suggested having a special CUSC Panel meeting in mid-May in order to vote on CMP213, which would then allow the Final Modification Report to be sent to Ofgem at the end of May.

Action: Code Administrator to arrange special CUSC Panel meetings for 28 March 2013 and mid May 2013 to discuss CMP213.

3463. The Panel agreed to the extension and for the Workgroup Report to be presented to the March Panel. AS advised he is comfortable with proceedings. MT asked AS if he had any thoughts on Ofgem's timetable from June onwards, particularly in respect of an Impact Assessment. AS responded that resources and timescales are being considered in regard to CMP213.
3464. **Frequency Response Working Group (FRWG).** TD ran through the background of the FRWG and the outcome and recommendations of the FRWG Report, including bringing some of the work into the BSSG and CBSG. SL expressed a concern that a number of options had been left out of the final recommendations. TD responded that the Workgroup decided that it would be difficult to deal with all of the options at the present time, and therefore only a small number of options were brought forward. IP added that there was also a concern around the interaction of the European Codes which contributed to some of the options being put on hold. GG raised the point that the CBSG is not under CUSC governance and asked whether this is an opportunity to bring the CBSG within the powers of the CUSC. IP responded that the requirement for mandatory services when connecting to the transmission network are already under CUSC governance, but that the wider commercial services have certain flexibility and that this should be continued. GG suggested asking parties for their opinion at the next BSSG/CBSG meeting. JA advised that he is wary of restricting flexibility in the development of commercial services and SL added that there is a concern around constraints in the CUSC and that he is comfortable with the divide as it is currently.
3465. EC noted that the BSSG is currently dormant and asked if the Panel were happy to re-establish the group in order to bring this work forward. The Panel agreed with the recommendations of the FRWG Report and for the work to be discussed through the CBSG and BSSG. GG warned that timing and resources need to be considered carefully, due to the industry workload at present. EC advised that the next BSSG/CBSG meeting is not scheduled until March and that it is possible that this could be postponed.
3466. **Governance Standing Group (GSG).** GG advised that the GSG planned for 24 January 2013 had been moved to 15 February 2013 due to availability.
3467. **Joint European Standing Group (JESG).** GG advised that a meeting had taken place on 15 January 2013 during which discussions took place on the ongoing work for the Requirement for Generators (RfG) Code. GG informed the Panel that the Capacity Allocation and Congestion Management (CACM) Network Code had been discussed and that ACER had issued its opinion on the Code on 21 December 2012. GG went on to note that the European Commission had issued its instruction on the Electricity Balancing Network Code and that ENTSO-E had now commenced work. GG also noted that there had been a presentation on the Load-Frequency Control Reserves (LFC&R) Network Code and that a consultation is planned for February / March 2013 and that there would be a two day workshop on 7 and 8 March 2013 at ELEXON in London.
3468. **Transmission Charging Methodologies Forum (TCMF).** PH advised that the TCMF had met on 15 January 2013 and had discussed the progress of the charging proposals that are currently ongoing. PH advised that the group were considering looking at charging arrangements for embedded generation and that this would be discussed in more detail at their next meeting on 12 March. PH also noted that whilst the informal Workgroup was considering the issues, that the issue of integrated offshore would not be raised as a formal proposal until a decision is made on CMP213.

3469. **Commercial Balancing Services Group (CBSG).** EC advised that no meeting had been held in January 2013 and that the CBSG would be looking at discussing the work from the FRWG recommendations at their next meeting, currently planned for 6 March 2013.
3470. **Balancing Services Standing Group (BSSG).** EC advised that the BSSG would be looking at discussing the work from the FRWG as above at their next meeting on 6 March 2013.

6 CMP214 'Lessons Learnt'

3471. EC reminded the Panel about the background to CMP214 'Implementation of TNUoS charging parameter updates following a price control review' and the process from raising the proposal, to the Authority decision being received. PH advised that with hindsight, it perhaps would have been better to raise CMP214 earlier in order to avoid the urgency process. However, PH noted the other commitments and workload that was ongoing at the time, including Ofgem's own consultation on volatility of charges, and therefore there was a delay in addressing the issue. PH added that the more general issue of changes in parameter boundaries will be looked at in due course at TCMF. AS noted the separation between the Code Administrator's role, and National Grid's role and felt that the Code Administrator role had been carried out as expected and that the process had been followed effectively. AS added that the question is around whether National Grid could have raised the proposal earlier and whether there was an alternative solution to raising a proposal.
3472. MT asked if the communication between National Grid and Ofgem could have been improved. AS responded that there had been a measure of dialogue throughout the process. PM noted that CMP214 embodied the implementation of new charging parameters, but that if the issues had been separated out, then there may have been a different outcome. SL agreed with this point and added that if a Workgroup had been formed, then a WACM could have been raised to split the charging issue from the parameter issue, which may have been more successful. BB commented that dialogue with Ofgem should always be encouraged; particularly in the case of urgent modifications and that the Panel needs to be careful when considering the urgent process.
3473. PH commented that CMP214 was not raised earlier due to the amount of charging changes ongoing at the time and added that National Grid had considered requesting a derogation rather than raising a Modification. AT asked if another party could have potentially raised the proposal if National Grid had not. PH responded that there had been support for it in the TCMF. PM noted that a period of time had elapsed between the issue being raised at the TCMF and CMP214 being raised. JA commented that the proposal was raised in response to customers' expressed concerns, so it was understood why National Grid had raised it. MT concluded that the lessons to be learnt were for National Grid to try and anticipate issues early on if possible and to liaise with Ofgem, and for the urgent process not to be treated lightly.

7 European Code Development

3474. The Panel noted that an update on EU developments had been provided by Ofgem and circulated on 23 January 2013.

8 CUSC Modifications Panel Vote

3475. There were no votes at this meeting.

8 Authority Decisions as at 17 January 2013

3476. There were no decisions as at 17 January 2013. However, the Panel noted that the Authority had rejected CMP207 'Limit increases to TNUoS tariffs to 20% in any one year' on 21 January 2013.
3477. The Panel also noted that a decision on CMP209 and CMP210 'Allow Suppliers' submitted forecast demand to be export' had been expected on 21 January 2013. AS advised that Ofgem are currently considering carrying out a consultation as there are some concerns around the evidence presented in the Final Modification Report. AS confirmed that further information would be issued in due course.

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

3478. GG advised that at the Energy Emergencies Executive Committee meeting (E3C), an update had been provided from National Grid following a survey of CCGT operators that had been issued by Energy UK, and that the Cold Weather Reserve Policy had been amended by National Grid accordingly. GG advised that he will circulate a note with more information to generators via Energy UK.
3479. IP informed the Panel that the Authority had rejected P289 'Enabling Elexon to participate in tendering for the DCC licensee roles via a subsidiary' due to it being incompatible with National Grid's Licence and the case against the Applicable Objectives not being proven.
3480. AS provided an update on the Code Governance Review (CGR) Phase 2 and advised that Panel that Ofgem plan to publish a decision at the end of February 2013.
3481. AS informed the Panel that Ofgem's consultation on further proposed licence changes following the implementation of the Third Package had closed on 15 January 2013, that Ofgem is now in the process of considering the responses and a decision is due to be published at the end of February 2013. AT added that the proposals that arise from the CGR Phase 2 will be taken to the GSG for discussion. AS thanked National Grid for their response to the consultation.

10 AOB

3482. AT noted that the Panel meeting dates for November and December 2013 may change from the dates published previously and the Panel agreed that they would consider the dates nearer the time.
3483. BB highlighted a concern with the decision on CMP207, in that the reason for the rejection had been stated as insufficient analysis. BB felt that it would be helpful if Ofgem could highlight earlier on in the process if they feel that the Workgroup has not carried out enough analysis, and suggested that this could be a KPI in order to prevent the situation from occurring again. PH felt that the analysis should be for the Proposer to provide, not necessarily the Workgroup. AS noted that Ofgem had attended the CMP207 Workgroup meetings and also noted the points regarding analysis and who should provide this.

11 Next Meeting

3484. The next meeting will be held on 22 February 2013 at National Grid House, Warwick.