

Minutes

Meeting name	CUSC Modifications Panel
Meeting number	146
Date of meeting	22 February 2013
Location	National Grid House, Warwick

Attendees

Name	Initials	Position
Mike Toms	MT	Panel Chair
Robyn Jenkins	RJ	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
Paul Mott	PM	Users' Panel Member
Jenny Doherty	JD	National Grid Presenter
Sheona Mackenzie	SM	Ofgem Observer (part meeting)
David Kemp	DK	ELEXON

Apologies

Name	Initials	Position
Emma Clark	EC	Panel Secretary

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

3485. Introductions were made around the group. Apologies were received from EC.
3486. MT noted that, at present, the National Consumer Council do not have a representative on the Panel, suggesting that AT contact the NCC to discuss.

Action: AT to contact NCC to discuss CUSC Panel Membership.

2 Approval of Minutes from the last meeting

3487. The minutes from the CUSC Modifications Panel meeting held on 25 January 2013 were approved, subject to minor comments received.
3488. The Panel members discussed the points raised by BB under AOB at the January Panel meeting. PH suggested that, for CUSC Modification proposals, it is up to the

Proposer to do the necessary analysis to support the proposal. BB noted that for BSC modifications, it is the duty of the modification workgroup, initiated by the proposer. PH agreed that this is a grey area in the Modification process and there needs to be a balance between what analysis is practical and what is not. PH added that when developing a Workgroup Alternative CUSC Modification, the onus should then be on the Workgroup to develop the analysis. PH and BB agreed to discuss the wording of the minutes outside of the meeting. GG noted that with charging modifications, National Grid are in the unique position of being able to access a lot of data which other parties may not have the access to. As such, in many circumstances National Grid has the ability to do the analysis on behalf of the Workgroup.

3 Review of Actions

3489. **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 NGET, the DNOs and Ofgem met on Tuesday 19 February to look at the Fault Ride Through provisions in the Requirements For Generators Code and how they will translate into the GB codes. Work is progressing well and the next step is to develop a paper to take to the Joint European Standing Group (JESG) this spring. IP noted that it is getting close to the point where there is something tangible to seek views on. AS added that the meeting with NGET and the DNOs had been a successful meeting and Ofgem feel it is a good idea for NG to present the work done so far to JESG. Ofgem will then consider the next steps and how to go out to further consultation. MT asked when this consultation period will be. AS noted that it is difficult to say right now, Ofgem are still considering internally and they need to look at resourcing. Ofgem's first priority is to have this done through NGET and the DNOs as they have done a sterling job so far. GG questioned whether the current thinking on the application of the European Network Codes into GB codes suggests they will be mapped to existing codes in one way or another, or whether there would be circumstances where additional codes are needed. GG noted that it is important that Stakeholders have an appreciation of this now as it may affect their ability to propose modifications to a code in the future. GG added that he does not want there to be at a point in the future where parties cannot raise a GB code Modification because EU law says only the TSOs can define certain parameters. MT thanked GG for his comments and noted that this issue has been raised previously by GG and has not been forgotten.
3490. **Minute 3452: CUSC Panel Members to email the Code Administrator with their views on holding the August CUSC Panel meeting in Edinburgh.** AT noted that responses have been received from 6 Panel members and of those who responded, 5 have expressed a preference for Edinburgh. MT acknowledged that the August CUSC panel will be held in Edinburgh, subject to finding a suitable location.
3491. **Minute 3453: Send CMP215 Self-Governance Statement to Ofgem.** Complete
3492. **Minute 3454: Send CMP216 Self-Governance Statement to Ofgem.** Complete
3493. **Minute 3456: PH and other Panel Members to discuss Interconnector charges and identify issues.** PH noted that the arrangements and regulation around interconnectors are different to any other transmission users and there are revenues that flow between TSOs in the EU codes, so this cannot be looked at in isolation. MT queried whether this is an issue which should be given priority at the moment, considering that CMP213 is still running. PJ suggested that this is not something which requires immediate action, but it is something that needs to be addressed in time. There are inconsistencies with interconnectors in that they are not subject to TNUoS charges but are included in the loss of transmission access compensation

arrangements. PM noted that this issue does not interact with CMP213. MD suggested that with Ofgem considering a review of trading arrangements at some point in the future addressing the issue now may be premature. MT agreed that the Panel will revisit in 3 months, when Ofgem's decision on a review of trading arrangements may be clearer. GG noted that at JESG there was a presentation on interconnectors at day ahead, suggesting it would be helpful to circulate that paper.

Action: Forward presentation on Forwards Code to Panel Members.

3494. **Minute 3458: Send CMP217 Self-Governance Statement to Ofgem.** Complete
3495. **Minute 3462: Code Administrator to arrange special CUSC Panel meetings for 28 March 2013 and mid May 2013 to discuss CMP213.** AT noted that a special CUSC Panel meeting has been arranged for the 28th March to discuss the CMP213 Workgroup Report. AT explained that at the normal Panel Meeting in March, the votes on CMP's 215, 216 and 217 will take place and there may be a new Modification Proposal regarding a new banking product for the account in which National Grid store the security fees, therefore it is expected to be a fairly straightforward meeting. AT proposed discussing CMP213 first on 28th March, but then using the rest of that meeting to discuss the other issues for the regular March Panel and cancelling the meeting on the 22nd. GG suggested that if the meeting on the 22nd takes place as planned, the meeting on the 28th should be straightforward, and, as it is the day before Good Friday, Panel Members may not want to travel. MT noted that the meeting could be conducted via teleconference if that is preferred. The majority of Panel Members preferred to hold both meetings.
3496. AT noted that the Code Administrator is still looking for dates in the middle of May, currently aiming for Friday 17th May. AT asked whether the Panel is happy to have a 4 week Code Administrator Consultation for CMP213, given that the Easter holidays coincide with the first week of that period. PH noted that there are no new options in the Code Administrator consultation, only new data and further information about tariffs. JA added that, at Workgroup meetings, they have discussed the layout of the report, and intend to make it clear and easy for people to read. AT suggested discussing this again after the Panel have seen the Workgroup report.

4 New CUSC Modification Proposals

3497. None

5 Workgroup / Standing Groups

3498. **CMP201 - Removal of BSUoS Charges from Generators.** PH explained that at this stage the Workgroup believe they have addressed all of Ofgem's concerns. SM noted that at this stage Ofgem cannot say whether they think their concerns have been addressed. PH explained that the timetable has had to be updated, including the implementation date. PH noted that there has been no change to the Workgroup Vote. The Workgroup recommends a 3 week Code Administrator consultation. The Panel agreed to proceed to Code Administrator Consultation. AT noted that on the current timetable, CMP201 would come back for Panel vote in April. AS noted that Ofgem will probably do an impact assessment, for which they have up to 3 months to produce the impact assessment consultation following the submission of the Final Modification Report. Following the closing date of the impact assessment consultation, the timings for a decision would revert back to Ofgem's 25 day KPI.
3499. **CMP213 - Project TransmiT TNUoS Developments.** PH noted that the Workgroup have discussed and responded to all the issues raised in the consultation, adding

that there was a suggestion for quite a fundamental alternative but that the person making this suggestion decided not to raise it. The Workgroup are currently down to about 42 alternatives in a matrix model. The Workgroup are now at the stage of looking at some legal drafting, along with the impact modelling results plus transition and implementation arrangements. PH added that the current methodology needs to endure for some time. There has been a suggestion of “grandfathering” for existing units, and if the Workgroup proceeds with this option it doubles the number of potential alternatives. PH accepted that 42 potential alternatives is high, but suggested that with a Modification proposal this complex it is surprising that it has been able to be restricted to this many options. GG noted that for the Panel vote, depending on the combination of preferred elements, it could narrow down the number of options. SL indicated that, in his view, more options are better. AS commented that the feedback he has received from the Ofgem representative for CMP213 suggests Ofgem are happy with progress and the level of engagement. PM asked for indicative dates for the CMP213 Code Administrator consultation. AT suggested the consultation could be published on Tuesday 2nd April for 4 weeks, closing on 30th April.

3500. **Governance Standing Group (GSG).** GG advised that the GSG had met on 15th February 2013 and there was an update on the proposed Self-Governance Fast Track arrangements as a result of Ofgem's Code Governance Review Phase 2 consultation. The GSG reviewed its ToR and also looked at what help they can provide National Grid in terms of developing future CGR2-related modification proposals. The GSG considered the Panel process resulting from CMP212 (setting a minimum level for claims for interruptions), and they are looking to progress this via correspondence. There was also further discussion about charging governance. The GSG looked for precedents from other industry codes to see whether a charging methodology modification proposal has also included a non charging element. GG noted that they may be coming to the end of the current GSG workload.
3501. **Joint European Standing Group (JESG).** GG advised that the JESG met on Wednesday 20th February. They reviewed the outstanding action log and there was an update on the Operational Scheduling Code following the consultation. The main concern is with respect to outage planning and the impact on parties' outage planning processes. The JESG then looked at the Forwards Code including the auction process. The JESG are looking to schedule dates for a workshop to go through the Forwards Code article by article. The group also touched on REMIT, the Transparency Guidelines and Operational Security Code, which is due to be submitted to ACER by the end of the month. There was a short update on the Capacity Allocation and Congestion Management code following ACER's 11 point opinion, before it is formally sent to the European Commission. GG noted that a grand design paper will be discussed at the next JESG. The data transparency regulations are due to come into effect in about 3 months' time, John Lucas of Elexon will take a paper to the BSC's Information Security Group; GG noted that there is a page on Elexon website for full background to that area. The next JESG meeting is scheduled for 19th March.
3502. **Transmission Charging Methodologies Forum (TCMF).** PH advised that no meeting had taken place, the next meeting is scheduled for 12th March.
3503. **Commercial Balancing Services Group (CBSG).** AT advised that this meeting had been cancelled due to lack of business. Next meeting scheduled for 24th April.
3504. **Balancing Services Standing Group (BSSG).** AT advised that this meeting had been cancelled due to lack of business. Next meeting scheduled for 24th April.

6 European Code Development

3505. The Panel noted that an update on EU developments had been provided by Ofgem but not yet circulated.

Action: NGET to circulate Ofgem's European Code Development update

7 CUSC Modifications Panel Vote

3506. There were no votes at this meeting.

8 Authority Decisions as at 14 February 2013

3507. The Panel noted that a decision on CMP208 (Provision of monthly updates to BSUoS charges for the current and next financial year) had been received from the Authority on 7th February 2013. CMP208 was approved and will be implemented on 1st June 2013. GG thanked Haven Power for raising this Proposal.

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

3508. DK advised that BSC Modification P290 had been withdrawn.

3509. AS noted that it is taking longer than expected to get through responses to Ofgem's CGR2 consultation and they are now likely to publish their decision in March.

3510. MD advised that he is part of DECC's expert group developing the Electricity Market Reform (EMR) capacity mechanism. The current DECC timetable suggests the first auctions will take place towards the end of 2014, which means that all the code changes would need to be done by then. MD noted that DECC do not seem to be aware of how long the change process can take and it is very likely that a CUSC change will be needed. BB noted that according to their website, DECC are expecting to publish the first delivery plan in July. MD noted that there is nothing for the Panel to do at the moment but they should be aware that this is likely. GG asked whether the Secretary of State has the power to designate code changes as was the case, for example, with BETTA. MD suggested that there is nothing specific in the primary legislation, but, in the secondary legislation, they are likely to have written in powers to amend the codes for EMR purposes.

10 AOB

3511. AT advised that the Annual CUSC Panel KPIs for 2012 have been circulated.

3512. JA commented that in the efficiency KPI, Self Governance on average took only around 30 days less from raising the proposal to submitting it for Panel decision, which is not much less than the standard process. AT noted that Self Governance was introduced to align all the codes, but has not introduced much of a time saving. AT added that a Fast Track Self-Governance process has been suggested through CGR2.

11 Next Meeting

3513. The next meeting will be held on 22 March 2013 at National Grid House, Warwick.