

Minutes

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| Meeting name | CUSC Modifications Panel |
| Meeting number | 171 |
| Date of meeting | 27 th February 2015 |
| Location | Teleconference |

Attendees

| Name | Initials | Position |
|----------------|-----------------|----------------------------|
| Mike Toms | MT | Panel Chair |
| Jade Clarke | JC | Panel Secretary |
| Alex Thomason | AT | Code Administrator |
| Ian Pashley | IP | National Grid Panel Member |
| Patrick Hynes | PH | National Grid Panel Member |
| Paul Mott | PM | Users' Panel Member |
| James Anderson | JA | Users' Panel Member |
| Michael Dodd | MD | Users' Panel Member |
| Paul Jones | PJ | Users' Panel Member |
| Garth Graham | GG | Users' Panel Member |
| Simon Lord | SL | Users' Panel Member |
| Kyle Martin | KM | Users' Panel Member |
| Bob Brown | BB | Consumers' Panel Member |
| Abid Sheikh | AS | Authority Representative |

Apologies

| Name | Initials | Position |
|-------------|-----------------|-----------------|
| 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://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Panel-information/>

1 Introductions/Apologies for Absence

4371. Introductions were made around the group. Apologies from David Kemp.

2 Approval of Minutes from the last meeting

4372. The minutes from the last meeting held on 30 January 2015 were approved subject to changes and are now available on the National Grid website.

3 Review of Actions

4373. **Minute 4398: National Grid to provide an update on progress with a potential Statement of Works review at May 2015 CUSC Panel** – Outstanding. PH noted that National Grid have been discussing the issues that surround the Statement of Works process with customers at the National Grid Customer Seminars and it has been highlighted that there are fundamental issues surrounding NG and DNO interaction, other than those addressed in CMP238 'Application of Statement of Works process when a modification application is made'. PH noted that there are no conclusions on this at the moment and that there may be a potential CUSC Modification looking at these issues in the future.

4374. **Minute 4418: AS to report back on what is expected from the CUSC Panel for CMA investigation and how it should be approached** – Complete. AS noted that an e-mail was circulated to the CUSC Panel prior to the meeting stating that the Competition Markets Authority (CMA) is inviting views from a wide range of parties on its current thinking in relation to industry codes issues and that if the Panel wanted to submit their views the CMA would welcome these.
4375. The Panel considered whether they would like to make a submission to the CMA as part of their investigation. GG noted that the Panel may want to submit a factual statement rather than an opinion and this could include information from the Panel election process, raised modifications and the modifications process.
4376. PM noted that there is a statement available from the CMA which includes views from independent suppliers on Code Panels. PM also noted that it seems as though Ofgem approached the CMA stating that they have limited powers to raise modifications, however PM considered the Significant Code Review process which was brought in in 2011 a success and questioned what Ofgem thought did not work in this process.
4377. PH thought that the SCR process did not apply directly to the distribution charging regime and questioned whether this was the case. GG thought that the current SCR arrangements should be applied to all codes. AS noted that the SCR applies to any issue where Ofgem thinks there is a potentially significant impact on matters relating to its wider statutory duties, eg. consumers, competition, and that it may be worth asking the industry whether they consider the existing SCR process is appropriate.

ACTION: AS to clarify Significant Code Review application to distribution charging.

4378. AS noted that Ofgem are encouraged by the fact that Code Administrators are discussing how to make improvements to cross code coordination and are working to introduce a new principle within the Code Administration Code of Practice (CACoP) on cross code coordination. GG noted that there are flaws with the CACoP as it is up to the Code Administrators how they apply the CACoP, and therefore Code Administrators work differently which means there are fundamental differences between the codes. GG noted that it would be useful for Ofgem to have a review of the CACoP and how it is applied to different codes. AS suggested feeding back any concerns about the application of the CACoP to specific Code Administrators.
4379. PJ noted that if the Panel wanted to submit a paper to the CMA it should be a factual piece and could be drafted by the Code Administrator as they have access to the data required for the submission. AT noted that it would be worth reviewing what has already been published from the CMA so there is no duplication of effort or information. GG understood that there is a CMA paper due on Code Governance and this would be most relevant to consider when drafting the Panel's submission to the CMA.
4380. MD noted that although CUSC Panel members are independent, he would feel uncomfortable providing a Panel opinion to the CMA and felt that a factual paper prepared by the Code Administrator would be more appropriate and that the Panel should wait until the CMA paper on Code Governance is published before submitting anything. PJ noted that it would be useful for the Code Administrator to draw together the statistics from modifications raised in the past to inform the CMA how smaller parties are interacting with the CUSC process. PM suggested looking at significant modifications such as CMP192, CMP213 and CMP227 and counting the responses from independent suppliers. BB noted that the evidence should not be

selective and any information provided should be taken from all modifications raised over a certain period of time. PH also noted that governance arrangements have changed significantly over the past few years with the SCR process and charging arrangements being introduced to the CUSC and that this should be noted when any information is provided.

4381. The Panel asked the Code Administrator to prepare a paper which included statistics from the past six years. This paper would include information on the constitution of the CUSC Panel, election information, parties which have raised modifications and the modification process. AT noted that this paper would take at least a week to produce and took an action to do this.

ACTION: Code Administrator to produce draft factual statement to submit to CMA on behalf of the CUSC Panel by 13 March 2015

4382. **Minute 4419: AT to check with Elexon about cross code coordination meetings** – Complete. AT noted that there is a meeting of the Code Administrators on Wednesday 4th March 2015 to discuss the introduction of a new Principle 13 on cross code coordination. AT noted that there were currently no other discussions on cross code coordination.

4 New CUSC Modification Proposals

4383. There were no new CUSC Modification Proposals at this meeting, however the Panel noted that there was a special CUSC Panel meeting held on 25th February 2015 to discuss CMP241 'TNUoS Demand Charges during the Implementation of P272' which was proposed as urgent.

4384. JC noted that the minutes from this special CUSC Panel meeting would be available on the website shortly. JC also noted that the Panel's view on urgency was provided to Ofgem on 25th February 2015 and that the first Workgroup meeting was being arranged for 2nd March 2015.

Post-meeting update: Ofgem's letter granting urgency to CMP241 was sent to the CUSC Panel Chair on 27th February 2015 and is available on the National Grid website¹.

5 Workgroups / Standing Groups

4385. **CMP223 'Arrangements for Relevant Distributed Generators under the Enduring Generation User Commitment'**. CMP223 seeks to achieve fair and transparent treatment of relevant distributed generators in terms of transmission system securities and liabilities. CMP223 was sent back from the Authority in October 2014 to be revised and resubmitted. At the October 2014 Panel meeting, the Panel decided to send CMP223 back to the Workgroup.

4386. JC noted the CMP223 Workgroup was sent out for final review by the Workgroup and a few Workgroup members still had concerns about the draft Legal text. Therefore the Workgroup were unable to meet their target of the February 2015 CUSC Panel, however they will be meeting again over the next few weeks to agree the legal text and finalise the report.

¹ <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP241/>

4387. BB noted that CMP223 is a cross code issue as it has references to DCUSA changes. BB asked if the Panel could think how to flag the potential need for action elsewhere. PH noted that this is a Distribution Code issue and that he had been to the Commercial Operations Group (COG) meeting in January 2015 with some members of the CMP223 Workgroup and noted that the COG have taken an action to raise a DCUSA Modification. However, PH noted that this is not a prerequisite to CMP223 and that the CUSC has no powers to place obligations on DNOs and therefore a DCUSA change needs to be proposed
4388. **CMP227 'Change the G:D split of TNUoS charges, for example to 15:85'**. CMP227 seeks to change the Generation/Demand split of TNUoS charges, reducing the proportion of TNUoS charges paid by generators.
4389. JC advised that one of the agreed Workgroup Alternative CUSC Modifications (WACMs) was based on an assumption which National Grid later believed to be incorrect. After providing analysis on this to the Workgroup, the Workgroup decided that this is no longer a viable option. The Workgroup met on 27th February 2015 to revisit the agreed WACMs and come up with 3 main options and agreed by majority that the implementation date should be included within each WACM, giving either 12, 24, 36 or 48 months for each option resulting in 11 WACMs. The Proposer provided some additional analysis very close to the start of the last Workgroup meeting which did not allow sufficient time for the Workgroup to review this, so it was agreed the vote should be held via teleconference on 3rd March 2015.
4390. **CMP235/CMP236 'Introduction of a new Relevant Interruption type / Clarification of when Disconnection Compensation payments can be expected under Relevant Interruption'**. CMP235/CMP236 aims to amend the description of an Interruption to include a type of Emergency De-energisation and seeks to clarify that where power station supplies are disconnected solely by National Grid plant or apparatus and the effect of this is to lose the generating units' output, that this is a Relevant Interruption and, that under the CUSC, Interruption Payments can include these situations.
4391. JC noted that an email was sent to the CUSC Panel following the last CMP235/236 Workgroup meeting requesting a one month extension to the timetable. The Workgroup met on 5th February 2015 and discussed the Workgroup Consultation responses. A few Workgroup members still felt that the aim of the Modification was unclear and wanted clarification on National Grid's interpretation of the current CUSC wording in order to understand the impacts of CMP235/236. The Workgroup also felt that an appropriate solution to CMP235 was to produce a guidance note for the industry which described instances which would be acceptable to make a relevant interruption claim. The Workgroup were still unsure of whether this would be provided within the Modification Report submitted to the Authority or developed separately. JC noted that National Grid agreed to look at timelines for producing such a document and report back to the Workgroup. The Workgroup asked for a one month extension and now aim to report back to the CUSC Panel meeting in March 2015.
4392. GG also noted that within the CMP235/236 Workgroup, the GSG was requested to review the disputes procedure in terms of arbitration and whether this is still appropriate or needs updating. The CUSC Panel agreed for this to be included on the Terms of Reference for the GSG.

ACTION: Code Administrator to update GSG Terms of Reference.

4393. **CMP237 'Response Energy Payment for low fuel cost Generation'**. CMP237 seeks to take into account the different costs of generators with low or zero energy

costs by setting the Response Energy Payment at £0/MWh for certain types of generation.

4394. JC noted that the CMP237 Workgroup met on 2nd February 2015 and discussed the Workgroup Consultation responses and the Workgroup Consultation Alternative Request that was received. JC noted that the Workgroup felt that the alternative request could be a practical option, however thought that it required further consideration before deciding whether to accept it as a formal WACM. Actions were taken to provide analysis to the Workgroup to demonstrate the need and benefits for the alternative request. JC advised that if the Workgroup wanted to adopt the alternative request, they may wish to re-consult with the industry. JC noted that an email was sent to the CUSC Panel in February 2015 to request a 3 month extension on behalf of the Workgroup which the Panel agreed to. The Workgroup now plan to report back to the CUSC Panel meeting in May 2015.
4395. **CMP239 'Grandfathering Arrangements for the Small Generator discount'**. CMP239 seeks to implement 'grandfathering' arrangements in the CUSC from the expiry of Licence Condition C13 on 31st March 2016. The proposed arrangements would apply to those generators that currently receive the small generator discount and also to those generators that will connect by 31 March 2016 that would be eligible to receive a small generator discount.
4396. JC advised that the CMP239 Workgroup Consultation will close on 4th March 2015 and the Workgroup are next scheduled to meet on 13th March 2015. The Workgroup are still on track to report back to the CUSC Panel meeting in April 2015.
4397. **Governance Standing Group (GSG)**. GG advised that there has been no GSG meeting since the last CUSC Panel meeting.
4398. **Joint European Standing Group (JESG)**. GG advised that the JESG had met on 19th February 2015 which included a brief discussion on each of the Network Codes. GG noted that there was an update provided on the Emergency and Restoration (ER) Network Code and the public workshop in Brussels on 12th February 2015 at which they discussed the latest draft of that Network Code.
4399. GG noted that the structure of the group will be changing in the near future as the existing GB groups and forums that cover European issues (the DECC/Ofgem EU Stakeholder Group, the JESG and ECCAF) will merge into a single cross-industry group to be known as the 'Joint European Stakeholder Group' (JESG). GG suggested changing the CUSC Panel agenda to take into account these changes. The Panel agreed to include JESG under 'European Code Development' and remove JESG and ECCAF from the Workgroup/Standing groups section of the agenda.
4400. AS requested that GG remains as a link between the JESG and the CUSC Panel to provide updates on developments to the CUSC Panel. GG agreed to this and the Panel endorsed this approach.
4401. **European Code Coordination Application Forum (ECCAF)**. GG stated that there has been no ECCAF meeting since the last CUSC Panel meeting and that in light of the proposed changes just noted under JESG that there would be no further meetings of ECCAF. GG noted that he had spoken with the ECCAF Technical Secretary and it had been agreed to retain the ECCAF papers etc., on an appropriate part of the National Grid website going forward so that this knowledge / information wasn't lost.

4402. **Transmission Charging Methodologies Forum (TCMF)**. PH noted that there had been no TCMF since the last CUSC Panel meeting. PH stated that the next TCMF would be held on 12th March 2015.
4403. **Commercial Balancing Services Group (CBSG)**. JC advised that there has been no CBSG meeting since the last CUSC Panel meeting and that the next meeting which was planned for 5th March 2015 has been cancelled due to lack of agenda items.
4404. **Balancing Services Standing Group (BSSG)**. JC advised that there has been no BSSG meeting since the last CUSC Panel meeting. This group is currently in abeyance.

6 European Code Development

4405. AS noted that an EU Update had been circulated to Panel members prior to the meeting.

7 CUSC Modifications Panel Vote

4406. There were no votes at this meeting

8 Authority Decisions as at 19 February 2015

4407. AS stated that the Authority had decided to approve CMP240 and have directed implementation on 12th March 2015. AS indicated that the decision letter for CMP238 would be issued shortly.

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

4408. AS noted that an Authority approval letter for the revised version of the CACoP has been sent to Code Administrators and is now available on the Ofgem website.

10 AOB

4409. SL stated that the CUSC Exhibits are getting out of date and that there have been gradual changes to the standard content of Construction Agreements. SL noted that the Construction Agreements should be largely the same as what is within the CUSC and asked PH what is being done about this.
4410. PH noted that National Grid tries to reflect planning changes as they happen within the Construction Agreements, which means that some clauses are not in every agreement. PH noted that there is a need for further transparency and a review of this at some stage. PH agreed to take an action to consider how this should be approached and welcomed views from other Panel members on this.

ACTION: PH to consider approach for reviewing Construction Agreements.

11 Next meeting

4411. The next standard CUSC Panel meeting will be held on 27 March 2015 at National Grid House, Warwick.
4412. There will be two special CUSC Panel meetings to discuss CMP241 on 13th March 2015 (to consider the Workgroup Report) and on 23rd March 2015 (to vote on a Panel recommendation).