

Working Group Terms of Reference and Membership

Draft - TERMS OF REFERENCE FOR CAP161-164 WORKING GROUP 'ACCESS WORKING GROUP 1'

RESPONSIBILITIES

1. The Working Group is responsible for assisting the CUSC Amendments Panel in the evaluation of CUSC Amendment Proposals CAP161, 162, 163 and 164 tabled by National Grid at the Amendments Panel meeting on 25th April 2008.
2. The proposals must be evaluated to consider whether each of them better facilitates achievement of the applicable CUSC objectives. These can be summarised as follows:
 - (a) the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence; and
 - (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.
3. It should be noted that additional provisions apply where it is proposed to modify the CUSC amendment provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

SCOPE OF WORK

4. The Working Group must consider the issues raised by the Amendment Proposals and consider if each of the proposals identified better facilitates achievement of the Applicable CUSC Objectives.
5. In addition to the overriding requirement of paragraph 4, the Working Group shall consider and report on the following specific issues:
 - Impact on bilateral agreements (BCA, BEGAs, CONSAG, Offers etc.)
 - Impact on core industry documents and other documents (incl. Transmission License)
 - Impact on computing systems, central and individual CUSC party
 - Application process and impact on bilateral agreements for short-term access
 - Implementation and transition requirements, including timescales
 - The impact on System Operator costs, internal and external
 - A cost benefit analysis, including market impacts and the cost of carbon¹
 - Efficient investment signals [generation, transmission & interconnectors]
 - Definitions, including the interaction with other codes and methodologies
 - Offshore arrangements
 - Applicability to embedded generation

¹ Taken account of Ofgem guidance with respect to:
<http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Documents1/Code%20objectives%20letter%20-%20final%20for%20external%20publication.pdf> (note link to CUSC WG established on carbon analysis)

TA WG1 TOR final draft 220908 amended to reflect CAP160

- Credit and security requirement implications
- Impact on the demand (exit) arrangements
- Overall revenue recovery (TNUoS, BSUoS and other charges)
- Impact assessment on all users and licensees
- The CUSC linkages to the charging methodologies
- Impact of short term access on existing CUSC Parties long term rights
- Impact on Security of Supply
- Impact on Maintenance of the Reliability, Safety & Operation of the Grid
- Limiting participation to physical players

5a. For CAP161, System Operator Release of Short-term Entry Rights, the working group shall also consider and report on the following specific issues:

- Impact on existing short term products, LDTEC and STTEC
- The auction process
- Temporal definition of the product(s)
- Transparency of information required before and after auction
- The process for recording contractual holding or access rights
- The payment process [assuming pay as bid is not a charging issue]
- Requirement for and implications of any restrictions to the product e.g. a buyback price cap
- Ensuring that the arrangements do not unduly discriminate against any particular plant type or range of plant types
- Consistency with European regulations
- The need for a short term baseline for zonal release
- Economic release criterion
- Who should run the auction

5b. For CAP162, Entry Overrun, the working group shall also consider and report on the following specific issues:

- Local allocation and physical asset capability limits
- Interaction with the provision of Balancing Services (including services such as frequency response, MaxGen Service and black start)
- Settlement process, including resolution of settlement (e.g. half hour)
- Lessons learnt from (and interaction with) cashout in the BSC
- Ensuring that the arrangements do not unduly discriminate against any particular plant type or range of plant types
- Additional information transparency

5c. For CAP163, Entry Capacity Sharing, the working group shall also consider and report on the following specific issues:

- The notification process
- The transition arrangements for moving towards a sharing product

5d. For CAP164, Connect and Manage, the working group shall also consider and report on the following specific issues:

- The lead time for connection
- Consider the transparency of bilateral changes to the connection date, including consideration of pre-defined circumstances by which this would be possible
- The appropriateness of the symmetry in rights and obligations
- The transition arrangements for existing contracts
- Interaction with other short term products

- 5e This working group shall have a sub group, to be known as “Access Working Group 3”. The Terms of Reference for Access Working Group 3 shall be agreed by the Amendments Panel and shall include the consideration of a number of enabling changes, principally:
- Zonal access rights
 - Local only applications
 - Zoning criteria
 - Local asset charging
 - Residual charging
 - Credit requirements for TNUoS charges based on a kWh element.
6. The Working Group is responsible for the formulation and evaluation of any Working Group Alternative Amendments (WGAAs) arising from Group discussions which would, as compared with the Amendment Proposals, better facilitate achieving the applicable CUSC objectives in relation to the issue or defect identified.
7. The Working Group should become conversant with the definition of Working Group Alternative Amendments which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the Group and/or an individual Member of the Working Group to put forward a Working Group Alternative Amendment if the Member(s) genuinely believes the Alternative would better facilitate the achievement of the Applicable CUSC Objectives. The extent of the support for the Amendment Proposals or any Working Group Alternative Amendments arising from the Working Group’s discussions should be clearly described in the final Working Group Report to the CUSC Amendments Panel.
8. There is an obligation on the Working Group Members to propose the minimum number of Working Group Alternatives where possible.
9. All proposed Working Group Alternatives should include the proposer(s) details within the Final Working Group Report, for the avoidance of doubt this includes Alternative(s) which are proposed by the entire Working Group or subset of members.
10. There is an obligation on the Working group to undertake a period of Consultation in accordance with CUSC 8.17. The Working Group Consultation period shall be for a period of 4 weeks as determined by the Amendment Panel.
11. Following the Consultation period the Working Group is required to consider all responses including any WG Consultation requests. As appropriate the Working Group will be required to undertake any further analysis and update the Original and/or Working Group Alternatives. All responses including any WG Consultation Requests shall be included within the final report including a summary of the working Groups deliberations and conclusions
12. The Working Group is to submit their final report to the CUSC Panel Secretary on **17th July 2008** for circulation to Panel Members. The conclusions will be presented to the CUSC Panel meeting on **25 July 2008**.

MEMBERSHIP

13. It is recommended that the Working Group has the following members:

Chair	Hêdd Roberts (National Grid)
National Grid	Patrick Hynes (Proposer)
Industry Representatives	James Anderson Bob Brown Graeme Cooper Tony Dicicco Richard Ford Garth Graham Paul Jones Simon Lord Paul Mott Rekha Patel Rob Rome Tim Russell Helen Snodin Merel van der Neut Kolfshoten Barbara Vest

Authority Representative	David Hunt
Technical Secretary	Kathryn Sorrell Jeremy Caplin (Technical Advisor) STC (Technical Advisor)

NB: Working Group must comprise at least 5 Members (who may be Panel Members)

14. The Chair of the Working Group and the Chair of the CUSC Panel must agree a number that will be quorum for each Working Group meeting. The agreed figure for CAP161, 162, 163 and 164 is that at least 5 Working Group members must participate in a meeting for quorum to be met.
15. A vote is to take place by all eligible Working Group members (for the avoidance of doubt, that is (i) the Proposer (National Grid) and (ii) the Industry representatives listed above) on the proposal and each Working Group Alternative, as appropriate, as to whether it better facilitates the CUSC Applicable Objectives and indicate which option is considered the BEST with regard to the CUSC Applicable Objectives. Working Group Members will be given not less than five business days notice of the meeting at which the vote will take place. The results from the vote shall be recorded in the Working Group Report.
16. Working Group Members or their appointed alternate is required to attend a minimum of 50% of the Working Group Meetings to be eligible to participate in the Working Group vote.
17. The Technical Secretary to keep an Attendance Record, for the Working Group meetings and to circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the Final Working Report.

18. The membership can be amended from time to time by the CUSC Amendments Panel.
19. If any Working Group Member wishes to nominate an Alternate (to act on their behalf in their absence from meetings) then this should be sent to the Working Group Chair once the Working Group is under way who will confirm (to the Working Group Member) that the Alternate is duly designated. For the avoidance of doubt if the Working Group Chair believes the suggested Alternate does not have sufficient expertise in the issues being considered by the Working Group they will ask the Working Group Member to suggest a more suitable Alternate.
20. Observers may be permitted by the Chair to attend any meeting. It should be noted that the observer (i) will not have a vote and (ii) cannot speak unless asked to do so by the Chair. Any CUSC Party wishing to be an observer should agree with the Working Group Chair advance .The Chair may invite - +additional industry experts to any meeting as required to ensure efficient and comprehensive coverage of the agenda.

RELATIONSHIP WITH AMENDMENTS PANEL

21. The Working Group shall seek the views of the Amendments Panel before taking on any significant amount of work. In this event the Working Group Chair should contact the CUSC Panel Secretary.
22. The Working Group shall seek the Amendments Panel advice if a significant issue is raised during the Consultation process which would require a second period of Consultation in accordance with 8.17.17.
23. Where the Working Group requires instruction, clarification or guidance from the Amendments Panel, particularly in relation to their Scope of Work, the Working Group Chair should contact the CUSC Panel Secretary.
24. The working group shall maintain a register of assumptions and issues, which shall be published and reported to the Amendments Panel and other Transmission Access working groups on a regular basis.

MEETINGS

25. The Working Group shall, unless determined otherwise by the Amendments Panel, develop and adopt its own internal working procedures and provide a copy to the Panel Secretary for each of its Amendment Proposals.
26. To ensure an efficient process (and mindful of room logistics) only the Working Group Member **or** their appointed Alternate can attend a meeting. If an alternate wishes to attend the same meeting as their associated member this will be as an observer (under item 18. above) unless they have previously agreed with the Working Group Chair.

REPORTING

27. The Working Group Chair shall prepare final reports to the **25th July** Amendments Panel responding to the matter set out in the Terms of Reference.

28. A draft Working Group report will be produced individually for each of CAP161, 162, 163 and 164. Each draft working group report will include the relevant information from Access Working Group 3.
29. A draft Working Group Report must be circulated to Working Group members with not less than five business days given for comments.
30. Any unresolved comments within the Working Group must be reflected in the final Working Group Report.
31. The Working Group Chair (or another Working Group member nominated by him) will present the Working Group report to the Amendments Panel as required.