

## Governance Standing Group (GSG)

### Minutes and Actions Arising from Meeting Held on 29<sup>th</sup> October 2009

#### Attendees

Garth Graham	GG	SSE - Chair
Stuart Cotton	SC	Drax Power Limited
Robert Longden	RL	Wind Energy (via teleconference)
Kathryn Coffin	KC	ELEXON
Barbara Vest	BV	Association of Electricity Producers (via teleconference)
Bushra Akhtar	BA	National Grid - Secretary
Carole Hook	CH	National Grid

All presentations and supporting document used at this meeting can be found at:

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/gsg/>

#### 1. Introduction/ Apologies for Absence

137. Bushra Akhtar was introduced to the GSG standing in for Bali Virk.

138. Apologies received from Bali Virk, Tony Diccico, Merel Van der Neut Kolfchoten and Peter Bolitho.

#### 2. Review of Actions

139. Minutes for the GSG meeting held on 25<sup>th</sup> September 2009 were approved. No amendments were raised.

#### 3. CAP160 Review

140. Participants were presented with a document with a table containing actions/ issues captured as part of the CAP160 review from previous discussions within the GSG. The actions have been documented below along with the outcome of each discussion:

Action/ Issue	Changes made	Outcome
Minute 11 – Review process for determining implementation dates – correct reference of CUSC provisions on Implementation Dates to be	Correct CUSC references added.	The GSG agreed that the action was complete.  The group agreed the templates should be extended to include a specific paragraph for the

included in report and consultation templates as guidance.		circumstances in which a specific Implementation Date with a backstop date is given.
<b>Minute 17</b> – Adequate information/ analysis to determine implementation dates – additional question to be included to encourage provision of this information	Additional question added to response pro forma. Additional paragraph added to consultation and report templates asking for views on the suggested Implementation Date. Any views provided would then be captured in the Amendment Report.	BV asked if it would be useful to have a question in the consultation regarding how long the information/ analysis was valid for. The group agreed that this would be useful.
<b>Minute 22</b> – Review of Report Templates - guidance to be included to ensure transitional arrangements are considered.	Additional question added to consultation and report templates to ask if there are any transitional implications that need to be considered. Any views would then be captured in the Amendment Report.	Two types of transitional arrangements were identified by the group, and the group agreed that both need to be reflected in the report templates:  1. What a party responding to the consultation would need to do to allow implementation of an Amendment Proposal 2. Whether specific transitional arrangements need to be introduced into the CUSC  The GSG agreed to add these points to the Working Group Terms of Reference (TOR) template and report templates.

**141. Action: NGET to add an additional paragraph to the report templates to reflect specific Implementation Dates and backstop dates.**

**142. Action – NGET to add a question asking how long analysis related to the Amendment Proposal would be valid for in the consultation templates and response pro forma.**

**143. Action: NGET to add transitional questions to the TOR and templates.**

144. The GSG also discussed a number of other topics during the CAP160 Review session:-

145. Further development of report templates

The group discussed the ongoing work of the Code Administrators Working Group (facilitated by Ofgem) with regards to the development of common report templates for the different Codes. It was agreed that at this stage the CUSC templates would not be reviewed further by the GSG until the output of this work was known.

146. GG raised an issue regarding the reports used for the BSC where a number of documents are no longer included in the reports, rather a link to the reports on the ELEXON website is provided. Whilst it was acknowledged that this had the benefit of reducing the size of the reports presented to the Authority and the Amendments Panel, GG highlighted that it was vital that both the Panel and the Authority were aware of the mandatory reading required to be able to make a fully informed decision on the proposal in question. It was agreed that this point would need to be considered as part of any future review of report templates.
147. CH stated that the current provisions in the CUSC require that copies of all representations made in response to consultations are included in the final Amendment Report furnished to the Authority and that therefore a CUSC change would be required to move from this.
148. Voting procedure within Working Groups

The group discussed a point raised by Merel Van der Neut Kolfchoten via email to the GSG secretary relating to voting within Working Groups. At the end of the Working Group process when Working Group members are asked to vote on which option best facilitates the Applicable CUSC Objectives, some members abstain because they do not like any of the options and other members choose the 'least worst' option because they believe they have to make a choice. The group discussed the two approaches to voting, and agreed that this could relate equally to voting within the Amendments Panel.
149. The group debated whether abstaining should only arise in circumstances where there is a failure in the process (e.g. insufficient analysis). BV commented that in circumstances where she supported none of the proposals she may abstain as offering support for a 'least worst' option may be taken as tacit support for a proposal that is considered to be not better than baseline.
150. KC noted that, unlike in the CUSC process, there can only ever be a maximum of 2 solutions on the table for a single change under the BSC (the original proposal and one Alternative). The BSC is quite prescriptive in that a working group can only develop an Alternative if at least a majority of members believe that it is better than the original (though it does not have to be better than the baseline). The BSC then requires both the group and the panel to make a recommendation on not only whether the 2 solutions are better than the baseline, but which is better than the other (or least worst, as the case may be). ELEXON therefore discourages abstentions in groups and at the Panel except in cases of a conflict of interest. If there is not enough information for people to take a

view, this suggests that the group needs to do more work (which could mean a timetable extension).

151. The group agreed that consistency in the way voting was undertaken is required so that the Amendments Panel and the Authority understand what they are being presented with.

152. The group agreed that a document should be prepared for the Amendments Panel providing a guide on voting and a summary of the discussion from the GSG.

**153. Action: A paper to be drafted on abstaining in a vote in comparison to selecting the ‘least worst’ option.**

**154. Review of CAP160 Process**

The Working Group further discussed the CAP160 process in relation to a presentation by Hedd Roberts at the Amendments Panel meeting on the 25<sup>th</sup> of September 2009

(<http://www.nationalgrid.com/NR/ronlyres/8B86A483-9D21-4BD6-9D7D-1C526C9E6411/37191/CUSCProcessReviewHRoberts.pdf>)

**155. Working Group Consultations**

The group discussed at what stage in the process a consultation should be carried out. The group reviewed the pros and cons associated with early and late consultations in the amendments process (a summary of the discussion is detailed below).

Cons

Early Consultation	Late Consultation
<ul style="list-style-type: none"> <li>- There may not be enough information to go into a consultation</li> <li>- It may result in a ‘knee jerk’ reaction</li> </ul>	<ul style="list-style-type: none"> <li>- Respondents may only have the opportunity to respond to fully formed ideas</li> <li>- There may be limited opportunity to respond</li> </ul>

Pros

Early Consultation	Late Consultation
<ul style="list-style-type: none"> <li>- It may help to narrow down choices and facilitate discussion on work required</li> <li>- It may generate an initial view</li> </ul>	<ul style="list-style-type: none"> <li>- Respondents would have to opportunity to make more informed decisions based on more information</li> </ul>

156. KC noted that the process adopted would depend on the specific circumstance of each Amendment Proposal under consideration. If something is less complex it may be able to go straight out to consultation whilst others may not be ready to go out until later. KC suggested that the timing of any consultation depends on what its purpose is and what the group plans to do with the responses. Sometimes BSC groups undertake 2 consultations in the assessment phase for complex changes – one early on to narrow down options for

development, and then another on the merits of the specific solutions developed. Where only one consultation is used, this would not be issued until the solution is sufficiently worked up that Parties can take a view on its merits against the Applicable Objectives. The Panel takes the level of consultation needed into account when it sets working group timetables at the IWA stage.

157. The group discussed that a 'Cross Code Forum' could be used as a means to communicate early on new Amendment Proposals. This would enable Parties to decide whether they need to monitor a change and respond to its consultation. KC supported this idea but noted that any forum would be run as an education session on current changes, and would give advice on how Parties can get involved in their progression through the various existing routes (e.g. through the consultation, working group membership/attendance and/or giving views to the group chair). It would not be an opportunity to debate or decide on the merits of the change before the expert group had a chance to assess it, as this could undermine the group's role in the process.

**158. Action: NGET and KC to consider proposals for a Cross Code Forum and present back to the GSG.**

159. The group discussed the CUSC provisions regarding WG Consultation Alternative Requests which can currently only be raised by CUSC Parties. The group agree that it should be possible for all interested parties to put forward a WG Consultation Alternative Request, which would then be filtered appropriately by the Working Group.

**160. Action: NGET to draft an Amendment Proposal to enable all interested parties to submit WG Consultation Alternative Requests.**

161. Working Group Alternative Amendments

The group discussed who can raise a Working Group Alternative Amendment (WGAA) and when they can be raised. This is an issue as a WGAA can be raised at any time during the Working Group process for consideration even if it is 'last minute'. It was suggested that a deadline for raising WGAA's could be introduced. KC noted that it was good practice to get all potential solution options on the table early on, to allow their full assessment. However, sometimes a good idea may not be apparent until later on in the development stage and sometimes it can be appropriate for the Panel to extend assessment timescales so that the group can consider it and (if necessary) re-consult. KC suggested that the cut-off point for Alternatives is ultimately the end of the working group phase, when the Panel agrees that the group has met its Terms of Reference and can stand down. The group agreed with this and suggested that the chair should exercise judgement on the implications of raising a WGAA late in the Working Group process.

162. Role of the Chair

The role of the Chair in ensuring a balance between progressing all sensible alternatives and preventing too many alternatives was discussed. The issue arises from the chairs ability to put forward a WGAA even if the majority of the Working Group members do not consider that the proposal better facilitates the Applicable CUSC Objectives. The group felt that there may not be enough guidance for the chair in this area. It was acknowledged by the group that part of the chairs role involves 'tough choices'. It was also acknowledged that removing the "casting vote" of the chair may result in certain parties (such as smaller players) not being able to have their preferred alternative represented beyond the stage of the Working Group because the CUSC does not require Working Group members to be impartial. On the other hand, KC raised a concern with a chair being solely accountable for a decision on which solutions go forward to the Panel/Ofgem for decision, particularly if such decision was subject to an appeal or judicial review at a later date. KC noted that it was difficult to see in what circumstances an impartial chair would not feel obliged to give someone the benefit of the doubt and allow their suggestion to stay on the table for decision.

- 163. Action: The group decided to capture the discussion and prepare a paper to be presented to the Amendments Panel outlining the pros and cons associated with each option.**

#### **4. Review CUSC Provision Regarding Working Group Membership**

164. The group discussed whether it was right for only CUSC Parties to be able to nominate Working Group members. GG suggested that anyone should have the option to put their name forward, as the Amendments Panel ultimately decides the Working Group composition based on experience/ expertise of nominations. KC noted that BSC group membership is open to anyone with relevant expertise, and believed that non-Party expertise is useful as there is no monopoly on good ideas.
165. KC questioned how the attendance of such additional members (not necessarily representing CUSC Parties) might be funded. The BSC reimburses members' travel expenses, recognising that their employer is releasing them from their day job to provide expertise to the group. KC queried whether, if expenses are not reimbursed, this could discourage companies from fielding people for groups where they might be experts in that area but do not have a direct commercial interest. GG said this issue was not related to the CUSC provisions on membership nominations and should be covered separately as it could apply to both non-Parties and Parties alike.
166. The group agreed that an amendment to the CUSC should be prepared which allows any interested party to put forward a Working Group nomination.

**167. Action: NGET to draft an Amendment Proposal to enable any individual to nominate themselves for Working Group participation.**

## **5. Initial Written Assessment (IWA)**

168. KC presented the group with an example of an IWA used for the BSC and ran through the contents in the document including the benefits to both ELEXON and the Panel. Contents of the document included:

- Setting the scene on an amendment (e.g. explaining previous related changes and discussions, providing a worked example of the issue identified by the Proposer, noting any interaction with other current changes)
- Providing a recommendation for the process to follow including a suggested timetable (with indicative meeting and consultation dates) and Terms of Reference for any working group
- Detail of what participants, systems, processes and documents may be impacted by the change

169. BV commented on the usefulness of the document in helping with transparency for the BSC. KC noted that its purpose is to help the Panel decide how to progress a change rather than to take a view on its merits, and that ELEXON always informally discusses the IWA contents with the Proposer before it is submitted. Sometimes the Proposer may disagree with the suggested timescales, but this is usually resolved by offline discussions or occasionally put to the Panel for decision. The Proposer also has the right to give their own presentation to the Panel. The group agreed a similar document would be useful for the CUSC process.

170. The group decided that a draft proposal of an IWA for the CUSC should be developed. It was agreed that this could be done based on the draft Amendment Proposals which were to be prepared as a result of this meeting.

**171. Action: NGET to prepare a ‘dummy’ IWA to present to the group.**

172. KC pointed out the need to consider timescales for the CUSC process. In practice, BSC Amendment Proposals must be submitted 4 Business Days before “paper’s day”. This allows ELEXON time to draft the IWA and discuss it with the Proposer. The CUSC provisions allow an Amendment Proposal to be submitted up to ‘paper’s day’.

**173. Action: NGET to present what changes would need to be made to the CUSC in order to facilitate an IWA in the process.**

## **6. Terms of Reference**

174. CH noted changes to the TOR - KC to replace David Jones and Alex Thomason to replace CH.

#### **7. AOB**

**175. Action: NGET to prepare and circulate meeting dates for 2010 (where possible to be scheduled for the day before the Amendments Panel meetings).**

176. No other business was raised

#### **8. Actions and next steps:**

177. The group went through the actions raised at the meeting. The Chair agreed to discuss assignment of actions with NGET.

178. The group were advised that the next meeting of the GSG is to be held on 26<sup>th</sup> November 2009.