

CAP131 Working Group

Meeting Name	CAP131 Working Group
Meeting No.	13
Date of Meeting	16 th February 2007
Time	11:00am – 4:00pm
Venue	Courtyard Marriott Hotel, Leamington Spa

This note outlines the key action points from the most recent meeting of the CAP131 Working Group.

1. Introductions/Apologies for Absence

327. Apologies for absence were received from Richard Ford (RES Ltd), Mike Kay (United Utilities), Garth Graham (SSE), Simon Lord (International Power) David Ward (Magnox), and Charles Ruffel (RWE – observer).

2. Working Group Alternative Amendments

328. There was support from Working Group members for the following Working Group Alternative Amendments:

Applicable to New and Existing Users

- A1 - based on original amendment proposal but with the following changes:
 - Only applicable to projects with associated works
 - Applicable to TEC Users only
 - Securities will be applied for a maximum of 7 years prior to the project completion date
 - Trigger is defined as a specific date
 - Reduction in TEC prior to commissioning date would incur Capacity Reduction Charge
 - For existing users, a two year notification period is required for any reduction in TEC
- A2 - based on A1. Main difference is that the Cancellation Amount investment proxy is calculated using re-zoned TNUoS tariffs rather than full TNUoS tariffs
- A4 - based on A1. Main difference is that the concept of Capacity Reduction Charge does not apply.

Applicable to New Users Only

- B1 - same as A1 except the relevant provisions only apply to new users.
 - B2 - same as A2 except the relevant provisions only apply to new users.
 - B4 - same as A4 except the relevant provisions only apply to new users.
329. There was no support from Working Group members for the following proposals:
- Original CAP131 Amendment Proposal
 - A3 – based on A1. Main difference is that the trigger is defined as Transmission Milestone Date plus 1 year
 - A5 - combination of A2 and A3
 - A6 - combination of A2 and A4
 - A7 - combination of A3 and A4
 - A8 - combination of A2, A3, A4
 - B3 - same as A3 except the relevant provisions only apply to new users.
 - B5 - same as A5 except the relevant provisions only apply to new users.
 - B6 - same as A6 except the relevant provisions only apply to new users.
 - B7 - same as A7 except the relevant provisions only apply to new users.
 - B8 - same as A8 except the relevant provisions only apply to new users.

330. It was noted that the views of absent Working Group members would be obtained and reflected in the Working Group Report.

Action: HR

331. The Working Group discussed whether the Capacity Reduction Charge provided the right incentives to Users to inform National Grid of any changes in their TEC requirements. The Working Group was split regarding this issue, some members indicated that the inclusion of a Capacity Reduction Charge would encourage Users to hoard their TEC allocation and only inform National Grid of a TEC reduction after the commissioning date.
332. The Working Group discussed whether the existing Consag obligations provide National Grid with sufficient authority to enforce the Capacity Reduction Charge. It was acknowledged that additional provisions may be required in paragraph 7.3 of the Consag to enable National Grid to enforce the Capacity Reduction Charge.
333. There was concern within the Working Group that these additional provisions would be outside the scope of the original amendment proposal and would be best served by the submission of a new CUSC Amendment Proposal.
334. It was noted that some members had alternative views/suggestions which would be presented as Consultation Alternative Amendments in accordance with the CUSC governance process.

3. Assessment Against Applicable CUSC Objectives

335. The Working Group discussed the Original CAP131 Amendment Proposals and Working Alternative Amendments against the applicable CUSC objectives.
336. The assessment against applicable CUSC objectives and the associated pros and cons for each amendment would form part of the Working Group Report.

Action: All

4. Assessment of Working Group Alternative Amendments

337. The Working Group assessed whether the Working Group Alternative Amendments were better than the existing CUSC baseline.
338. Six Working Group members indicated that Working Group Alternative Amendment A1 was better than the current CUSC baseline.
339. One Working Group member indicated that Working Group Alternative Amendment A1 was not better than the current CUSC baseline.
340. Five Working Group members indicated that Working Group Alternative Amendment A2 was better than the current CUSC baseline.
341. Two Working Group members indicated that Working Group Alternative Amendment A2 was not better than the current CUSC baseline.
342. Five Working Group members indicated that Working Group Alternative Amendment A4 was better than the current CUSC baseline.
343. Two Working Group members indicated that Working Group Alternative Amendment A4 was not better than the current CUSC baseline.
344. Five Working Group members indicated that Working Group Alternative Amendment B1 was better than the current CUSC baseline.
345. Three Working Group members indicated that Working Group Alternative

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Amendment B1 was not better than the current CUSC baseline.

346. Four Working Group members indicated that Working Group Alternative Amendment B2 was better than the current CUSC baseline.
347. Three Working Group members indicated that Working Group Alternative Amendment B2 was not better than the current CUSC baseline.
348. Four Working Group members indicated that Working Group Alternative Amendment B4 was better than the current CUSC baseline.
349. Four Working Group members indicated that Working Group Alternative Amendment B4 was not better than the current CUSC baseline.
350. The Working Group indicated their overall preference from the options available:
- Two Working Group members indicated their overall preference for Working Group Alternative Amendment A4 (BB and NP)
 - One Working Group member indicated their overall preference for Working Group Alternative Amendment B1 (DS)
 - Five Working Group members indicated their overall preference for Working Group Alternative Amendment B4 (MD, SE, PJ, BR and MT)
351. It was noted that the views of absent Working Group members would be obtained and reflected within the Working Group Report.

Action: HR

5. Legal Text

352. The Working Group discussed the revised changes to the Construction Agreement and associated Appendices. The legal text has been revised to reflect comments received from the Working Group. Working Group members are to review the proposed legal text, providing appropriate comments.
353. The Working Group noted that it was important that the same terminology is referred to in both the legal text and the Working Group Report.

Action: All

6. Working Group Report

354. A table summarising the key elements of each proposal discussed by the Working Group will be incorporated within the Working Group Report.
355. The Working Group Report will be revised such that it reflects the correct terminology, latest Working Group discussions, agreement/disagreement on key issues and issues outside the scope of the amendment.
356. The Working Group Report will be updated to reflect members' comments prior to its submission to the CUSC Amendments Panel. Minor comments on the content and/or format of the Working Group should be sent to HR by e-mail.

Action: HR

Action: HR

Action: HR/All

7. User Commitment Methodology

357. The User Commitment methodology was circulated to Working Group members. Any comments will be required by Monday, 19th February.

Action: All

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Appendix 1 – Working Group Attendance

Members Present:

Hedd Roberts	HR	Chairman
Lilian Macleod	LM	Secretary
Nick Pittarello	NP	National Grid
Angela Quinn	AQ	National Grid
Bob Brown	BB	Cornwall Energy Associates
Mike Davies	MD	Wind Energy
Steven Eyre	SE	British Energy
Paul Jones	PJ	E.ON
Bill Reed	BR	RWE
David Scott	DS	EDF Energy
Malcolm Taylor	MT	AEP
Dave Wilkerson	DW	Centrica

In Attendance:

Phil Collins	PC	National Grid
Richard Miller	RM	Ofgem

Apologies:

Richard Ford	RF	RES Ltd
Mike Kay	MK	United Utilities
Garth Graham	GG	Scottish and Southern
Simon Lord	SL	International Power
Charles Ruffel	CR	RWE Npower
David Ward	DW	Magnox