

Governance Standing Group (GSG)

Minutes and Actions Arising from Meeting Held on 25th November 2010

Present:

Garth Graham	GG	Chairman, SSE
Bali Virk	BV	Technical Secretary
Emma Clark	EC	National Grid Electricity Transmission
Steve Lam	SL	National Grid Electricity Transmission
Alex Thomason	AT	National Grid Electricity Transmission
Steven Eyre	SE	EDF Energy
Adam Lattimore	AL	ELEXON, via teleconference
Robert Longden	RL	Wind Energy
Peter Bolitho	PB	E.ON UK
Stuart Cotten	SC	Drax Power Limited

Apologies:

Merel Van der Neut	MK	Centrica
Kolfschoten		
Abid Sheikh	AS	Authority Representative
Kathryn Coffin	KC	ELEXON
Barbara Vest	BVe	Association of Electricity Producers

All presentations and supporting papers given at this GSG meeting can be found at:
<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/gsg/>

1 Apologies for Absence & Introductions

366. Apologies were received from Barbara Vest, Kathryn Coffin, Abid Sheikh and Merel Van der Neut Kolfschoten.
367. Adam Lattimore confirmed that he was standing in for KC.

2 Approval of Minutes

368. The minutes from the meeting held on 28 October 2010 were approved subject to the comments received by PB at the meeting. The minutes will be published on the National Grid website shortly.

Action: NGET to publish minutes on the National Grid website

3 Review of Actions

369. **Minute 318:** Publish the GSG minutes from the September 2010 meeting on the National Grid website.
Action: Complete
370. **Minute 285:** Add review of Initial Written Assessment costing to the GSG agenda for February 2011.
Action: GSG agenda item February 2011
371. **Minute 328:** GSG members to provide wider feedback on CUSC Initial Written Assessments (IWA).
Action: Complete
372. BV informed the GSG that she had sought wider feedback from the CUSC Panel Members regarding the IWAs and the general feedback received was

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that IWAs helped condense the key areas in plain English and also helped to focus on the intention and deliverables of the amendment. A further response received was that an individual was not sure that the IWAs were any more useful than the presentations that were received at the CUSC Amendments Panel meeting and the subsequent discussions that take place when a new amendment is proposed. The responder also expressed concerns that Panel Members may become reliant on the document rather than considering the detailed documents behind an Amendment Proposal, carrying out their own research and asking questions of relevant parties in order to reach their own opinion on how an amendment should proceed through the assessment process. The respondent was also concerned that the document added a layer of bureaucracy into the process which creates unnecessary work for the Code Administrator.

373. BV thanked BVe for contacting members on the AEP Electricity Networks Committee to ask them for feedback on the IWA. Two responses were received. One of the individuals stated that they do read the IWAs but did feel that the document could be shorter; the other respondent expressed the same views as above in terms of the workload for the Code Administrator.
374. PB stated that he did not want IWAs to be “over engineered “ and suggested that the IWA is kept tight and focussed on the Amendment Proposal; the IWA should not over summarise the process. PB expressed that the IWA should be a factual document and the Code Administrator should not express their opinions. PB also stated that the IWA could be dangerous if opinions are included and that the IWA should only be a document which aids the CUSC Amendments Panel in making a decision.
375. AT confirmed that the Code Administrator would only express their view on the proposed timetable.
376. GG agreed that the IWA should not express any opinion on what the Proposer is proposing and if they would like some guidance the CUSC Amendments Panel can determine this.
377. GG also stated that in the future, the CUSC Amendments Panel would find it helpful if the Code Administrator would state within the IWA if the proposal was considered by the proposer to be related to a Significant Code Review or should be progressed as a Self governance amendment.
378. AL stated that the IWA should provide enough detail for the CUSC Amendments Panel to make a sensible decision on the process the Amendment should follow; this means that the IWA should contain a recommendation on process from Code Administrator and any other relevant information required to support the CUSC Panel.
379. AT agreed with GSG members that NGET would keep the IWA under review and would also seek feedback from the CUSC Amendments Panel at the November meeting.

Action: AT to ask CUSC Panel Members for feedback on the IWA at the November CUSC Amendments Panel

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380. **Minute 220: GSG to consider issues associated with the applicability and relevance of analysis undertaken during the process before a decision is made.**

Action: Closed

381. AT informed GSG members that CAP179 Prevention of "Timing Out" of Authority Decisions on Amendment Proposals was to be presented at the CUSC Amendment Panel on the 26th November 2010 for the recommendation vote. AT confirmed that CAP186 – Send Back Process, which was implemented on 2 November 2010, can trigger the process for sending back an Amendment Report for further analysis to the Panel. However, the difference was that CAP179 would allow the Authority to request new implementation dates if they could not make a decision in time, thereby preventing the amendment from timing out.

382. **Minute 293: GSG to consider potential KPIs further and discuss at the November GSG. On agenda, item 4.**

383. **Minute 335: BV to circulate two versions of the GSG Terms of Reference, original and the annotated version to the CUSC Panel members. NGET to publish both versions on the National Grid website.**

Action: Complete

384. **Minute 347: NGET to adopt the recommendations for the private and confidential responses as outlined in the presentation.**

385. BV informed GSG members that the forms were in the process of being updated. GG highlighted that when responses are sent back via email, the Company's private and confidential disclaimer is stated at the bottom of the email and asked whether it would cause any legal issues for National Grid publishing the responses. BV agreed to seek further advice on this and also speak to the Joint Office and ELEXON to find out their working practice for this.

Action: BV to report back on findings on the private and confidential disclaimer at the bottom of emails

386. **Minute 349: Ofgem to provide guidance on the recent appointment process for the BSC Panel Chair.**

Action: Complete

387. GG confirmed to GSG members that AS had responded via email stating that there was nothing of particular value that could translate over to the appointment of a CUSC Panel Chair. AS confirmed in his email that the process used for the chair of BSCCo (Elexon) was unique to that process and if Ofgem was running the process again (appointing the BSCCo chair to double up as the BSC Panel chair) they would not necessarily follow the same process.

388. SC informed GSG members that he sent a further email to AS requesting that Ofgem provide further details on the process for the recent BSC selection process; the original email from AS only stated that the GSG could not

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replicate the selection process for the CUSC Panel Chair, rather than providing guidance on the potential pitfalls to avoid and the lessons to be learnt from Ofgem's most recent experience. SC highlighted that understanding the BSC Chair process would allow the GSG to incorporate the elements of the BSC process that worked well (and are relevant), whilst ensuring that any lessons learnt by Ofgem during the BSC Chair appointment process could be taken into account. A further email from AS stated the process Ofgem used involved drawing up appropriate selection criteria and the use of a head hunter. AS also stated that there was an interview process to select the eventual candidate.

Action: BV to circulate SC email and AS response to GSG members

389. **Minute 352: GG/AT to provide an update on the protocol for the appointment of the CUSC Panel Chairman.**

390. AT confirmed that she has a meeting with NGET Human Resources on the 2nd December to discuss the recruitment process for a non executive director, which may provide a useful comparison for the recruitment of the CUSC Panel Chairman. AT also confirmed that she would also investigate the recruitment process for the Chair of Xoserve.

391. AT informed the GSG that GG and herself would be drafting the industry consultation on the protocol for the appointment of an independent CUSC Amendments Panel Chairman straight after the meeting. A draft consultation would be circulated to the GSG members for comment with a view of publishing the consultation document on the 9th December with a closing date of 10 January 2011.

Action: AT/GG to update the GSG with progress at the January GSG meeting

392. **Minute 362: NGET to draft revised legal text and send to the GSG members and governance working group.**

Action: Outstanding report to GSG in January 2011

393. **Minute 363 – BV to circulate the 2011 meeting dates to the GSG group.**

Action: Complete

394. **Minute 364- EC to update the CUSC Amendment Proposal form and publish the revised version on the National Grid website.**

395. EC explained that the CUSC Amendments Proposal form had been developed further and that handy hints had been included to help the proposer and also the relevant objectives had been included.

396. GSG members agreed for the revised form to be circulated to GSG members for comment for a period of one week.

Action: EC to circulate the revised CUSC Amendments Proposal form for comment

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397. GSG members agreed once the CUSC Amendments Proposal form is approved via email, the form should also be agreed by CUSC Panel members by correspondence and then publish on the National Grid website.

Action: EC to circulate the CUSC Amendments Proposal Form to the CUSC Panel members for approval

398. PB asked if the CUSC Code Administrator was going to move forward using the ELEXON style forms. AT responded that the report templates for the CUSC, UNC and BSC should be the same from 1 January 2011 and that the templates were agreed at a Code Governance Review Working Group. AT explained that headings from the templates would be tailored to fit the CUSC. AT also confirmed that NGET were looking to get the forms branded internally with the National Grid logo and correct font styles.
399. AT informed GSG members that the Code Administrators for the CUSC, BSC and UNC were talking to one another regarding CACOP processes and reminded GSG members that the Code Administration Code of Practice (CACOP), which has been produced by Ofgem and is also referred to in licences, will become “live” from 1 January 2011.
400. SC expressed that there is a lack of understanding over how the CACOP is controlled and what the modification process entails (how the document is modified, which parties can suggest changes and when, how such requests are progressed, etc). SC felt that the CACOP should be there to help the industry and not feared by them. SC stated that industry participants need to understand their interaction with the CACOP and perhaps an educational workshop could be held for industry participants in order to promote the CACOP and explain how the industry can help to shape it.
401. GG reminded GSG members that the CACOP does not take precedent over the CUSC.

4 Key Performance Indicators

402. EC gave a presentation the GSG members outlining the current KPIs that were introduced in October 2009 to measure the progression of proposals through the amendments process and the performance of the administration of the CUSC Amendments Panel. The current KPIs are produced on a monthly basis and circulated to Panel Members and published on the National Grid website with the CUSC Panel papers.
403. PB stated that the current CUSC KPIs provided some interesting measures and questioned if there was a need for additional KPIs. AT explained the current KPIs were not driving behaviour, and at recent CUSC Panel meetings members had suggested that they were not adding value.
404. EC informed GSG members that under the impending implementation of CACOP, Principal 12 contains a set of KPIs drafted by Ofgem which will need to be followed by the Code Administrators. AT confirmed that the three Code Administrators (CUSC, UNC and ELEXON) were in discussing how the KPIs are to be implemented.
405. As the GSG members discussed the potential KPIs, it was agreed that some of the KPIs are already reported. EC took an action to look at both the

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current and the potential new KPIs and incorporate these together; this is to be drafted for the January GSG and CUSC Panel meetings.

Action: EC to produce a draft slide pack to add in the potential KPIs into the original KPIs for the January GSG meeting and the January CUSC Panel meeting

406. GSG members further debated the potential KPIs as detailed in the CACOP. AT explained that the potential KPIs were discussed at the Code of Practice workshop run by Ofgem in April 2010. The workshop was attended by industry participants and the final draft of the KPIs was based on the version that the group put together; it was also agreed that the KPIs would not be used to measure the code administrator's performance in the first year of implementation.. AT confirmed that the CACOP was no longer a voluntary document and has now become a licence requirement.

407. Members of the GSG said that they would find it useful if AT would circulate background information that is relevant to the development of the KPIs.

Action: AT to circulate the final recommendations from the working group/Interim report CAWG report and any relevant background information

408. AT confirmed that the CACOP will become a "live" document in January 2011 and will be used by all three Code Administrators.

409. GSG members also debated the customer survey that is to be implemented through the CACOP. PB suggested the potential KPI for number of satisfied survey respondents should also include a "not satisfied" score.

410. GG suggested that customers could be asked a question on how the Authority has dealt with code changes. SC questioned whether the CUSC Panel had the remit to canvas opinion on the Authority's performance. AT informed GSG members that the current CUSC KPIs detail the number of days for an Authority decision.

411. GG stated that customers should be able to express their views on the relevant Code Administrator's performance.

412. AL informed GSG members that ELEXON run a survey yearly and the survey covers all the tasks from the Code Administrator. PB asked AL if they generally got a lot of responses to the survey and AL responded by saying yes they did, but would like to see more.

413. AT informed the GSG that she would look at the questions used for the ELEXON customer surveys and would send a link around to the GSG Members.

Action: AT to investigate the ELEXON survey and send a link to the GSG members

414. SC suggested that maybe the Code Administrators could send a joint letter to the Authority regarding the concerns raised at the GSG meeting.

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415. It was agreed that that GSG members could contact the Authority individually with their concerns. GG also stated that he would flag the concerns of the GSG members at the CUSC Panel meeting on 26 November 2010.

5 Any Other Business

416. PB asked if the Charging part of website was due to be incorporated within the CUSC part if CAP188 Governance of Charging Methodologies was approved by the Authority. BV confirmed that work had already started and thanked PB for the reminder.
417. GG asked if the "Search" facility on the National Grid website could be reviewed, as at the moment it was not working well. BV informed GSG members that she was working with the National Grid website team to make improvements to the site, and would add this to her list of development work.
418. PB made a further suggestion in terms of the website and asked whether responses could be published once a consultation had closed, rather than wait for the Draft Amendment Report to be published. BV agreed to add this to the website development work.

Action: BV to add consultation responses and the search facility to the website development work

419. GG asked if within the National Grid consultation documents that NGET could state the CUSC Panel meeting dates that the Amendment Proposal was discussed.

Action: NGET agreed to include CUSC Panel meeting dates to future CUSC Consultation and Amendment reports

420. SL asked GSG members for feedback on the CUSC Progress Report that is published on a monthly basis and also submitted to the Authority. Some of the GSG members were not aware that the Progress Report existed. SL explained that the Progress Report highlighted the status of the Amendment Proposal and detailed any slippages in the dates and Authority decision date and if applicable the implementation date.
421. SC stated that he was not aware of the CUSC Progress Report and would have found the Progress Report a very useful document had he known that it was available. The GSG members discussed the location of the Progress Report and GSG members suggested the Progress Report was made available as a tab on the left hand side on the National Grid website with an introduction on the Amendments page indicating where the Progress Report is located.

Action: BV to include in development work of the National Grid website

6 Next Meeting

422. GSG members agreed to **cancel the GSG meeting scheduled to take place 16 December.**
423. The next GSG meeting will be held on **19 January 2011** at 10.00am at National Grid House in Warwick. At this meeting the following will be discussed

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- Review of the outstanding actions from the November 2010 minutes
- Review the draft KPIs
- Review the consultation responses for the Protocol of the CUSC Panel Chairman
- Page turn exercise of Section 8 and Section 11 of the CUSC

Items to be discussed at February 2011 GSG

- Review the right of Working Group chairman for progressing Alternative Amendments
- Legal text, when this should be fixed not to allow further changes