

determine what events the transmission system needs to be secured against. It was explained how this compliance assessment provides an economical and efficient balance between capital and operational costs and it was noted that in some cases, non-compliance can result in the GBSO incurring significant additional operational costs which could be deemed uneconomic and inefficient.

146 Regarding technical issues, John noted that all of these were given consideration in an assessment against SQSS compliance and thus, the revised wording of the Original amendment better reflects the assessment that will be undertaken and is therefore clearer and more transparent.

147 Concerns were raised by the Working Group regarding the fluidity of the SQSS and it was pointed out that the SQSS is currently under review and likely to change over the next 18 months. It was noted that in the event that the SQSS does change, the assessment against compliance would have to change in line with this in order for National Grid to comply with its transmission licence, and an assessment against the revised SQSS would remain appropriate.

148 In conclusion, the Working Group was comfortable that the slightly revised approach of referring to the SQSS rather than the originally discussed criteria within the Original proposal was appropriate. The TOs agreed to get back to the Working Group if this was not the case.

4. Draft Working Group Consultation

149 The Working Group undertook a page-turning exercise of the draft Working Group Consultation. A number of grammatical corrections were noted, in addition to some minor re-structuring of the document. The Working Group agreed to provide any additional comments on the Consultation by email.

150 The Working Group discussed implementation timescales. Two approaches had previously been considered. National Grid had proposed that CAP167 be implemented 8 months following an Authority decision, whilst SHEPD had proposed that implementation take place 3 months following the agreement on a methodology. Both approaches were discussed by the Working Group and it was agreed that following an Authority decision, it was appropriate to allow a period of 5 months for the development of the RESPS methodology, with a period of a further 5 months for this to then be implemented and thresholds to become effective.

151 The Working Group agreed that there were three Amendment Proposals to assess against the applicable CUSC objectives in the form of the Original, the Alternative raised by CE Electric and ENW, and an additional Alternative raised by SHEPD based on the Original, with the inclusion of carbon as an additional criterion.

152 National Grid provided a draft assessment of each of the proposals to initiate discussion amongst the Working Group. Each of the proposals were debated at length, with the comments and recommendations of the Working Group noted. National Grid agreed to circulate an updated draft incorporating these comments for validation by the Working Group.

153 The Working Group briefly discussed the draft legal text which had been circulated prior to the meeting. Members of the Working Group expressed concern that the concept of 'boundary thresholds' had been introduced to the legal text without due consideration by the Working Group. It was considered that this was inappropriate on the grounds that a RESPS methodology had not yet been consulted upon and boundary thresholds may not form part of that methodology. National Grid agreed to re-draft the legal text and circulate to the Working Group for further comment.

5. Cost of Carbon Assessment

154 National Grid informed the Working Group that work was ongoing in terms of assessing the impact of CAP167 on the environment. It was noted that one half of the equation had been completed, in terms of assessing the potential cost of carbon. Further work was required regarding assessing the potential impact of the modification on operational constraint costs however.

6. Working Group Vote

155 The Working Group did not vote as to which of the options better meet the relevant CUSC objectives. It was considered more appropriate that a vote should take place

following the period of consultation, whereby any additional alternative amendments could also be considered.

Actions

156 Provide comments on draft Working Group Consultation

Action – All

157 Circulate revised draft of Working Group Consultation

Action – Craig Maloney

158 Circulate revised draft of assessment against applicable CUSC objectives

Action – Craig Maloney

159 Notify any concerns regarding the Original proposal from a TO perspective

Action – Alec M & Paul M

160 Update draft legal text and circulate for comment

Action – Craig Maloney

161 Undertake constraint costs analysis

Action – Craig Maloney

162 Publish Working Group Consultation by Friday 3rd October

Action – Craig Maloney

Next Meeting

163 The next meeting is scheduled for Thursday 6th November, 2008 following the industry consultation period. The location is to be confirmed.