

## CUSC Amendments Panel

### Actions Arising from Meeting No. 107 Held on 26<sup>th</sup> February 2010

#### Present

Alison Kay	AK	Panel Chair
Neil Rowley	NR	Secretary
David Smith	DS	Panel Member (National Grid Electricity Transmission)
Hêdd Roberts	HR	Panel Member (National Grid Electricity Transmission)
Jonathan Dixon (via teleconference)	JD	Ofgem Representative
Garth Graham	GG	Panel Member (Users' Member)
Simon Lord	SL	Panel Member (Users' Member)
Bob Brown	BB	Panel Member (Users' Member)
Paul Jones	PJ	Panel Member (Users' Member)
Fiona Navesey	FN	Panel Member (Users' Member)
Paul Mott	RH	Panel Member (Users' Member)

#### Apologies

Bali Virk	BV	Secretary
Barbara Vest	BVe	Panel Member (Users' Member)
Richard Hall	RH	National Consumer Council

#### In Attendance

Alex Thomason	AT	National Grid Electricity Transmission
Bushra Akhtar	BA	National Grid Electricity Transmission
Tom Ireland	TL	National Grid Electricity Transmission
Kathryn Coffin	KC	ELEXON

All presentations given at this CUSC Amendments Panel meeting can be found in the CUSC Panel area on the National Grid website: <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/Panel/>

#### 1 Introductions/Apologies for Absence

2327. Apologies were received from Bali Virk, Barbara Vest and Richard Hall.
2328. PM confirmed that he would act on behalf of Barbara Vest and BB confirmed that he would act on behalf of Richard Hall.

#### 2 Minutes of the Meeting held on 29<sup>th</sup> January 2010

2329. The draft minutes of the CUSC Amendments Panel meeting held on 29<sup>th</sup> January 2010, incorporating comments from GG, KC and PJ, were AGREED pending minor additional changes as highlighted by GG and KC. The minutes will shortly be published on the National Grid website.

**Action: NR to publish on the National Grid website**

### 3 Review of Actions

2330. **Minute 2289: Publication of the CUSC Amendments Panel meeting minutes from 27<sup>th</sup> November on the National Grid website – Complete.**

2331. **Minute 2246: Major Policy Reviews and Self Governance – Ofgem to update the Amendments Panel with any changes to the MPR flow diagram.** JD informed the Panel that the Code Governance Review Final Proposals had been approved by the Authority, however, due to a number of other significant projects being undertaken at the same time, it is currently unknown as to when the Final Proposals will be published. JD reiterated that there were no significant changes and that Ofgem will be in a position to present at least part of the Final Proposals to the Amendments Panel March meeting even if the whole package has not been released. JD noted that there had been a slight change to the Major Policy Review diagram within the Final Proposals and agreed to circulate this to Panel Members. GG asked what effect the forthcoming general election might have on the timing of the publication of the Final Proposals. JD commented that while the election may potentially impact on some Ofgem decisions, Governance would not be one of them.

**Action: JD to circulate updated MPR flow diagram to Panel Members-  
Ongoing**

2332. **Minute 2252: JD to present the Code Governance Review Final Proposals at the January CUSC Amendment Panel meeting.** As detailed above, Ofgem will present on the latest position at the March 2010 meeting.

**Action: JD to present the Code Governance Review Final Proposals at  
the March CUSC Amendments Panel meeting - Ongoing**

2333. **BV to add Amendments Panel response to the Code Governance Review Final Proposals as an agenda item to the February meeting – Closed.**

2334. **Develop Terms of Reference and organise Working Group including appropriate chairman for CAP179 – Prevention of “Timing Out” of authority decisions on Amendment Proposals.** AT informed the Panel that Terms of Reference had been developed and the first meeting organised for 2<sup>nd</sup> March 2010 at Elexon's offices. However, of the 5 nominated members only 2 were available for the chosen date, meaning that either an alternate date would need to be found or the Proposal could proceed straight to consultation. It was agreed that an alternative date should be sought rather than sending the Proposal straight to consultation stage. GG suggested the 9<sup>th</sup> March after an AEP meeting as a number of the Working Group members would all be attending. AT agreed to contact Working Group members to rearrange the meeting. AT also informed the Panel that KC had agreed to be the Chair for this Working Group. **Action closed.**

2335. **NG to provide a link to the ENTSO-E website with the minutes – Complete**

2336. **Ofgem to confirm what timescales it envisages for the reactive power referenced in the CAP169 decision letter.** JD suggested that Ofgem

should not have used the term "urgent" as it was not the intention that an Urgent Amendment Proposal should be raised. JD further clarified that ideally this issue would have been re-examined prior to the implementation of CAP169, but acknowledged that this was not possible, given the March 2010 implementation date for CAP169. From Ofgem's point of view, they would be content to see that the issue is being progressed. DS responded that it is the intention to include this within the revised Balancing Services Standing Group terms of reference. **Action closed.**

2337. **NG to include the decision time within the KPIs – Complete**
2338. **Ofgem to confirm whether the additional analysis contained with the Ofgem CAP170 letter will be published and respond to the queries raised by GG.** JD confirmed that Ofgem had responded to GG's request and published the additional information on the Ofgem website. GG asked for his thanks to be passed to the relevant staff within Ofgem. **Action closed.**
2339. **NG to provide data on wind generation over recent cold spell.** DS presented slides used at the recent Operational Forum covering the generation mix seen in the GB market over the recent cold spell. The slides illustrated that coal was the marginal fuel source seen over this period except during the Gas Balancing Alerts periods during which, as was to be expected, gas became the marginal fuel. The slides further showed the variability of wind output over this period – over a 7 day period output ranged from approximately 7% to 70% of the installed capacity. GG thanked DS for the update. SL asked whether European wind followed the same pattern during this period and AK confirmed that it had. **Action closed.**

#### 4 New Amendment Proposals

2340. **CAP180 – Amendments to the CUSC Governance Process**  
BA presented CAP180 to the Amendments Panel and recommended that the Proposal progress directly to wider industry consultation, with a view to returning to the April 2010 Amendments Panel meeting for voting. The Panel agreed to this approach. PM queried whether the National Consumer Council and "Consumer Focus" are the same organisation. Panel Members agreed that they are the same organisation, with "Consumer Focus" used as a brand name.  
**Action: National Grid to publish CAP180 Company Consultation**
2341. **CAP181 – Consequential changes related to Grid Code Amendment A/10**  
TI presented CAP181 to the Amendments Panel and recommended that the Proposal be sent to wider industry consultation. SL asked whether the proposal referred just to technical compliance and TI confirmed this. SL also asked whether the Grid Code Modification A/10 represented fundamental changes or just a codification of the current process. TI responded that a fundamental change proposed was that the DNO could choose either to nominate National Grid to undertake the compliance checks for Licence Exemptible Embedded Medium Power Stations (LEEMPS) or could do the checks themselves.
2342. PJ stated that he believed the Grid Code Modification did not have complete (Grid Code) Working Group agreement and that he also believed there was a feeling that the process had not been robust. TI noted that the (Grid Code) Compliance Working Group had debated the issues for over two years and

that in February 2009 the GCRP had agreed to draw a line under the debate and put the proposals out to consultation while making it clear where differences were. GG noted that the illustrative examples shown on pages 8-9 of the CAP181 attachment included where a "CUSC Party suffers physical damage as a result of an embedded generator failing to comply with its obligations under the Distribution Code in respect of its LEEMPS/DCCS". However, there was no illustrative example of what happens in the reverse situation (where the LEEMPS suffers damage due to the CUSC Party failure). TI agreed to provide such an example. GG also noted that there were no illustrative examples of what would happen (for the four examples) with respect to "fraudulent misrepresentation or death or personal injury resulting from the negligence of the Party Liable or any of its officers, employees or agents" as covered in paragraph 6.12.2 of the CUSC. TI agreed to provide these examples.

**Action: National Grid to publish additional CAP181 illustrative examples**

2343. The Amendments Panel debated whether CAP181 should go straight to wider Consultation or to a Working Group first. PJ commented that the circumstances under which the liability is underwritten needed to be understood. SL commented that this looked like a change from the status quo. Panel Members debated the proposed limitation of liability to £1m, with GG noting that the proposed CUSC drafting on pages 10-11 indicated "New paragraph 6.12.3B to reflect the cap of £1 million in the DCUSA" whilst on page 12 it stated "New paragraph to reflect the cap of £5 million in the CUSC for third party claims". GG noted that this appeared to only limit a CUSC Party (due to the £1M limit claims against DNOs in paragraph 6.12.1 of the CUSC) to claim up to £1M where a LEEMPS failure to comply with its Code obligations whilst in the reverse situation the DNO (effectively on behalf of the LEEMPS) could claim up to £5M from the CUSC Party even though the size of plant associated with CUSC Users could be expected to be substantially larger than LEEMPS plant. GG also wondered how the proposed new paragraph 6.22.1 (on page 11) fits with 6.22 (Third Party Rights) and in particular 6.22.4 of the CUSC. GG commented that as the DCUSA had not yet raised the Change Proposal therefore a revised Change Proposal with a liability of £5m rather than £1m could be raised. DS noted that the £1m figure had been developed in line with the existing DCUSA baseline. GG also noted that the proposed new paragraph 6.12.3B used the definition "Public Distribution System Operator" whilst paragraph 6.12.1 uses the term "Onshore Distribution System". Given that, as proposed in CAP181, 6.12.3B opens with "Notwithstanding Paragraph 6.12.1, the liability of any Public Distribution System Operator....." GG wondered if the different definitions (for the same body) might be confusing and lead to a disagreement in the future (depending on who is claiming against whom) as to whether they are one and the same.
2344. SL asked about the visibility of this work to the industry and TI responded that the Grid Code Compliance Working Group had fed back to the industry. PM and GG suggested that this Proposal should go to Working Group. HR asked the Panel whether the issues were substantial or whether they could be addressed within a consultation question instead. PJ reiterated his concern regarding the circumstances of claims and that he would be more comfortable if the Grid Code changes had total agreement. SL suggested that there had been examples of Working Groups outputting changes to other codes where the output had been wrong. GG queried whether a Working Group could be

completed in time for a recommendation vote to be held on the Amendment at the May 2010 Panel. PJ stated that there is no point in restricting the timescales of a Working Group in order to make the May Panel just for the sake of it. However, TI and AK pointed out the interaction with changes on the other codes and suggested that an attempt to process the changes in unison should be made.

2345. AK asked the Panel to vote on whether the Proposal should go to Working Group. The Panel unanimously voted in favour of the Working Group. PJ volunteered to chair the group and TI, GG, PJ and PM all volunteered to be Working Group members. FN agreed to check whether a Working Group member could be proposed from Centrica. Jon Dixon also agreed to check for an Ofgem representative. Subsequently, noting the difficulties experienced in obtaining quoracy for the CAP179 Working Group, DS offered to chair the CAP181 Working Group in order to allow PJ to be a Working Group member which would have the benefit of allowing PJ to participate fully in the debate, as well as increasing the number of Working Group members to be closer to the required quorum of five.
2346. AT asked the Panel to consider the scope of the Terms of Reference for the CAP181 Working Group in order to avoid a separate process after the meeting. AT agreed to draft the Terms of Reference and circulate them to Panel Members after the meeting for their approval, prior to finalising a date for the meeting and inviting nominations for additional Working Group members.

**Action: AT to draft CAP181 Working Group terms of reference and circulate to Panel Members for approval**

### 5 Transmission Access

2347. HR provided a verbal response to the two queries raised by GG in his email dated 16<sup>th</sup> February 2010. GG's first query related to the implications for further derogations to transmission boundaries of "connect and manage" and information provision for both existing and future derogation requests. HR confirmed that under the interim connect and manage regime, each transmission boundary would be assessed on a case by case basis. GG noted that only one derogation had been granted to date (for Cheviot, B6) and queried how many other derogated transmission boundary applications there had been and over which boundaries. There was uncertainty as to whether this information was publicly available and HR agreed to find out whether details of derogated transmission boundary requests made by the SO and / or TOs could be published. With regard to predicting transmission boundaries that may require future derogations, HR suggested that the Seven Year Statement provides the industry with information regarding the status of the transmission system, particularly Figure 8.B1.

**Action: HR to investigate whether derogation requests can be published**

2348. GG's second query related to the status of National Grid's IS changes for the Transmission Access Amendment Proposals (CAPs 161 to 166). HR informed the Amendments Panel that the majority of the IS development work completed had focused on the Charging and Billing Systems as the Proposals were based on £/MWh access models. Since the last update given at the August 2009 Amendments Panel, this IS work has not recommenced and National Grid expects to mothball it. If this happens, National Grid will record

the work done to date, although it is anticipated that it will not be needed in future, given DECC's proposal to socialise BSUoS costs.

### 6 Working Groups / Standing Group Reports

2349. **Governance Standing Group (GSG).** GG started by asking Panel Members, including Ofgem, whether they wished to join the GSG. JD agreed that there would be value in Ofgem inputting into the process but that resources could be an issue. GG informed the Amendments Panel that at the last GSG meeting the group went through; the CAP180 Proposal; discussed looking for volunteers to join the group; discussed how the Initial Written Assessments approach as used within the BSC could be used within the CUSC; discussed the draft standard Terms of Reference for Working Groups as well as reviewing the Terms of Reference for the GSG. It was further explained that the GSG was looking at post implementation reviews within the GSG Terms of Reference. Ofgem were advised that the GSG would be looking at the process for setting appropriate post implementation targets during the Amendment assessment phase, in line with the recommendations of the House of Lords Select Committee report on Economic Regulators, published in 2007.
2350. **Gas Insulated Switchgear Working Group (GIS).** DS informed the Amendments Panel that the next GIS meeting is planned for 9 March and that the aim is to bring details of the resulting Amendment Proposals to the April Panel meeting.
2351. **Balancing Services Standing Group (BSSG).** Revised Terms of Reference were discussed at the last meeting. A debate took place as to whether information provision around transmission constraints should be included within the BSSG Terms of Reference. The general view was that this topic should not be under the BSSG but that it should come under a new standing group, the Commercial Balancing Services Group (CBSG), which would meet directly after the BSSG. Under the revised Terms of Reference the BSSG will consider the issues raised under CAP169 and the ongoing applicability of payment structures for intertrips. GG asked whether the existing BSSG members would become the CBSG members and DS confirmed that it was expected that this would be the case.
2352. **Interconnector Frequency Response Working Group (IFRWG).** The next IFRWG is scheduled for 3<sup>rd</sup> March where the proposal will be further progressed. DS mentioned that the group had discussed the interconnector frequency response under both a User and an Owner model and had discussed the frequency response pricing in relation to interconnectors. PM asked whether the IFRWG is a CUSC Working Group. DS confirmed that it is, under the remit of the BSSG. PM asked whether he could attend the next IFRWG meeting as an observer, in his role as a technical expert. DS agreed; NR will forward details of the meeting to PM.
2353. **Frequency Response Working Group.** TI informed the Amendments Panel that the group had looked at future scenarios under Gone Green and had considered a range of options for the provision of frequency response. TI also informed the Panel that the group are likely to seek an extension to the May deadline for reporting to the Grid Code Review Panel (the FRWG is under joint governance between the Grid Code and the CUSC/BSSG).

### 8 CUSC Amendments Panel Vote

None.

### 9 Authority Decisions

None.

### 10 CUSC Key Performance Indicators – January 2010

2354. AT presented the CUSC key performance indicators for January. FN asked what will happen to the Transmission Access Reform (TAR) Amendment Proposals and whether they have to be rejected by the Authority or could be sent back to the Panel. HR responded that the Proposals cannot be withdrawn as they have been submitted to Ofgem for a decision and therefore the Authority will have to make a decision on them. JD confirmed that Ofgem do not yet have powers to send back proposals to the relevant Panel. GG enquired as to whether Ofgem could give an update on the short term TAR Proposals (CAPs 161 to 163). JD responded that if CAPs 161 to 163 are not mutually exclusive with DECC's proposals, they would be considered by the Authority at the same time. HR noted that there are other CAPs with Ofgem for a decision that will also be impacted by DECC's decision in this area, for example CAP167 for the Statement of Works threshold. GG stated that he thought stakeholders would welcome a decision on short and long-term TAR solutions around the same time. JD responded that Ofgem would provide an update at the next CUSC Amendments Panel, if possible.

**Action: JD to provide an update on the status of CAPs 161 to 163 at the March CUSC Amendments Panel**

### 11 Update on industry Codes/General Industry Updates relevant to the CUSC

2355. **BSC Update.** KC updated the Panel on the recent BSC work. The BSC Panel considered P229 "Introduction of a Seasonal Zonal Transmission Losses Scheme" and agreed that neither the Proposal or Alternative better achieved the Applicable BSC Objectives. P229 has now gone to report phase. KC also noted that there had been a number of governance related BSC modifications recently, including P251 and P252 regarding BSC Panel elections which were hoped to be resolved prior to this year's BSC Panel election process.

2356. **Operational Forum.** It was noted that at the last Operational Forum, National Grid and EDF had presented jointly on the 2012 Olympics. GG informed the Panel that he is chairing a group examining energy resilience over the Olympics period.

### 12 A.O.B

2357. AT informed the Panel that this was BA's first and last appearance at the Amendments Panel as she will shortly be leaving National Grid. AT also mentioned that the Electricity Codes team had just recruited two new members.

### 13 Date of Next Meeting

## CUSC Amendments Panel

2358. The next meeting is scheduled for 26<sup>th</sup> March 2010, at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.