

Governance Standing Group Report

to

CUSC Panel Meeting

29th July 2005

GSG Meetings

- GSG has met once, on Tuesday 12th July.
- Focussed on identifying issues associated with new DTI and CC Appeal arrangements
- Appealing Ofgem decisions will only be possible if certain conditions met.
- Discussion on need for any CUSC amendments.

Issues

- Need for CUSC PMs to register their recommendation on the CAP within the AR
- Possible need for a PM majority decision
- CUSC process if Appeal is upheld
- Possible need to give time for Appeals before implementation
- Should the AR indicate any Security of Supply issues

Issue 1

Need for CUSC PMs to register their recommendation on the CAP within the AR

- Prime requirement from the DTI.
- Strengthens role of CUSC PMs which needs explicit recognition.
- Best arrangement was for CUSC PMs to discuss the AR at a CUSC Panel meeting.
- Then vote on whether to recommend approval. Decisions and reasons to be in AR
- Some changes to the CAP process timetable would also be required. Minimal extension.

Issue 2

Possible need for a PM majority decision

- Appeal possible if majority decision of CUSC PMs differed from Ofgem's
- Appeal seemingly also possible if there was no majority decision.
- Current provision in CUSC for Chairman to have casting vote unnecessary in this instance.

Issue 3

CUSC process if Appeal is upheld

- CAP77 already delivered Implementation Date changes
- Rejected CAPs can still be implemented
- Approved CAPs will require a ‘housekeeping’ CAP to undue the changes
- No changes to current baseline required.

Issue 4

Possible need to give time for Appeals before implementation

- Decision on whether or not to grant a appeal can take 5 weeks.
- Should implementation of an approved CAP be delayed for at least this period?
- Appeals should not delay the progress of an Amendment Proposal.
- No change required.

Issue 5

Should the AR indicate any Security of Supply issues?

- Idea was to have a section in the AR to indicate whether NGC and/or PMs and/or Parties thought CAP had any impact on SoS
- Difference of opinion at GSG as to whether subject would be ultra-vires.
- Is SoS outside the CUSC Objectives?
- No change suggested, but NGC would reconsider whether a CAP still needed.

Next Steps

- CAPs to be presented at July CUSC
- Provisional date for next GSG set for 4th August to consider ‘Appeal’ CAPs.
- GSG would use occasion to also consider any wider changes to Section 8.