

**Minutes and Actions Arising from Meeting No.50  
Held on 28<sup>th</sup> October 2005  
At Brandon Hall Hotel, Brandon, near Coventry**

**Present:**

Simon Cocks	SC	Panel Chairman
David Payne	DP	Panel Secretary (Acting)
Ben Graff	BG	Panel Member (National Grid Rep)
John Greasley	JG	Panel Member (National Grid Rep)
Hugh Conway	HC	Panel Member (EnergyWatch Rep)
Steve Makay	SM	Authority Representative
Rupert Judson	RJ	Panel Member (Users Member)
Malcolm Taylor	MT	Panel Member (Users Member)
Bob Brown	BB	Panel Member (Users Member)
Tony Diccio	TD	Panel Member (Users Member)
Garth Graham	GG	Panel Member (Users Member)
Paul Jones	PJ	Panel Member (Users Member)
Dick Cecil	DC	Panel Member (Users Member)
Simon Goldring	SG	Panel Member (Users Member)

**In Attendance:**

Richard Dunn	RD	NGET
Steve Drummond	SD	Representing EdF Trading
Keith Munday	KM	BizzEnergy
Kathryn Coffin	KC	Elxon

**Introductions/Apologies for Absence**

535. Apologies for absence were received from David Edward and Lindsey Paradine.

**1 Minutes of the Meeting held on 23<sup>rd</sup> September 2005**

536. The change-marked minutes of the 48<sup>th</sup> Amendments Panel meeting held on 23<sup>rd</sup> September 2005 circulated on 20<sup>th</sup> October 2005 were agreed.

**2 Review of Actions**

537. All the outstanding actions from the previous meeting had been completed or were the subject of agenda items except for the following:

538. Minute 452 (CAP096 Revisions Resulting from Interconnector Separation – associated Ofgem/Dti Consultation). SM noted that although Ofgem was ready to issue a consultation an issue at the Dti would result in a two months delay.

539. Minute 467 (CAP092 Panel members views). BG noted that the CAP092 Consultation would close by the end of the day and that when the draft Amendment Report was subsequently circulated, Ofgem had specifically requested further comments from Panel Members in their capacity as Panel Members at that point.

540. Minute 489 (Impact of CAP093 on the STC). BG noted that there was a potential

impact on the STC in relation to the definition of Distribution. National Grid would progress this.

541. Minute 518 (Governance Standing Group Issue – Filter Mechanisms). BG noted that National Grid were still progressing further draft guidance on the submission of CUSC Amendment proposals, and in line with the action, would be bringing something back to the November Panel.

**Action: BG**

### **3 New Amendment Proposals**

#### **CAP106 – Amendment to revise Paragraph 4.5.1 (Indexation Application) of the CUSC.**

542. RD explained that CAP106 had been submitted by National Grid to correct inconsistencies in Para. 4.5.1 created by an interaction in the legal text that did not come to light until the implementation of both CAP076 and CAP047.
543. The Panel AGREED that CAP106 should proceed straight to Consultation for a period of 2 weeks.

### **4 Standing/Working Group Reports**

- **CAP097 Working Group Report (Revision to the Contractual requirements for Small and Medium Embedded Power Stations under CUSC 6.5)**

544. BG gave the Panel a presentation on CAP097 using slides. CAP097 proposed amendments to CUSC 6.5 in order to clarify the process carried out by a DNO and National Grid prior to the energisation of a Small or Medium Power Station within the DNO's network. The aim would be to identify the impacts on the GB Transmission System prior to the energisation of an Embedded Power Station. Such impacts could be the result of an individual Power Station connection or the cumulative effect of a number of Power Stations. Where the need for Transmission Reinforcement was identified National Grid and the host DNO would be required to enter into a Construction Agreement for the relevant works and the DNO would undertake not energise relevant Power Stations until such transmission works had been completed.
545. BG also noted that two Working Group Alternative Amendments (WGAA) had been identified and these would be described later.
546. BG highlighted the association with the current Grid Code LEEMPS proposals which if approved would result in future relationships with embedded medium generators being managed through the host DNO. National Grid now wished to bring forward CAP097 to enable network development in a cost effective and appropriate manner in terms of the need for transmission reinforcements etc.
547. BG outlined the CAP097 proposal timelines noting that the need for a Statement of Works at the start of the process would depend on the location of the relevant developments. BG noted that the CAP097 working group had expressed concern that the 5 business days allowed for consideration of the need for Transmission reinforcements and associated costs was too short. GG suggested that it would be useful if an indication could be given to applicants that the process was about to start

to enable allowances to be made where there were resource problems.

548. With respect to applicability the proposal did not seek to change the existing regional differences between Scotland and E&W. The need for a Statement of Works would continue for Medium Power Stations in E&W and would also be required for Small Power Stations above 30MW. In SHETL area there would be no impact as plant >5MW would be Large and covered by the BEGA/BELLA process. Plant <5MW was below the 30MW de-minimis level. In SPT area 5 – 30MW was designated as Medium and would be impacted by CAP097. Small plant in SPT was again below the de-minimis level.
549. The Proposal contained a 'Break Clause' enabling a developer to reconsider an application prior to the DNO incurring any costs associated with the application. BG noted that any debate on charging was beyond the scope of the proposal but it was expected that the costs associated with Statement of Works would be less than the costs associated with the Modification Application. Should a Modification Application eventually result the costs of any work done under the associated Statement of Works would be taken into account.
550. With respect to the two WGAA's developed by the Working Group, WGAA 1 proposed:
- Embedded Medium Power Station not energised until National Grid confirms Transmission Works complete;
  - No concept of a de-minimis level;
  - No concept of a Statement of Works. The proposer believed that the associated charges and labour costs etc would be a potential barrier to entry. However, National Grid believed that without the Statement of Works it would be unable to assess the need for reinforcements;
  - Financial Security from Final Sums would apply only to the Connection Site and not to system reinforcement. National Grid was concerned that it could potentially be left with stranded assets if the developer decided to drop the project in such a scenario.
551. With respect to the first bullet point KM noted that this could be detrimental to windfarms as it may be possible in some cases to allow access once part of the windfarm was complete. This could also apply to CCGT projects. BG pointed out that reinforcements were determined on the basis of the final size of the development, and that in relation to any project detailed discussions would be expected between the developer and the National Grid account manager.
552. WGAA2 proposed:
- 90 days assessment period rather than 5 business days;
  - DNO may need to apply for extension for the amount of time required to prepare a connection offer where Transmission Works identified.
553. The working group generally believed that the original Amendment Proposal better facilitated the CUSC Objectives when compared with the current CUSC baseline. However the majority of the working group preferred WGAA1 whereas National Grid preferred WGAA2. (Although National Grid also preferred the Original proposal to WGGAA2.)

554. BG noted that the interaction with the STC would need to be considered as a Statement of Works was not currently included in the STC.
555. KM noted that the proposal was focussed on generator connection and asked whether an equivalent process for demand connection had been considered given the effect that demand could have on the system. BG stated that this had not been within the scope of the working group discussions. JG noted that there was an existing process where DNO's provided forecasts of demand which could trigger appropriate system reinforcements.
556. Panel members AGREED that CAP097 should PROCEED to wider industry consultation for a period of one month.
557. SG pointed out that as CAP097 would have an impact on potential new developers, this group should be made aware of the consultation. MT agreed to bring this to the attention of Richard Ford.

**Action: MT**

- **Balancing Services Standing Group Report**

558. JG gave a verbal update on progress of the BSSG reporting there had been one meeting since the last Panel meeting and the meeting scheduled for 25<sup>th</sup> October had been cancelled and the group would meet again on 29<sup>th</sup> November.
559. Several issues had been discussed at the last BSSG meeting:
- Implementation of CAP047. This had now been implemented and generators had submitted revised prices for Frequency Response. Appropriate information would be available in the website from 1<sup>st</sup> November 2005.
  - Provisions for buy-out of Mandatory Services it was felt that this could be handled through the derogation process. Ofgem had provided information on a derogation guidance note available at the following link:  
[http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/4888\\_Derogation\\_Guidance\\_Note\\_21oct03.pdf?wfrom=ofgem/work/index.jsp&section=/areasofwork/assetriskmanagement](http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/4888_Derogation_Guidance_Note_21oct03.pdf?wfrom=ofgem/work/index.jsp&section=/areasofwork/assetriskmanagement)
560. JG noted that the BSSG usually provides a six monthly Report to the Panel and the Panel normally extends the life of the BSSG for a further six months. National Grid was considering whether it would be appropriate to suggest adopting a process of looking at specific issues, similar to the GSG approach, for a certain period of time, with the Group then standing down temporarily, to be re-actioned when further work was identified. This would be discussed at the next BSSG meeting and proposals brought to the January 2006 Panel meeting.

## 5 Consultation Papers

- **CAP089/090/091 –**
  - **Maximum Unsecured Credit Limit**
  - **Credit Limits for Rated Companies**
  - **Establishment and maintenance of an Unsecured Credit Allowance for Rated and Unrated Companies and the alignment of the Value at Risk calculation with current best practice.**

561. BG noted that with respect to proposed implementation dates, CAP086 allows for the Panel to discuss and agree such dates. The CAP089/090/091 working group had originally agreed an implementation date of 10 business days from the decision date. However a large number of Alternative Proposals had been identified, some of which involved the use of Credit Agencies and implementation dates would need to take into account the Credit Agency setting up processes. Three Credit Agencies had been approached as possible contenders and all had indicated that one month would be required to set up processes. National Grid therefore felt that an implementation date of the 1<sup>st</sup> day of the month following six weeks from the decision would not be unreasonable although this was a matter for the Panel to decide on.
562. KM felt that six weeks was very restrictive given that a User would need to discuss arrangements with Agencies to assess which one to use followed by up to four weeks for the Agency to make assessments. KM felt that a 10 weeks period would be more acceptable.
563. BG pointed out that Ofgem had originally expected the appropriate changes if approved to be implemented by 1<sup>st</sup> October 2005 and a 3 months hence implementation date might be difficult to justify such an extended date from an economic and efficiency perspective.
564. Panel members noted that some of the Alternative Amendments identified did not include the use of an Independent Credit Agency. In these cases it was suggested that a longer implementation period might be inappropriate and 10 Business days could be more appropriate. It was also noted that some of the Alternative Amendments identified included allowance for a Transition period.
565. MT noted that Ofgem would have many Alternatives to consider but would choose only one option which may or may not include a Credit Agency.
566. The Panel Agreed that the best solution would be to propose an implementation date of the 1<sup>st</sup> day of the month following six weeks from the decision date. However, the Panel also noted that were an Amendment to be approved by the Authority that did not include an Independent Agency element, a six week implementation date could seem to be too long. In such circumstances, the Amendment Panel noted that they would expect National Grid to work with Ofgem to consider whether it was possible to utilise the provisions of the CUSC in anyway to potentially bring about a more immediate implementation date. (Probably ten days after Authority decision.)
- **CAP092 – Consistent Generation Use of System Charge Liability Provisions for Transmission Access**
567. BG noted that the Consultation closed on 28<sup>th</sup> October 2005
- **CAP093 – Enabling the flow of Electricity from Distribution Systems into the Transmission System at Grid Supply Points**
568. BG noted that the Consultation closed on 31<sup>st</sup> October 2005
- **CAP094 – Limited Duration TEC**

569. BG noted that the Consultation closed on 4<sup>th</sup> November 2005

- **CAP099 – Incorporation of additional credit management tools**

570. BG noted that the Consultation closed on 28<sup>th</sup> November 2005

- **CAP100/101 - Revision of CUSC Provisions to ensure that Amendments Reports contain collective CUSC Panel Recommendations/Removal of the Amendment Panel Chairman's Casting Vote in the context of Amendments Panel Recommendation Vote**

571. BG noted that the Consultation closed on 3<sup>rd</sup> November 2005

- **CAP103 – Flexibility of Working Group Internal Procedures**

572. BG noted that the Consultation closed on 3<sup>rd</sup> November 2005

- **CAP105 – Change of Company name for National Grid Company**

573. BG noted that the draft Consultation Report was in preparation

## **6 Authority Decisions**

574. BG noted that CAP095 (Removal of Operational Day Reference from ex Post Publication of Response Information) had been approved on 14 October 2005 for implementation within 10 business days of the Decision date.

575. SM noted that a decision on CAP104 (Amendment to System to Generator Inter-Trip related Terms concurrently defined in the Grid Code and CUSC) was being progressed.

## **7 Report on Other Industry Documents**

### **BSC**

576. MT noted that there had been two meetings since the last CUSC Panel meeting. The BSC Panel had agreed to recommend that P195 should be rejected. The BSC Panel had also received an assessment report associated with a revised definition of Power Park Module. The modification was supported by the Panel

### **STC**

577. BG noted that there were no relevant issues to report to the Panel.

### **Grid Code**

578. BG noted that there had been no Grid Code Review Panel meetings since the last CUSC Panel meeting.

## **8 Any Other Business**

### Meeting Venue

579. BG noted that the contract with Brandon Hall would expire in December 2005. National Grid had been considering this and one option would be that meeting venues would split on a 50/50 basis between Elexon's offices in London and National Grid's offices in Northampton. BG would report back more formally at the November Panel meeting.
580. MT encouraged National Grid to maintain the proposed meeting dates for next year given that members diaries were filling up.

## **9 Record of Decisions – Headline Reporting**

581. The Panel Secretary would circulate an outline Headline Report after the meeting and place it on the National Grid website in due course.

## **10 Date of Next Meeting**

582. The next meeting will be held on Friday 25<sup>th</sup> November 2005 at the Brandon Hall Hotel, Brandon, near Coventry commencing at **10.00am**.