



This document contains consultation responses to the Protocol for appointment of independent Amendments Panel Chair consultation Paper

Issue	1.0
Date of Issue	18 th January 2011
Prepared by	National Grid

REPRESENTATIONS RECEIVED

This document includes copies of representations received to the Consultation (published 17/12/2010, closed 14/01/2011).

Representations were received from the following parties:

No.	Company
1	ScottishPower
2	EDF Energy
3	Scottish and Southern Energy

Amendments Panel Secretary
Electricity Codes
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Ref Protocol for Appointment of
Independent Amendments Chair
Date 23rd December 2010

Tel No. 01355 35 2699
Email: sp_electricity.spoc@accenture.com

Protocol for Appointment of Independent Amendments Chair

Thank you for the opportunity to comment on this Consultation. This response is submitted on behalf of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.

Do you consider that a Selection Adviser should be used to help identify the candidate(s) to be the Panel Chairman?	<i>Yes. A suitable selection advisor will be able to put forward candidates from wider spheres of business and academia than would be the norm.</i>
Do you have any views on the duration of the appointment of the Panel Chairman, such as a single term (of two years) only or two terms maximum or unlimited (e.g. able to be reappointed by the Authority, on the recommendation of the Panel, every two years)?	<i>We believe that the Chair should be appointed on a rolling single term, with the Panel recommending reappointment to the Authority after a brief industry consultation.</i>
Do you have any views on the possibility of Panel members being able to nominate a candidate each (instead of using a Selection Advisor) to help identify the candidate(s) to be the Panel Chairman?	<i>We feel that Panel member should be able to submit candidates to be assessed alongside these of the selection advisor. We do not support the option of Panel members being the only source of candidates, as we feel the widest possible field should be available to chose from.</i>
Do you agree with the GSG's recommendation to adopt Option 1?	<i>Yes</i>
If not, which Option do you prefer and why? Do you have any alternative Options?	<i>n/a</i>
What are your views on the ideal candidate attributes? Please use the table below to indicate your preferences for each of the attributes. Please leave the box blank where you are neutral to the particular attribute.	

	Should have this attribute	Should NOT have this attribute
Retired		
Currently Employed		
Seniority		
Public Sector		
Academic		
Based in UK	Y	
Based overseas		N
Has relevant technical / commercial experience of energy sector	Y	

Are there any current roles which you consider unsuitable for a potential candidate to be undertaking? (such as existing Panel Member or Ofgem employee)	<i>The successful candidate should not, for the duration of their appointment, undertake a separate role which could lead to a conflict of interest with their role as independent Panel Chair. This could include working for Ofgem.</i>
Does the time commitment of 2.5 working days per month (30 working days per annum) seem appropriate for the Panel Chairman? If not, please provide your calculation and rationale.	<i>Yes</i>
Does 5 working days per annum seem appropriate for "urgent" business for budget purposes? If not, please provide your calculation and rationale.	<i>Yes</i>
Do you have any additional views you wish the GSG to consider?	<i>No</i>

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely
Gary Henderson



For and on behalf of: ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.

To : cusc.team@uk.ngrid.com.

14th January 2011

Dear CUSC Team,

Protocol for the appointment of an independent CUSC Amendments Panel Chairman

EDF Energy welcomes the opportunity to respond to the consultation on the above as issued by the CUSC Governance Standing Group.

Please find below our response to the questions raised:

Q1: Do you agree with the GSG's recommendation to use a Selection Advisor to help identify the candidate(s) to be the Panel Chairman?

We consider that the use of a selection advisor would be an appropriate way to identify and shortlist potential individuals for the position of independent Panel Chairman using an agreed set of Candidate Attributes.

Q2: Do you have any views on the duration of the appointment of the Panel Chairman, such as a single term (of two years) only or two terms maximum or unlimited (e.g. able to be reappointed by the Authority, on the recommendation of the Panel, every two years)?

We see no reason for there to be an explicit provision within the CUSC that limits the term of office for an individual to undertake the Chairman role. We believe it would be sensible to retain the existing two year appointment term and allow for this to be renewed by the Authority, on the recommendation of the Panel, without any restriction on the eligibility for reappointment on expiry of a term of office.

Q3: Do you have any views on the possibility of Panel members being able to nominate a candidate each (instead of using a Selection Advisor) to help identify the candidate(s) to be the Panel Chairman?

In order to ensure that the appointment process is truly transparent and robust we believe Panel members, including National Grid, should not be directly involved in the process of identifying potential candidates for the role. Panel Members role should be constrained to formulating appropriate Candidate Attributes and making appointment recommendations to the Authority. This should avoid any issues over impartiality.

Q4: Do you agree with the GSG's recommendation to adopt Option 1?

Given the views expressed above, we agree with the GSG that Option 1 would be an appropriate appointment process to adopt. However, we note that under this Option there is the potential for both a Panel subcommittee and the full Panel interviewing the candidates. This would not appear to be an efficient process and brings in to question the need for, and role of, the Panel Subcommittee. We believe either the Subcommittee should be solely responsible for performing interviews where necessary and make recommendations to the full Panel or this part of the process should be left solely to the full Panel.

Q5: If not, which Option do you prefer and why?

Whereas in principle we support Option 1 we believe the process should be clarified to reflect the concern expressed above.

Q6: Do you have any alternative Options?

See above.

Q7: What are your views on the ideal candidate attributes? Please use the table below to indicate your preferences for each of the attributes. Please leave the box blank where you are neutral to the particular attribute.

	Should have this attribute. Please tick and provide rationale	Should NOT have this attribute. Please tick and provide rationale
Retired		
Currently employed		
Seniority		
Public Sector		
Private Sector		
Academic		
Based in UK	✓ purely from a cost/availability basis.	
Based overseas		✓ purely from a cost/availability basis.
Has relevant technical/commercial experience of energy		

sector		
--------	--	--

We believe that the majority of the attributes listed above do not need to be explicitly ruled in or out. The fundamental issues are that potential candidates can demonstrate their independence, availability for the likely time commitment, experience of successfully undertaking similar role(s) and willingness to undertake the role for the proposed fee. Given the Chairman's role is predominantly to effectively and efficiently administer Panel meetings with authority and positive leadership; we do not believe it is essential that the Chair has direct technical or commercial experience of the energy sector.

Q8: Are there any current roles which you consider unsuitable for a potential candidate to be undertaking? (such as existing Panel Member or Ofgem employee).

We believe the role should be undertaken by an individual who is independent from any energy market participant or stakeholder. However, we see no reason why individuals who have previously worked for any of the above should not be potential candidates provided they were not employed by such party within a defined time period of say the last 5 years.

Q9: Does the time commitment of 2.5 working days per month (30 working days per annum) seem appropriate for the Panel Chairman? If not, please provide your calculation and rationale.

The time commitment suggested would appear to be appropriate.

Q10: Does 5 working days per annum seem appropriate for "urgent" business for budget purposes? If not, please provide your calculation and rationale.

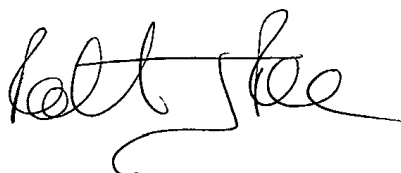
Five working days would appear to be appropriate.

Q11: Do you have any additional views you wish the GSG to consider?

Consideration should be given to developing terms and conditions for the appointment where the salary is based on attendance rather than a fixed annual fee.

If you have any queries on this response or would like to arrange a meeting to discuss further, please do not hesitate to contact me directly, or my colleague Steven Eyre on 01452 653741.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob Rome".

Rob Rome
Head of Transmission and Trading Arrangements

From: garth.graham@sse.com

Sent: 16 January 2011 19:42

To: Virk, Bali

Cc: .Box.Cusc.Team

Subject: Re: Protocol for appointment of independent Amendments Panel Chair consultation paper Bali,

Further to your email of 17th December 2010 concerning the "Protocol for the appointment of an independent CUSC Amendments Panel Chairman" please find below the SSE response to this consultation paper.

Kind regards

Garth

===

GSG "Protocol for the appointment of an independent CUSC Amendments Panel Chairman" Consultation Response

Q1.

Whilst being mindful, in particular, of the concerns noted in paragraph 2.8 (regarding transparency, impartiality and conflict of interest) that arise if nominations are sought from Panel members (or indeed CUSC Parties) we nevertheless conclude that it would be preferable to at least initially utilise this nomination option in order to avoid the cost of using a Selection Advisor which, in these times of budget constraint, should ideally be avoided.

In our view nominations should be sought from Panel members at the earliest opportunity (ideally by the February Panel meeting - or the March Panel meeting at the latest). Once nominations have been obtained from Panel members, but prior to candidates being assessed etc., by the Panel Subcommittee, the view of Ofgem should be sought as to whether Ofgem has concerns over either (a) the nomination process followed and / or (b) candidate(s) nominated.

If these concerns (regarding Panel nominations) from Ofgem cannot be addressed then this should still afford enough time (at a squeeze) to revert to the 'fall-back' position of engaging a Selection Advisor (with the associated expense). In this situation the expense of using a Selection Advisor could be warranted if the candidate(s) that are provided (by them to the Panel Subcommittee) are seen by industry and the Authority as being more 'robust' than one 'just' nominated by Panel members (or CUSC Parties).

Q2.

In our view; based in no small part of the 'custom & practice' in the nearest equivalent industry Code, namely the BSC; we believe that a multi term appointment for the CUSC Panel Chairman would be preferred.

The reasons for coming to this conclusion includes (i) the economic and efficient operation of the CUSC (in avoiding unnecessary expenditure of only a single two year term) (ii) the custom and practice elsewhere in the industry (such as the terms of office that the recent outgoing BSC Panel Chairman experienced) and (iii) the benefits that will accrue to the Panel Chairman from the knowledge and experience they acquire in their time in office. During the first year or so of their appointment the Panel Chairman is likely to be 'finding their feet'.

If the term of office were limited to two years then the CUSC community would only have a short period in which to benefit from the knowledge and experience acquired by the Panel Chairman whilst in office.

Given that this process is new, we feel that initially it would make sense to go for a two term duration (e.g. four years in total). However, perhaps in the future, based on experience etc., CUSC Parties might wish to extend the two term period to either (a) a further one term (three in total) or (b) make it an unlimited term (in which case a process for reviewing the effectiveness etc., of the Chairman would need to be put in place).

Q3.

For the reasons we set out in our answer to Q1 above we believe that each Panel member (in accordance with paragraphs 2.8 and 2.9) should be asked to nominate a single candidate. The 'fall-back' position would

be, in our view, the use of a Selection Advisor if Ofgem had concerns over the Panel nomination approach.

Q4.

For the reasons we set out in our answer to Q1 above we believe that Option 3 is the most appropriate way forward. However, if Ofgem has concerns over the Panel nomination approach then we would support Option 1 (in preference to either Options 2 or 4).

Q5.

See Q1 and Q4 above for our preference (Option 3) and why.

The main 'merit' with either Options 2 or 4 is the removal of the need for a Panel Subcommittee. However, in our view such a Subcommittee has an important role to play in facilitating the whittling down of the candidates nominated by Panel members (or, depending on Ofgem's views, suggested by the Selection Advisor) into a more meaningful shortlist for the full Panel to consider further, if they wish to. It might be, depending on circumstances, that a single candidate is identified by the Subcommittee for consideration by the full Panel. In our view neither the Panel nominations, the Selection Advisor (if used), the Subcommittee or the Panel should feel obliged to come forward with a plethora of candidates. We therefore conclude that neither Option 2 or Option 4 are suitable.

Q6.

We do not have any additional alternative Options that we wish to suggest to the GSG. However, we have some observations, which may assist the GSG in its deliberations.

Whilst we can see it might be considered more appropriate for CUSC Parties to nominate candidates, rather than Panel members, this needs to be considered in the light of what would happen if many, if not the majority (or all) CUSC Parties chose to nominate a candidate. The logistics etc., of demonstrably and robustly, assessing these candidate nominations would be considerable. Given that CUSC Parties have elected Panel members to act in their interest (or Consumer Focus and / or Ofgem have nominated Panel members to represent certain stakeholders) on matters related to the CUSC it seems appropriate, if the Selection Advisor is not to be used, that nominations would be limited to those provided by Panel members (one per Panel member, with National Grid's two Panel members limited to one in total between them).

Another approach could be to seek the views (perhaps by way of a vote?) of CUSC Parties of the potential Candidates identified by the the Panel Subcommittee. However, for the same reason noted in the above paragraph CUSC Parties have elected Panel members to act in their interest on matters related to the CUSC and it seems appropriate to not therefore seek CUSC Party views (or votes?) on individual candidates.

Q7

The GSG has usefully identified the attributes that a potential candidate for the position of Panel Chairman might have. We have considered these and provide the following comments:-

Retired

Should - A recently retired person could be an appropriate candidate.

Should Not - Neutral

Currently Employed

Should - A currently employed person could be an appropriate candidate.

Should Not - Neutral

Seniority

Should - This, in our view, is a preferred attribute. A senior person is likely to have the experience of chairing meetings as well as well rounded experience of what is 'expected' at meeting like the CUSC Panel.

Should Not - Neutral

Public Sector

Should - Neutral

Should Not - Neutral

Private Sector

Should - Neutral
Should Not - Neutral

Academic

Should - Neutral
Should Not - Mindful of the 'Cons' noted in the table we believe that the the ideal candidate is unlikely to come from an Academic background.

Based in UK

Should - The ideal candidate should come from the UK as they will be more easily available to attend any meetings whilst having general UK experience of commerce.
Should Not - Neutral

Based overseas

Should - Neutral
Should Not - We believe that the 'Cons' noted in the table outweigh the 'Pros'. The ideal candidate should not, in our view, be based overseas.

Relevant Expertise

Should - In our view whilst there are clear benefits in the ideal candidate having relevant technical / commercial experience of the energy sector these could be outweighed, in the ideal candidate, by someone with demonstrably strong abilities to chair meetings.
Should Not - Neutral

Q8.

In our view a retired or current Ofgem employee would be unsuitable as a potential candidate. Given their election (by industry) or nomination (by Consumer Focus and / or Ofgem) status we do not consider that an existing (or previous) industry Panel member would be unsuitable as a potential candidate to act as independent Panel Chairman. However, for an existing Panel member to take on the position of Panel Chairman further consideration would need to be given as to their rights to vote during Panel meetings. This matter was considered by the Working Group when it examined CAP185 and this work could be useful, if an existing Panel member were to become Panel Chairman.

Q9.

In light of the practice to date, a two and a half day per month (30 working days per annum) time commitment does seem appropriate.

Q10.

Given that the number and frequency of 'urgent' modifications etc., cannot be determined in advance the use of five business days per annum for 'urgent' business does seem appropriate in the circumstances.

Q11.

This response is not confidential.

We would like to take this opportunity to thank the GSG for undertaking this consultation. It has allowed CUSC Parties to consider an important element in the suite of changes brought about by Ofgem's Code Governance Review, namely the appointment process for an independent Panel Chairman for the CUSC to mirror that in the BSC.

We concur with the GSG recommendation, as set out in paragraph 3.1, that the Panel limits itself to recommending no more than 3 candidates in total to the Authority for its appointment decision.

We concur with the 'Next Steps' set out in section 7 of the consultation document.

[end]

From: "Virk, Bali" <bali.virk@uk.ngrid.com>
To:
Date: 17/12/2010 13:17
Subject: Protocol for appointment of independent Amendments Panel Chair consultation paper

Dear Industry members

The Governance Standing Group (GSG) has issued a consultation paper on the Protocol for appointment of independent Amendments Panel Chair. This will be available at <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/gsg/> shortly today.

The GSG welcomes industry views on the matters set out within the consultation paper by email to cusc.team@uk.ngrid.com by 5pm on Friday 14th January 2011.

Regards

Bali Virk
Electricity Codes
UK Transmission - Commercial
National Grid
Phone: 01926 65 6023 (474-6023)
Fax: 01926 65 6604 (474-6604)
Bali.Virk@uk.ngrid.com
National Grid plc, Warwick Technology Park,
Gallows Hill, Warwick, CV34 6DA

This e-mail, and any attachments are strictly confidential and intended for the addressee(s) only. The content may also contain legal, professional or other privileged information. If you are not the intended recipient, please notify the sender immediately and then delete the e-mail and any attachments. You should not disclose, copy or take any action in reliance on this transmission.

You may report the matter by calling us on 0800 085 4806.

Please ensure you have adequate virus protection before you open or detach any documents from this transmission. The Group Companies do not accept any liability for viruses. An e-mail reply to this address may be subject to monitoring for operational reasons or lawful business practices.

For the registered information on the UK operating companies within the National Grid group please use the attached link:

<http://www.nationalgrid.com/corporate/legal/registeredoffices.htm>

The information in this e-mail is confidential and may be legally privileged. It is
the property of National Grid Gas Supply Limited (the Group). If you have received this
e-mail in error, please do not disseminate, distribute or copy. If you have received
this e-mail by mistake, please notify the sender immediately by e-mail. If you are
not the named addressee you should not disseminate, distribute or copy this e-mail.
Please notify the sender immediately by e-mail if you have received this e-mail by
mistake and delete this e-mail from your system. If you are not the named addressee
you should not disseminate, distribute or copy this e-mail. If you are the named
addressee you should not disseminate, distribute or copy this e-mail unless you
are the intended recipient. If you are the intended recipient you should not
disseminate, distribute or copy this e-mail unless you are the intended recipient.
Scottish and Southern Energy plc, Inveralmond House, 200 Dunkeld Road, Perth, Per
