
Governance Standing Group

Notes of Meeting held on 14 June 2002 at AEP Offices, 17 Waterloo Place, London

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| Present | Nigel Cornwall, NC | Chair |
| | Malcolm Taylor, MT | AEP |
| | Dick Cecil, DC | London Electricity |
| | Simon Goldring, SG | British Gas Trading |
| | David Edward, DE | Authority (Observer) |
| | Andy Balkwill, AB | National Grid |
| | David Payne, DP | Technical Secretary |

1. Introductions

Apologies were received from Jane Butterfield, PowerGen and Steve Phillips, British Energy.

2. Approval of Notes from last meeting

NC and MT suggested minor text amendments related to the Panel Views in Consultation to more accurately reflect the discussion and subsequent action.

With these amendments the notes of the last meeting were approved and would be published on the CUSC website in due course.

Actions from the last meeting

NC note to CUSC Amendments Panel – Guidance required on whether the GSG discussions should include whether the BSC should be considered in addition to Core Industry Documents as part of the Amendments process. After further deliberation it was now agreed that the Amendment Proposal form should enable consideration of other documents along with Core Industry Documents and AB agreed to draft a revised form. Therefore it was agreed that this issue did not need to be raised with the Panel or discussed further at the GSG.

Action 1: AB.

The remaining actions from the last meeting had been completed or were covered under subsequent Agenda items.

3. Items for Discussion

Urgent Amendment Process (National Grid Paper)

AB tabled a paper on the scope of the problem and possible solutions associated with the Urgent Amendment Process.

The paper identified four associated issues:

- 1) Should the Amendment Panel decide that a particular Amendment Proposal was not Urgent then the proposer did not currently have any recourse to

anyone. There were conflicting views within the GSG as to whether the proposer should have recourse to Ofgem. Those not in favour felt that this would be overriding the Panel's role and was inappropriate. Those in favour felt that if the Panel says a Proposal should not be considered as Urgent then currently nothing could be done and it was felt all parties should be allowed the opportunity to consult the Authority.

It was agreed that the GSG Final Report to the Amendments Panel should outline the arguments for and against in order to raise the issue. It was also agreed that it would not be possible to prepare a draft Amendment Proposal on this issue for the July Panel meeting.

- 2) Lack of clarity on the process of initiating a review of an Urgent Amendment once it has been implemented to determine whether an Alternative Amendment may better meet the CUSC objectives. The existing CUSC was unclear as to whether it was mandatory that an Amendment Proposal form should be submitted to initiate a review. GSG members were of the opinion that this should be non-mandatory although there was one view that safeguards may be lost if this non-mandatory approach is taken up.

It was agreed that National Grid should draft an Amendment Proposal for the July Amendment Panel meeting.

Action 2: AB

- 3) Process for Review of an Urgent Amendment Proposal once it has been implemented to determine whether an Alternative Amendment may better meet the CUSC objectives. The paper outlined that it was of little benefit to automatically require a formal review of an implemented Urgent Amendment if that Amendment had already been the subject of an industry review and all consultees were in favour of the proposed Amendment. GSG members agreed with the proposals in the paper to initiate an Urgent (Amendment) Review Group although some minor adjustment of the suggested CUSC text was required, specifically to remove the need for the Amendments Panel to determine the Terms of Reference for an Urgent (Amendment) Review Group (i.e. the Terms of Reference would be to review the Urgent Amendment). It was recognised that an existing Standing Group could be asked to carry out a review if this was appropriate.

It was agreed that National Grid should draft a further Amendment Proposal for the July Amendment Panel meeting.

Action 3: AB

- 4) Should there be a Mechanism for review where the Authority has rejected an Urgent Amendment Proposal. The CUSC currently requires that a proposer cannot resubmit an Amendment Proposal for at least two months following rejection, and GSG members agreed that this limitation should remain. However in the case of a rejected Urgent Amendment Proposal it was felt that the Amendments Panel should have the ability to initiate a Review where appropriate.

It was agreed that National Grid should further develop the principles outlined in the paper and if possible prepare an Amendment Proposal to bring to the July Amendment Panel meeting.

Action 4: AB

GSG members agreed that the final report to the Panel should be asking the Panel to consider the associated Amendment Proposals and given that the GSG has given full consideration to the issues it was recommended that the Panel should agree to the Proposals going straight to industry consultation.

Action 5: NC.

Withdrawal of Amendment Proposals (National Grid Paper)

The paper outlines that it is not clear whether an Amendment Proposal could be withdrawn at any time in the Amendment Process or only prior to the Amendments Panel meeting at which the proposal would be considered. The paper proposed CUSC text changes to enable withdrawal at any time.

GSG members generally agreed that withdrawal of an Amendment Proposal should be allowed at any time up to the point where a Consultation has been initiated. It was recognised that a proposer may wish to withdraw a proposal once consultation had been completed if there was no support for the proposal but it was thought that this would be a rare occurrence.

GSG members agreed that with minor clarification text changes an Amendment Proposal should be prepared for the July Panel meeting with a recommendation that the Proposal goes straight to Consultation.

Action 6: AB

Implementation Dates

There was currently no facility within the CUSC to enable the Authority to delay or bring forward proposed Amendment implementation dates. It was recognised that this facility did not currently exist within the BSC although a BSC change was anticipated as part of the current BSC Modification Proposal P28. AB agreed to follow this up and propose a suitable CUSC Amendment.

Action 7: AB

Definition of Core Industry Documents.

It was agreed that there was no need to pursue this issue further (see Actions from last meeting above).

Alternative Amendments.

GSG members were reminded that this had been fully debated at the last meeting and NC undertook to circulate revised principles and definition to GSG members.

Action 8: NC

Panel Views in Consultation

MT circulated a paper which identified in tabular form, the current role of the Amendment Panel in various aspects of the CUSC Amendment Process. The table highlighted the Panels role as a 'policeman' to ensure that due process is carried out.

There were differing views on the extent of the role of the panel in relation to providing a view on Amendment Proposals. DC tabled a paper which put forward a view that the existing CUSC already enables the Amendments Panel to act as more than just process 'policeman' but also suggested that the Panel role should be extended.

SG put forward a counter view that the role of the Panel was as a process 'policeman' and could only be carried out by a group with a mix of skills and not just legal skills. He did not believe changes should be made to extend this role.

NC summarised:

- According to SG the Panel should not be seeking to be collectively providing views in consultation;
- According to DC as a minimum the Panel should agree a summary of individuals views at Panel meetings and the Panel may wish to reach a collective view on a Proposal and propose recommendations.

NC stated that the final report needed to explain the differing views. If the Panel was then of the view that an enhanced role was appropriate then further CUSC changes would be required to enable this role. If the non-enhanced role was favoured then it was only required to scope changes to ensure panel members provided comments during the consultation phase and to ensure that National Grid had time to prepare a Summary of responses and obtain Panel views.

Final Report to Amendments Panel

NC would draft the Report on a section by section basis and circulate to GSG members for comment. It was recognised that the final report would need to be submitted to the Panel by close of play on **18th July** for the **26th July** meeting.

Action 9: NC

4. Timetable, Priorities and Work Programme

Report to be submitted to 26th July Panel meeting as stated above.

5. Any Other Business

NC circulated a paper by Elexon on Applicable BSC Objectives as he felt it could be useful to be aware that a similar debate was going on elsewhere.

6. Date of Next Meeting

Agreed that no further meetings need to be scheduled.