

## Workgroup Terms of Reference and Membership

### TERMS OF REFERENCE FOR CMP285 WORKGROUP

CMP285 seeks to reform CUSC governance to enhance the independence and diversity of Panel members and ensure wider engagement from CUSC signatories.

#### Responsibilities

1. The Workgroup is responsible for assisting the CUSC Modifications Panel in the evaluation of CUSC Modification Proposal **CMP285 'CUSC Governance Reform – Levelling the Playing Field'** tabled by **UK Power Reserve** at the Modifications Panel meeting on 28 July 2017.
2. The proposal must be evaluated to consider whether it better facilitates achievement of the Applicable CUSC Objectives. These can be summarised as follows:

#### Standard Applicable Objectives

- (a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission License;
  - (b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;
  - (c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency; and
  - (d) Promoting efficiency in the implementation and administration of the system charging methodology.
3. It should be noted that additional provisions apply where it is proposed to modify the CUSC Modification provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

#### Scope of work

4. The Workgroup must consider the issues raised by the Modification Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.
5. In addition to the overriding requirement of paragraph 4, the Workgroup shall consider and report on the following specific issues:
  - a) The Workgroup can demonstrate how any proposals would increase participation (nominations or voting)
  - b) Consider how and why CUSC Signatories could be 'grouped' together and how Joint Ventures are incorporated

- c) In setting the number for total votes for a grouped CUSC Signatories detail the basis on how this has been determined
  - d) Consider the appropriate % of votes to be casted for an Election to be valid and what the process would be if this % is not achieved and what the consequences would be
  - e) Process for an active Party becoming a Dormant Party
  - f) Consider how a Panel would ensure that there was continuous experience on the Panel if a set period that a candidate could hold office for
  - g) How more smaller participants could be become more involved in the process
  - h) Consider what funding model could be used for paying for a non-CUSC Party/Independent persons to be a Panel Member
  - i) Consider whether the Panel should be fully independent or independent from a constituency.
  - j) Consider the constitution of the Panel and whether any changes should be made to the composition
  - k) Define the process for use of Alternate (e.g. would this be the Panel Member or by Code Administration or via another means)
  - l) Consider how Materially Impacted Parties non CUSC Parties could be involved further in the process
  - m) Consider the CMA findings and work performed by other Code Bodies under Code Governance and best practice from other Code Bodies
  - n) Consider what changes to the CUSC Panel are permissible, e.g. what are the boundaries in relation to the CUSC Panel in context of the Ofgem Code Governance Review/Transmission Licence
  - o) Understand any consequential impact on any other codes and how a cross code model could work.
  - p) Define criteria to understand how the value of independence is judged.
6. The Workgroup is responsible for the formulation and evaluation of any Workgroup Alternative CUSC Modifications (WACMs) arising from Group discussions which would, as compared with the Modification Proposal or the current version of the CUSC, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified.
  7. The Workgroup should become conversant with the definition of Workgroup Alternative CUSC Modification which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the Group and/or an individual member of the Workgroup to put forward a WACM if the member(s) genuinely believes the WACM would better facilitate the achievement of the Applicable CUSC Objectives, as compared with the Modification Proposal or the current version of the CUSC. The extent of the support for the Modification Proposal or any WACM arising from the Workgroup's discussions should be clearly described in the final Workgroup Report to the CUSC Modifications Panel.
  8. Workgroup members should be mindful of efficiency and propose the fewest number of WACMs possible.
  9. All proposed WACMs should include the Proposer(s)'s details within the final Workgroup report, for the avoidance of doubt this includes WACMs which are proposed by the entire Workgroup or subset of members.
  10. There is an obligation on the Workgroup to undertake a period of Consultation in accordance with CUSC 8.20. The Workgroup Consultation period shall be for a period of **15 working days** as determined by the Modifications Panel.

11. Following the Consultation period the Workgroup is required to consider all responses including any WG Consultation Alternative Requests. In undertaking an assessment of any WG Consultation Alternative Request, the Workgroup should consider whether it better facilitates the Applicable CUSC Objectives than the current version of the CUSC.

As appropriate, the Workgroup will be required to undertake any further analysis and update the original Modification Proposal and/or WACMs. All responses including any WG Consultation Alternative Requests shall be included within the final report including a summary of the Workgroup's deliberations and conclusions. The report should make it clear where and why the Workgroup chairman has exercised his right under the CUSC to progress a WG Consultation Alternative Request or a WACM against the majority views of Workgroup members. It should also be explicitly stated where, under these circumstances, the Workgroup chairman is employed by the same organisation who submitted the WG Consultation Alternative Request.

12. The Workgroup is to submit its final report to the Modifications Panel Secretary on **18 January 2018** for circulation to Panel Members. The final report conclusions will be presented to the CUSC Modifications Panel meeting on **26 January 2018**.

## Membership

13. It is recommended that the Workgroup has the following members:

Role	Name	Representing
Chairman	Caroline Wright	Code Governance
National Representative	Grid Michael Oxenham	National Grid
Industry Representatives	Michael Jenner Garth Graham Robert Longden Paul Mott James Anderson Lisa Waters	UK Power Reserve (Proposer) SSE Cornwall Energy EDF Scottish Power Waters Wye
Authority Representatives	Nadir Hafeez	OFGEM
Technical secretary	Heena Chauhan	Code Governance
Observers	Claire Kerr Nadir Hafeez	ELEXON Ofgem

NB: A Workgroup must comprise at least 5 members (who may be Panel Members). The roles identified with an asterisk in the table above contribute toward the required quorum, determined in accordance with paragraph 14 below.

14. The chairman of the Workgroup and the Modifications Panel Chairman must agree a number that will be quorum for each Workgroup meeting. The

agreed figure for CMP285 is that at least 5 Workgroup members must participate in a meeting for quorum to be met.

15. A vote is to take place by all eligible Workgroup members on the Modification Proposal and each WACM. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference). The Workgroup chairman shall not have a vote, casting or otherwise]. There may be up to three rounds of voting, as follows:
  - Vote 1: whether each proposal better facilitates the Applicable CUSC Objectives;
  - Vote 2: where one or more WACMs exist, whether each WACM better facilitates the Applicable CUSC Objectives than the original Modification Proposal;
  - Vote 3: which option is considered to BEST facilitate achievement of the Applicable CUSC Objectives. For the avoidance of doubt, this vote should include the existing CUSC baseline as an option.

The results from the vote and the reasons for such voting shall be recorded in the Workgroup report in as much detail as practicable.

16. It is expected that Workgroup members would only abstain from voting under limited circumstances, for example where a member feels that a proposal has been insufficiently developed. Where a member has such concerns, they should raise these with the Workgroup chairman at the earliest possible opportunity and certainly before the Workgroup vote takes place. Where abstention occurs, the reason should be recorded in the Workgroup report.
17. Workgroup members or their appointed alternate are required to attend a minimum of 50% of the Workgroup meetings to be eligible to participate in the Workgroup vote.
18. The Technical Secretary shall keep an Attendance Record for the Workgroup meetings and circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the final Workgroup report.
19. The Workgroup membership can be amended from time to time by the CUSC Modifications Panel.

## Appendix 1 – Updated Proposed CMP285 Timetable

### Workgroup Stage

20 July 2017	CUSC Modification Proposal submitted
<b>28 July 2017</b>	Modification Presented to the Panel
1 August 2017	Request for Workgroup Members (10 working days)
28 September 2017	<b>Meeting 1</b> to ensure Workgroup members have a fully understanding of the context of the modification and Terms and Reference
7 November 2017	<b>Meeting 2</b> – Review of evidence from Workgroup Activities List and agree next steps and confirm Workgroup consultation requirements
27 November 2017	<b>Meeting 3</b> – Draft Workgroup Consultation Report
January to March 2018	Meetings to agree WG rpt
<b>April 2018</b>	Workgroup Consultation issued to the Industry (15WD)
May 2018 to July 2018	Workgroup Meeting - Workgroup review consultation responses, agree options, finalise legal text and WG vote
<b>August 2018</b>	Workgroup Report issued to CUSC Panel
<b>August 2018</b>	CUSC Panel meeting to discuss Workgroup Report

### Code Administrator Stage

<b>September 2018</b>	Code Administration Consultation Report issued to the Industry (15 WD)
<b>October 2018</b>	Draft FMR published for industry comment (5 Working days)
<b>November 2018</b>	Draft Final Modification Report presented to Panel
<b>November 2018</b>	CUSC Panel Recommendation vote
<b>December 2018</b>	Final Modification Report issued the Authority
<b>January/February 2019</b>	Indicative Decision for the Authority
<b>1 April 2019</b>	Decision implemented in CUSC
<b>Effective from date</b>	<b>Panel Election 2019</b>