













Stage 02: Webinar Report		At what stage is this document in the process?
<h1 style="color: #00a651;">CMP293 and CMP294:</h1> <h2>National Grid Legal Separation changes to CUSC sections, Exhibits & Schedules</h2>		<div style="display: flex; flex-direction: column; align-items: center;"> <div style="margin-bottom: 5px;">01 Proposal Form</div> <div style="margin-bottom: 5px; background-color: #00a651; color: white; padding: 2px 5px;">02 Webinar Report</div> <div style="margin-bottom: 5px;">03 Code Administrator Consultation</div> <div style="margin-bottom: 5px;">04 Draft CUSC Modification Report</div> <div style="margin-bottom: 5px;">05 Final CUSC Modification Report</div> </div>
<p>Purpose of Modifications: CMP293 and CMP294 seek to modify the CUSC to reflect the creation of a new National Grid Electricity System Operator (NGESO) that is legally separated from National Grid Electricity Transmission Limited (NGET). CMP294 covers CUSC section 14 (charging section) and CMP293 is the Modification for all the other non-charging impacted sections, schedules and exhibits that are being amended by the National Grid Legal separation. The specific CUSC references have been updated in order to ensure the System Operator and Transmission Owner obligations are clear.</p>		
	<p>This document contains the original proposal and a summary of the discussion from the industry webinar which was held on 09 July 2018 to assess the draft legal text for these Modifications.</p>	
	<p>High Impact: National Grid</p>	
	<p>Medium Impact: None</p>	
	<p>Low Impact: Generators and Suppliers</p>	

Contents		?
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Timetable		?
The Code Administrator recommends the following timetable:		
Industry Webinar	09 July 2018	
Code Administration Consultation Report issued to the Industry (15 working days)	01 August 2018	
Draft Final Modification Report presented to Panel	31 August 2018	John.martin2@nationalgrid.com
Modification Panel decision	31 August 2018	
Final Modification Report issued to the Authority	07 September 2018	
Decision implemented in CUSC	01 April 2019	

1 Format of this Report

This report contains the original proposal and a summary of the discussion from the industry webinar which was held on 09 July 2018 to assess the draft legal text for these Modifications.

Section 2 (Original Proposal) and Section 3 (Proposer's solution) are sourced directly from the Proposer and any statements or assertions have not been altered or substantiated/supported or refuted by the parties who called into the webinar.

2 Original Proposals

Section 3 (Original Proposal) are sourced directly from the Proposer and any statements or assertions have not been altered or substantiated/supported or refuted by industry members who called into the webinar.

What

It is proposed to amend the CUSC definition of 'The Company' to the new NGESO legal entity and create a new 'Onshore Transmission Licensee' definition which encompasses all onshore transmission owners including NGET.

How

NGET published an open letter on its approach to modifying the relevant Industry Codes on 22 September 2017 stating that NGET intended to raise one Code Modification proposal for each Industry Code, but further work into assessing the changes required means that for the CUSC, two modifications need to be raised. CMP293 is one of these.

The definition of "The Company" is being retained as the "badge" for NGESO and we are proposing the creation of a new definition 'Onshore Transmission Licensee' which covers all onshore transmission owners.

The introduction of the new "NGESO" entity into the CUSC is achieved through a novation agreement for each code. The novation agreement will be entered into by NGET and on behalf of the CUSC parties. The authority for NGET to do this is given through the provisions to be introduced in to the respective Code (CUSC Section 10) as part of the code modification. The intended form of novation is included within the draft legal text.

3 Proposer's solution

As the Proposer we welcome the feedback from the webinar, which has resulted in the following amendments to proposed solution:

Updated the following defined terms and clauses in section 10:

- Remote Transmission Licensee – update the definition, including the NGET references, also to include the registered company number and address.

- The Company – Add the references to the company address and registered number.
- Transmission Licenses Assets – make the defined term ‘Relevant Transmission Licensees’.
- Nuclear Site Licence Provisions Agreement – updated to include reference to NGET instead of The Company.

Section 10 Clauses to be amended:

- CUSC 10.3.2 - Include reference to ‘The Company’ registered address.
- CUSC 10.5.3 – Include the following information ‘not less than 75 (seventy five) days (or if such day is not a Business Day the next following Business Day) prior to 31 March 2019’.

We would highlight that the Contents Page is a useful guide to the areas of the CUSC which are changing and will highlight the changes.

The following attachments have now been removed, as there are no proposed changes to them:

- Schedule 3
- Exhibit L
- Exhibit X

Also within Exhibit O, exhibits IA and IIA will be removed as the regional variation is no longer required.

We are developing an additional document and table that highlights only the clauses which have been amended. This document and table we would suggest should be included in the Code Administrator Consultation.

Also we would support the Code Administrator questions which have been identified in section 4.

4 Webinar Discussions

Format of legal text:

It was suggested attaching legal text which extracted only the Clauses which have been amended; then for completeness include all the amended CUSC exhibits, schedules and sections.

Also based on feedback from the webinar it was suggested to update the following defined terms and clauses in section 10:

- Remote Transmission Licensee – update the definition, including the NGET references, also to include the registered company number and address
- The Company – Add the references to the company address and registered number.
- Transmission Licenses Assets – make the defined term ‘Relevant Transmission Licensees’
- Nuclear Site Licence Provisions Agreement – updated to include reference to NGET instead of The Company

Section 10 Clauses to be amended:

- CUSC 10.3.2 - Include reference to ‘The Company’ registered address.
- CUSC 10.5.3 – Need an exact figure in the number of days.

Also on the webinar, there was a discussion about potential questions that could be included within the Code Administrator Consultation and based on these discussions the suggested questions are below:

1. Do you believe CMP293&294 better facilitates the Applicable CUSC Objectives? Please include your reasoning
2. Do you support the proposed transitional approach which has been drafted in CUSC Section 10 and the associated Novation Agreement? Or are there any further transitional implications that need to be identified in CUSC 10.6.1 or contracts under CUSC 10.4.3?
3. Do you support the revised approach of how the ‘Nuclear Site Licence Provisions Agreement’ will be managed in the CUSC, with reference to the Transmission Owners?
4. Is the reference to NGET appropriate in the two CUSC extracts, for the regulatory asset value in the defined term ‘The Company Prescribed Level’ and the Weighted Average Cost of Capital calculation in CUSC 14.15.65?
5. Within the CUSC legal drafting, there are references to National Grid group e-mail boxes and the National Grid website, do you have any preferences on the communication route to be included with the CUSC text post legal separation?
6. Do you support the proposed implementation approach?
7. Do you have any other comments?

5 Impacts & Other Considerations

All parties to the CUSC will be impacted by the contractual change in the underlying party to their contracts signed under the CUSC changing from NGET to NGESO.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

N/A

Consumer Impacts

N/A

6 Relevant Objectives (need to add both Objectives and highlight the proposers view)

Impact of the modification on the Applicable CUSC Objectives (Standard) for CMP293:

Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	Positive
(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;	None
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	None
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	None

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Impact of the modification on the Applicable CUSC Objectives (Charging) for CMP294:

Relevant Objective	Identified impact
(a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;	None
(b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are	None

made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);	
(c) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;	Positive
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 *; and	None
(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.	None
*Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).	

The Proposer believes that for both CMP293 and CMP294 this change will better facilitate relevant objective (a), by attributing the appropriate obligations to NGESO as System Operator and the Transmission owners in accordance with the new NGESO Transmission Licence and modified NGET Transmission Licence obligations.

7 Implementation & Transition

Legal text for CMP293 has been drafted using the baseline of March 2018 text and as the modification progresses through the governance process, the text may need to be revised in light of other ongoing CUSC Modifications. The Code Administrator will ensure that the Proposer is aware of the approval of any of the other CUSC Modifications and the Proposer will take into account any relevant amendments to the CMP293 that may need to be made prior to a final decision and notify the Modification Panel should anything in CMP293 require further change as a result of this.

CMP293 together with the other associated CUSC Modification proposal and the associated CUSC novation agreement in respect of National Grid's legal separation are all interdependent and as such, are all required to be implemented as a single update to the CUSC.

The CUSC changes once approved will be introduced but "suspended", apart from the "implementation/transitional" provisions in the corresponding provisions within CUSC

Section 10, until the transfer of the transmission licence to NGESO. In this way the codes, once amended for separation, can form the baseline for any modifications going forward before the transfer helping to manage the interaction between this forward facing change and the fact that the codes are live documents and subject to ongoing open governance.

8 Legal Text

The amended legal text is included within the 47 files which are attached to this document that have tracked changes.