



AMENDMENT REPORT

CUSC Proposed Amendment CAP106

Amendment to Revised Paragraph 4.5.1 (Indexation – Application) of the CUSC

The purpose of this report is to assist the Authority in their decision of whether to implement Amendment Proposal CAP106

Amendment Ref	CAP106
Issue	1.0
Date of Issue	25 th November 2005
Prepared by	National Grid

I DOCUMENT CONTROL**a National Grid Document Control**

Version	Date	Author	Change Reference
0.1	16/11/05	National Grid	Draft for internal comment
0.2	17/11/05	National Grid	Draft for industry comment
1.0	25/11/05	National Grid	Formal version for submission to the Authority

b Document Location

Nation Grid Website:

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/>

c Distribution

Name	Organisation
The Gas and Electricity Markets Authority	Ofgem
CUSC Parties	Various
Panel Members	Various
National Grid Industry Information Website	

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1.0 SUMMARY AND RECOMMENDATION

- 1.1 CAP106 corrects inconsistencies in Paragraph 4.5.1 of the CUSC created by an interaction in the legal texts and subsequent implementation of CAP076 before CAP047. CAP106 clarifies that the Indexation provisions in Paragraph 4.5.1 are mandatory for System to Generator Intertripping Agreements but are optional (to be agreed between the User and National Grid) for any other Balancing Services Agreements.
- 1.2 CAP106 was proposed by National Grid and submitted to the CUSC Amendments Panel for consideration at their meeting on 28th October 2005. The Amendments Panel determined that the issue was appropriate to proceed to wider industry consultation by National Grid. The consultation closed on 15th November 2005.
- 1.3 National Grid received one response to the consultation on CAP106 which had no further comments on the proposal and supported CAP106.

National Grid Recommendation

- 1.4 National Grid recommends that CAP106 should be approved. National Grid believes that CAP106 will better facilitate Applicable CUSC Objective (a) (the efficient discharge by National Grid of the obligations imposed on it by the Act and the transmission licence) by improving the clarity and removal of uncertainty associated with the current wording of Paragraph 4.5.1 of the CUSC.
- 1.5 National Grid recommends that CAP106 should be implemented 10 working days after the date of the Authority's decision letter for CAP106. In accordance with 8.19.3(b) views were invited on this proposed implementation date and no comments were received.

2.0 PURPOSE AND SCOPE OF THE REPORT

- 2.1 This Amendment Report has been prepared and issued by National Grid under the rules and procedures specified in the Connection and Use of System Code (CUSC) as designated by the Secretary of State. It addresses issues relating to the correction of the existing text for Paragraph 4.5.1 of the CUSC which is inconsistent with the intended provisions of the Paragraph.
- 2.2 Further to the submission of Amendment Proposal CAP106 (see Annex 1) and the subsequent wider industry consultation that was undertaken by National Grid, this document is addressed and furnished to the Gas and Electricity Markets Authority ("the Authority") in order to assist them in their decision whether to implement Amendment Proposal CAP106.
- 2.3 This document outlines the nature of the CUSC changes that are proposed. It incorporates National Grid's recommendations to the Authority concerning the Amendment. Copies of all representations received in response to the consultation have been also been included and a 'summary' of the representations received is also provided. Copies of each of the responses to the consultation are included as Annex 3 to this document.
- 2.4 This Amendment Report has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid website, at <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/>.

3.0 THE PROPOSED AMENDMENT

Background

- 3.1 On 28th September 2004 the Authority approved CAP047 Alternative Amendment (A) (Introduction of a competitive process for the provision of Mandatory Frequency Response) for implementation on 1st October 2005.
- 3.2 On 10th June 2005 the Authority approved CAP076 original Amendment Proposal (Treatment of System to Generator Intertripping Schemes) for implementation on 15th July 2005.
- 3.3 The period between the Authority's approval decision on CAP047 and formal amendment of the CUSC was therefore over a year but during that period CAP076 was approved and implemented. There was an interaction between the legal text in these two proposals in relation to Paragraph 4.5.1 (Indexation – Application) and the precise mechanics of the implementation of CAP047 and CAP076 mean that 4.5.1 no longer reads clearly.

The Proposed Amendment

- 3.4 National Grid believes that an amendment to Paragraph 4.5.1 should now be made to clarify this text including re-introducing the clarity in CAP076 that Indexation where applicable to System to Generator Operational Intertripping Agreements is mandatory whereas in CAP047 Alternative Amendment (A) Indexation is optional for any other Balancing Service Agreements.

4.0 IMPLEMENTATION AND TIMESCALES

- 4.1 National Grid recommends that CAP106 should be implemented 10 working days after the date of the Authority's decision letter for CAP106. In accordance with 8.19.3(b) views were invited on this proposed implementation date and no comments were received.

5.0 IMPACT ON THE CUSC

- 5.1 CAP106 will require amendments to Paragraph 4.5.1 of the CUSC.
- 5.2 The text required to give effect to the Proposed Amendment is contained as Annex 2 of this document.

6.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

- 6.1 National Grid believes that CAP106 will better facilitate Applicable CUSC Objective (a) (the efficient discharge by National Grid of the obligations imposed on it by the Act and the transmission licence) by improving the clarity and removal of uncertainty associated with the current wording of Paragraph 4.5.1 of the CUSC.

7.0 IMPACT ON CUSC PARTIES

- 7.1 No impact has been identified on CUSC Parties from CAP106.

8.0 IMPACT ON CORE INDUSTRY DOCUMENTS

- 8.1 No impact has been identified on Core Industry Documents from CAP106.

9.0 VIEWS AND REPRESENTATIONS

9.1 This section contains a summary of the views and representations made by consultees during the consultation period in respect of the Proposed Amendment.

Views of Panel Members

9.2 No responses to the CAP106 Consultation were received from Panel Members.

View of Core Industry Document Owners

9.3 No responses to the CAP106 Consultation were received from Core Industry Document Owners.

Responses to Consultation

9.4 The following table provides an overview of the single representation received. A Copy of this representation is attached at Annex 3.

Reference	Company	Supportive	Comments
CAP106-CR-01	Centrica plc	Yes	Expressed support but added no other comments

10.0 SUMMARY OF PANEL MEMBERS VIEWS

10.1 No responses to the CAP106 Consultation were received from Panel Members.

11.0 NATIONAL GRID RECOMMENDATION

11.1 National Grid supports the amendments to the CUSC as detailed in CAP106 Amendment Proposal.

12.0 COMMENTS ON DRAFT AMENDMENT REPORT

12.1 National Grid received no responses following the publication of the draft Amendment Report.

Annex 1 - Amendment Proposal Form

CUSC Amendment Proposal Form	CAP: 106
<p><i>Title of Amendment Proposal:</i></p> <p>Amendment to revise Paragraph 4.5.1 (Indexation – Application) of the CUSC.</p>	
<p><i>Description of the Proposed Amendment (mandatory by proposer):</i></p> <p>It is proposed that the CUSC be amended to correct inconsistencies in Paragraph 4.5.1 created by an interaction in the legal texts and subsequent implementation of CAP076 and CAP047. The proposal will also in doing this, clarify that Indexation where applicable to System to Generator Operational Intertripping Agreements is mandatory (whereas indexation is optional (to be agreed between National Grid and a User) for any other Balancing Services Agreements.) This was provided for in CAP076, and was, in the view of the proposer, inadvertently overwritten in the implementation of these two Amendment proposals.</p>	
<p><i>Description of Issue or Defect that Proposed Amendment seeks to Address (mandatory by proposer):</i></p> <p>There was over a year between the Authority's approval decision on CAP047 and formal amendment of the CUSC to give effect to CAP047. However, during that period CAP076 was approved and implemented. There was an interaction between the legal text in these two proposals in relation to Paragraph 4.5.1 (Indexation – Application) and the precise mechanics of the implementation of CAP047 and CAP076 mean that 4.5.1 no longer reads clearly.</p> <p>National Grid believes that an amendment to Paragraph 4.5.1 should now be made to clarify this text including re-introducing the clarity in CAP076 that Indexation where applicable to System to Generator Operational Intertripping Agreements is mandatory.</p>	
<p>Impact on the CUSC (<i>this should be given where possible</i>):</p> <p>Amend Paragraph 4.5.1 (Indexation - Application) to reflect correctly the Authority's decisions on both CAP047 and CAP076 and in doing so, to clarify that Indexation will be mandatory where applicable to System to Generator Operational Intertripping Agreements.</p>	
<p>Impact on Core Industry Documentation (<i>this should be given where possible</i>):</p> <p>None anticipated.</p>	
<p>Impact on Computer Systems and Processes used by CUSC Parties (<i>this should be given where possible</i>):</p> <p>None anticipated.</p>	
<p>Details of any Related Modifications to Other Industry Codes (<i>where known</i>):</p> <p>None.</p>	
<p>Justification for Proposed Amendment with Reference to Applicable CUSC Objectives** (mandatory by proposer):</p> <p>The terms of the Transmission Licence require National Grid to establish and operate procedures for the modification of the CUSC so as to better facilitate achievement of the Applicable CUSC Objectives.</p>	

Amendment of Paragraph 4.5.1 of the CUSC to reflect properly the Authority decisions on CAP047 and CAP076 would improve clarity and remove uncertainty from the CUSC documentation and hence enable National Grid to more easily and efficiently discharge it's obligations under the Act and the Transmission Licence and fulfil it's obligations to facilitate competition in the generation and supply of electricity.

Details of Proposer: Organisation's Name:	National Grid Electricity Transmission plc
<i>Capacity in which the Amendment is being proposed:</i> (i.e. CUSC Party, BSC Party or "energywatch")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Richard Dunn National Grid Electricity Transmission plc 01926 656211 richard.dunn@ngtuk.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Robert Smith National Grid Electricity Transmission plc 01926 654076 robert.smith@ngtuk.com
Attachments (Yes/No): Yes	
If Yes, Title and No. of pages of each Attachment:	
Legal drafting for the amendment of paragraph 4.5.1 (1 page)	

Notes:

1. *Those wishing to propose an Amendment to the CUSC should do so by filling in this "Amendment Proposal Form" that is based on the provisions contained in Section 8.15 of the CUSC. The form seeks to ascertain details about the Amendment Proposal so that the Amendments Panel can determine more clearly whether the proposal should be considered by a Working Group or go straight to wider National Grid Consultation.*
2. *The Panel Secretary will check that the form has been completed, in accordance with the requirements of the CUSC, prior to submitting it to the Panel. If the Panel Secretary accepts the Amendment Proposal form as complete, then he will write back to the Proposer informing him of the reference number for the Amendment Proposal and the date on which the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, then he may reject the Proposal. The Panel Secretary will inform the Proposer of the rejection and report the matter to the Panel at their next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform the Proposer.*

The completed form should be returned to:

Lindsey Paradine
Panel Secretary
Commercial Frameworks
National Grid Electricity Transmission plc
National Grid House

Warwick Technology Park
Gallows Hill
Warwick, CV34 6DA
Or via e-mail to: CUSC.Team@uk.ngrid.com

(Participants submitting this form by email will need to send a statement to the effect that the proposer acknowledges that on acceptance of the proposal for consideration by the Amendments Panel, a proposer which is not a CUSC Party shall grant a licence in accordance with Paragraph 8.15.7 of the CUSC. A Proposer that is a CUSC Party shall be deemed to have granted this Licence).

3. Applicable CUSC Objectives** - These are defined within the National Grid Company Transmission Licence under Section C10, paragraph 1. Reference should be made to this section when considering a proposed amendment.

Annex 2 – Proposed Text to modify CUSC

Part A - Text to give effect to the Proposed Amendment

4.5 INDEXATION

4.5.1 Application

The provisions of this Paragraph 4.5 shall apply to payments made by NGC to a User pursuant to Paragraphs 4.2A.4(a) and (c) in respect of the provision of System to Generator Operational Intertripping, and

~~The provisions of this Paragraph 4.5 may:-~~

~~4.5.1.1 — ; and~~

~~4.5.1.2 — Paragraphs 4.2A.4(a) and (c) in respect of the provision of System to Generator Operational Intertripping,~~

(if agreed between **NGC** and a **User**) may be incorporated by reference into any other **Balancing Services Agreement** (other than a **Mandatory Services Agreement**) as a term thereof so as to apply in respect of payments made by **NGC** to that **User** in respect of the provision of other **Balancing Services** (other than **Mandatory Ancillary Services**) (but for the avoidance of doubt not so as to thereby create any obligations on **NGC** and that **User** under the **CUSC** in respect thereof).

Annex 3 – Copies of Representations Received to Consultation

This Annex includes copies of any representations received following circulation of the Consultation Document (circulated on 31st October 2005 and requesting comments by close of business on 15th November 2005).

Representations were received from the following parties:

No.	Company	File Number
1	Centrica plc	CAP106-CR-01

Reference	CAP106-CR-01
Company	Centrica

-----Original Message

From: Manley, Mark [mailto:Mark.Manley@centrica.co.uk]
Sent: 15 November 2005 15:33
To: Paradine, Lindsey
Subject: CAP106

Lindsey,

Centrica do not have any comments to add to the consultation and we support the proposal.
Regards

Mark

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