

CAP096 - Revisions Resulting from Interconnector Separation

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29 July 2005

Background

- ◆ Concept of licensing those companies that “participate in the operation of an electricity interconnector” introduced by Energy Act 2004
- ◆ Aim is to introduce licensing regime “by the end of July” (DTI Statutory Consultation, 21 June 2005)
- ◆ French Interconnector is currently part of NGC - will be transferred into a separate legal entity, NGT Interconnectors Ltd (NGTIL)
- ◆ NGTIL will become a CUSC party as an Interconnector Owner and Interconnector Error Administrator

Issue

- ◆ Section 9.19 of the CUSC:
“Where the Interconnector Error Administrator is NGC or Interconnectors Business, the User for the purposes of this Part II will be NGC”
- ◆ “Interconnectors Business” defined as:
“The business of NGC or any Affiliate or Related Undertaking in the ownership and/or operation of any Interconnector”
- ◆ Where “Affiliate” includes:
“Any subsidiary of a holding company of NGC”
- ◆ This includes NGTIL, and the User would default back to NGC

Proposal

- ◆ Delete reference to “Interconnectors Business” in section 9.19
- ◆ Also remove references to “Existing Contractual Arrangements” rendered redundant by separation
- ◆ Suggested changes to legal drafting:
 - ◆ Revisions to sections 9.2, 9.19 and 9.23 to remove references to “Interconnectors Business” and “Existing Contractual Arrangements”
 - ◆ Delete definitions of “Interconnectors Business” and “Existing Contractual Arrangements”
 - ◆ Revise definition of “Separate Business”

CAP096: Way Forward

- ◆ Raising proposal at this time due to imminent implementation of licensing regime
- ◆ Proposed CUSC amendments cannot be made before licensing and separation implemented
- ◆ However, should be made as soon afterward as possible
 - effectively no obligation on NGTIL to pay BSUoS
- ◆ NGC proposes that this amendment be sent to Consultation