

**DRAFT FOR PANEL**  
**RECOMMENDATION VOTE**

## **AMENDMENT REPORT**

### **CUSC Proposed Amendment CAP121 Amendment to Outturn Reconciliation**

*The purpose of this report is to assist the Authority in their decision of whether to implement Amendment Proposal CAP121*

Amendment Ref	CAP121
Issue	0.3
Date of Issue	11 <sup>th</sup> May 2006
Prepared by	National Grid

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

Version	Date	Author	Change Reference
0.1	27/04/06	National Grid	Draft for internal comment
0.2	28/04/06	National Grid	Draft for Industry comment
0.3	11/04/06	National Grid	Draft for Amendments Panel Recommendation Vote
0.4		National Grid	Draft for Amendments Panel Members comment
1.0		National Grid	Formal version for submission to the Authority

**b Document Location**

National Grid Website:

[www.nationalgrid.com/uk/Electricity/Codes/](http://www.nationalgrid.com/uk/Electricity/Codes/)

**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 RECOMMENDATIONS**

### **Executive Summary**

- 1.1 CAP121 - Amendment to Outturn Reconciliation was proposed by National Grid and submitted to the Amendments Panel on 31<sup>st</sup> March 2006. The Amendments Panel determined that it was appropriate for the proposal to proceed to wider industry consultation by National Grid. This consultation closed on 26<sup>th</sup> April 2006.
- 1.2 CAP121 proposes to amend CUSC provision 2.14.3 (c) to increase flexibility for the connection reconciliation process.
- 1.3 Currently all Outturn Reconciliation for connections are to be undertaken within one year of the Completion Date, however, this is not always achievable for all projects. CAP121 proposes to allow Users and National Grid to agree a mutually acceptable timescale to complete the process.
- 1.4 CAP121 will therefore provide flexibility for both Users and National Grid whilst maintaining the 12 month backstop, if an agreement cannot be reached.

### **National Grid Recommendation**

- 1.5 National Grid believes CAP121 would better facilitate the CUSC Applicable Objective (a) and as proposer believes it should be approved as it will provide both National Grid and Users with the ability to agree mutually acceptable timescale for Outturn Reconciliation which is best suited to each individual project. Also if an agreement cannot be reach the backstop of 1 year from Completion Date would remain.
- 1.6 National Grid recommends that, should the Authority approve CAP121, implementation should be ten business days after the Authority's decision.

### **Amendment Panel Recommendation**

- 1.7

## **2.0 PURPOSE AND INTRODUCTION**

- 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.
- 2.2 Further to the submission of Amendment Proposal CAP121 (see Annex 2) 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 CAP121.
- 2.3 CAP121 was proposed by National Grid and submitted to the CUSC Amendments Panel for consideration at their meeting on 31<sup>st</sup> March 2006 and the Amendments Panel determined that CAP121 was appropriate to proceed to wider industry consultation by National Grid.

- 2.4 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.
- 2.5 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 [www.nationalgrid.com/uk/Electricity/Codes/](http://www.nationalgrid.com/uk/Electricity/Codes/).

### **3.0 PROPOSED AMENDMENT**

- 3.1 CAP121 proposes to amend CUSC 2.14.3 (c) to provide both National Grid and Users the ability to agree a mutually acceptable date for Outturn Reconciliation for connections.
- 3.2 At present all Outturn Reconciliation must be completed within one year of the Completion Date, however this is not always achievable for all generation projects, especially if the project is large or staged.
- 3.3 CAP121 aims to build more flexibility into the CUSC to ensure reconciliation timescales are best suited for the individual requirements of each project but where an agreement cannot be reached, the existing 12 month period would remain.

### **4.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES**

#### **Proposed Amendment**

- 4.1 CAP121 would better facilitate the CUSC Objective(s);
- (a) the efficient discharge by the Licensee of the obligations imposed upon it by the act and the Transmission Licence; and*
- 4.2 By creating more flexibility within the reconciliation process which is beneficial for both Users and National Grid.

### **5.0 PROPOSED IMPLEMENTATION**

- 5.1 National Grid proposes CAP121 should be implemented 10 business days after an Authority decision because it has no material impact upon implementation issues for CUSC Parties. In accordance with paragraph 8.19.3(b) of the CUSC, views were invited on this proposed implementation date.
- 5.2 One response to the CAP121 consultation was received expressing support for the proposed implementation date. There is, therefore, no disparity between the view of the Industry and that of National Grid.

### **6.0 IMPACT ON THE CUSC**

- 6.1 CAP121 requires amendments to CUSC 2.14.3 (c) of the CUSC. The text required to give effect to the Proposed Amendment is contained in Annex 1 of this document.

**7.0 IMPACT ON CUSC PARTIES**

7.1 CAP121 is in the view of the proposer a straightforward Amendment to provide greater flexibility. No further impact upon CUSC parties has been identified.

**8.0 IMPACT ON INDUSTRY DOCUMENTS**

8.1 CAP121 has no impact upon Core Industry Documents or Other Industry Documents.

**9.0 IMPACT ON INDUSTRY COMPUTER SYSTEMS OR PROCESSES**

9.1 CAP121 has no impact upon on Industry Computer Systems or Processes.

**10.0 VIEWS AND REPRESENTATIONS**

10.1 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**

10.2 No views or representations were made by Panel Members in their capacity as Panel Members

**View of Core Industry Document Owners**

10.3 No views or representations were made by Core Industry Document Owners.

**Responses to Consultation**

10.4 The following table provides an overview of the representations received. Copies of the representations are attached as Annex 3.

Reference	Company	Supportive	Comments
CAP121-CR-01	E.ON UK	YES	
CAP121-CR-02	Centrica Energy	YES	Centrica agrees CAP121 will provide additional flexibility and believes it would better facilitate CUSC Applicable Objective (a)
CAP121-CR-03	SAIC Ltd. For and on behalf of: ScottishPower's Energy Wholesale Business	YES	SAIC supports the additional flexibility CAP121 provides

**11.0 AMENDMENT PANEL RECOMMENDATION**

11.1

**12.0 NATIONAL GRID RECOMMENDATION**

12.1 National Grid believes CAP121 would provide greater flexibility within the CUSC for Outturn Reconciliation which is beneficial to all parties and would better achieve CUSC Applicable Objective (a).

12.2 Also National Grid recommends that, should the Authority approve CAP121, implementation should be ten business days after the Authority's decision.

**13.0 COMMENTS ON DRAFT AMENDMENT REPORT**

13.1 National Grid received one response following the publication of the draft Amendment Report. The following table provides an overview of each representation. Copies of the representations are attached as Annex 4.

Reference	Company	Summary of Comments
CAP121-AR-01	CE Electric	<p>CE Electric identified an error within the report -the Amendment Proposal relates to all connectees and not specifically generators</p> <p>Therefore, Paragraphs 1.3, 1.4, 1.5, 3.1 and 4.2 have been amended to replace the word Generator with User to ensure the Amendment Report reflects the legal text</p>

## ANNEX 1 - PROPOSED LEGAL TEXT TO MODIFY THE CUSC

The proposed Legal text to modify the CUSC is detailed below by inserting the coloured underlined text

### 2.14.3 Connection Charges - Outturn Reconciliation

- (a) The following provisions relate to the ability for invoices to be issued for **Connection Charges** based on an estimate of the cost of **Transmission Connection Asset Works**, and for reconciliation once those costs are known.
- (b) **The Company** shall be entitled to invoice each **User** for **Connection Charges** payable in accordance with the **CUSC** in respect of any **Plant** and **Apparatus** installed as part of the **Transmission Connection Asset Works** on the basis set out in the **Statement of the Connection Charging Methodology**, until the final cost of carrying out the said **Transmission Connection Asset Works** shall have been determined.
- (c) As soon as practicable after the **Completion Date** and in any event within one year (or such later period as **The Company** and the relevant **User** shall agree) thereof. **The Company** shall, as between **The Company** and that **User**, provide to the **User** a written statement specifying the **Connection Charges** calculated in accordance with the **Charging Statements** based on the cost of carrying out the **Transmission Connection Asset Works** (the "**Cost Statement**"). **The Company** shall be entitled to revise Appendix B to the relevant **Bilateral Connection Agreement** accordingly.
- (d) In the event that the **Connection Charges** specified in the **Cost Statement** are greater than the amount paid by the **User** based on **The Company's** estimate under Paragraph 2.14.3(b), the **User** shall pay to **The Company** the difference between the two amounts plus interest on a daily basis from the date of payment by the **User** of the amounts calculated on **The Company's** estimate to the date of payment by the **User** of the difference at the **Base Rate**. In the event that the **Connection Charges** specified in the **Cost Statement** are less than the amount paid by the **User** based on **The Company's** estimate, **The Company** shall pay to the **User** the difference between the two amounts plus interest on a daily basis from the date of payment by the **User** of the amounts calculated on **The Company's** estimate to the date of repayment by **The Company** at the **Base Rate**. Such payment of reconciliation shall be made by one party to the other within 28 (twenty eight) days of the **Cost Statement**.

**ANNEX 2 – AMENDMENT PROPOSAL FORM**

CUSC Amendment Proposal Form		CAP:121
<b>Title of Amendment Proposal:</b> Amendment to Outturn Reconciliation		
<b>Description of the Proposed Amendment (mandatory by proposer):</b> It is proposed to amend the CUSC provision CUSC 2.14.3 (c) in circumstances where Outturn Reconciliation cannot be completed within one year of the Completion Date, thus providing both National Grid and the Generator with the flexibility to agree mutually acceptable timescales to complete the reconciliation process. Where mutual agreement can not be reached, the existing 12 month period would remain in force.		
<b>Description of Issue or Defect that Proposed Amendment seeks to Address (mandatory by proposer):</b> Currently CUSC 2.14.3 (c) requires all Outturn Reconciliation to be undertaken within one year of the Completion Date. However, this is not always achievable for all generation/connection projects.  The proposed amendment to the CUSC aims to build more flexibility into the CUSC, such that it is clear that National Grid and Generators have the flexibility to agree a reconciliation date that is best suited to the individual requirements of that particular project.		
<b>Impact on the CUSC (this should be given where possible):</b>  CUSC Section 2 – Connection CUSC 2.14.3  The proposed Legal text to modify the CUSC is detailed in the appendix, by inserting the coloured underlined text		
<b>Impact on Core Industry Documentation (this should be given where possible):</b>  The STC Committee have flagged that there might be a consequential impact onto the STC. This will need to be explored further.		
<b>Impact on Computer Systems and Processes used by CUSC Parties (this should be given where possible):</b>  N/A		
<b>Details of any Related Modifications to Other Industry Codes (where known):</b>  N/A		
<b>(Justification for Proposed Amendment with Reference to Applicable CUSC Objectives** mandatory by proposer):</b>  National Grid believes that by amending the outturn provisions would better achieve the applicable CUSC objective (a) <b>(The efficient discharge by the licensee of the obligations imposed upon it under the Act and by the Transmission Licence)</b> by building more flexibility into the process in a way that will be helpful for National Grid and Users.		
<b>Details of Proposer:</b> Organisation's Name:	National Grid	
Capacity in which the Amendment is being proposed: (i.e. CUSC Party, BSC Party or "energywatch")	CUSC Party	
<b>Details of Proposer's Representative:</b> Name: Organisation: Telephone Number: Email Address:	Emma Carr National Grid 01926 655843 <a href="mailto:Emma.j.carr@uk.ngrid.com">Emma.j.carr@uk.ngrid.com</a>	
<b>Details of Representative's Alternate:</b> Name: Organisation: Telephone Number: Email Address:	Shafiq Ullah National Grid 01926 654874 <a href="mailto:Shafiq.ullah@uk.ngrid.com">Shafiq.ullah@uk.ngrid.com</a>	
<b>Attachments (Yes/No):</b> If Yes, Title and No. of pages of each Attachment: No		

**Notes:**



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.

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:

Panel Secretary  
Commercial Frameworks  
National Grid Company plc  
NGT 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).

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 3 – REPRESENTATIONS RECEIVED DURING CONSULTATION**

This Annex includes copies of any representations received following circulation of the Consultation Document (circulated on 4<sup>th</sup> April 2006, requesting comments by close of business on 26<sup>th</sup> April 2006).

Representations were received from the following parties:

No.	Company	File Number
1	E.ON UK	CAP121-CR-01
2	Centrica Energy	CAP121CR-02
3	SAIC Ltd. For and on behalf of: ScottishPower's Energy Wholesale Business	CAP121CR-03

<b>Reference</b>	CAP121-CR-01
<b>Company</b>	E.ON UK



Beverley Viney  
Amendments Panel Secretary  
Electricity Codes  
National Grid House  
Warwick Technology Park  
Warwick  
CV34 6DA

**E.ON UK plc**  
Westwood Way  
Westwood Business Park  
Coventry  
CV4 8LG  
eon-uk.com

Ben Sheehy  
024 7642 4287  
ben.sheehy@eon-uk.com

10 April 2006

Dear Beverley,

**CAP121 – Consultation Document**

Thank you for the opportunity to comment on the above document. E.ON UK supports the amendment to CUSC 2.14.3 (c).

Yours sincerely,

Ben Sheehy  
Trading Arrangements

E.ON UK plc  
Registered in  
England and Wales  
No 2366970  
Registered Office:  
Westwood Way  
Westwood Business Park  
Coventry CV4 8LG

<b>Reference</b>	CAP121CR-02
<b>Company</b>	Centrica Energy



Beverley Viney  
Amendments Panel Secretary  
Electricity Codes  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

Centrica Energy  
Millstream East,  
Maidenhead Road,  
Windsor,  
Berkshire SL4 5GD

Tel. (01753) 431000  
Fax (01753) 431150  
[www.centrica.com](http://www.centrica.com)

Our Ref.  
Your Ref.  
20 April 2006

Dear Beverley,

**CUSC Amendment Proposal CAP121 – Amendment to Outturn Reconciliation**

Centrica welcomes this opportunity to comment on this Amendment Proposal.

Centrica agrees that additional flexibility in the CUSC concerning the Outturn Reconciliation arrangements as described in CAP121 would be beneficial to all parties, and would also better achieve CUSC Applicable Objective (a).

The proposed implementation schedule of 10 business days following an Authority decision also appears reasonable.

If you have any questions regarding this response please ring me on 01753 431137.

Yours sincerely,

Dave Wilkerson  
Operations & Transportation

**A *centrica* business**

Centrica plc - The group includes British Gas Trading, British Gas Services and Accord Energy  
Registered in England No.3033654. Registered Office: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD

<b>Reference</b>	CAP121-CR-03
<b>Company</b>	SAIC Ltd. For and on behalf of: ScottishPower's Energy Wholesale Business



Beverley Viney  
Amendments Panel Secretary  
Electricity Codes  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

**Ref** CAP121  
**Date** 25<sup>th</sup> April 2006

**Tel No.** 01355 845208  
**Email:** ukelectricityspoc@saic.com

Dear Beverley,

**CUSC Amendment Proposal CAP121, Amendment to Outturn Reconciliation**

Thank you for the opportunity to comment on the Consultation for CUSC Amendment Proposal CAP121 regarding the amendment to Outturn Reconciliation. This response is submitted on behalf of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and CRE Energy Ltd.

We support the additional flexibility this change proposal gives, recognising that if agreement cannot be reached then the 12 month back stop remains.

Yours sincerely

**Gary Henderson**

SAIC Ltd.  
For and on behalf of: ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and CRE Energy Ltd.

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## ANNEX 4 – REPRESENTATIONS RECEIVED UPON THE DRAFT AMENDMENT REPORT

This Annex includes copies of any representations received following circulation of the Draft Amendment Report (circulated on 28<sup>th</sup> April 2006 requesting comments by close of business on 8<sup>th</sup> May 2006).

Representations were received from the following parties:

No.	Company	File Number
1	CE Electric	CAP121-AR-01

<b>Reference</b>	CAP121 AR-1
<b>Company</b>	CE Electric

**From:** Wormald, Pat [mailto:Pat.Wormald@ce-electricuk.com]  
**Sent:** Tuesday, May 02, 2006 2:17 PM  
**To:** Viney, Beverley  
**Cc:** Vincent, Graeme  
**Subject:** RE: CAP121

Beveley

Thanks for the opportunity to comment on the draft proposal document.

We did not respond formally to the consultation, as when reading the drafting it did appear to apply to all connectees and not specifically generators which was one of our initial concerns.

However, the proposal still refers specifically to generators. Could you please confirm that this proposal is intended to apply to all connectees and could we suggest that the text in the document is amended to reflect this?

One further point we would like to make is that whilst the proposal increases flexibility there may be a need to aid transparency by clarifying at what point in the process it is intended that the reconciliation date should be agreed.

Regards

**Pat Wormald**  
**Charges Manager - Network Sales**  
**Strategy & Investment**  
**Internal Dial: 746-5934**  
**Direct Dial: 01977-605934**  
**e-mail address: pat.wormald@ce-electricuk.com**