AMENDMENT REPORT

CUSC Proposed Amendment CAP144

Emergency Instruction to emergency deenergise

The purpose of this report is to assist the Authority in their decision of whether to implement Amendment Proposal CAP144

Amendment Ref	CAP144
Issue	1.0
Date of Issue	17 September 2007
Prepared by	National Grid

I DOCUMENT CONTROL

a National Grid Document Control

Version	Date	Author	Change Reference
0.1	30/07/07	National Grid	Draft for internal comment
0.2	06/08/07	National Grid	Draft for industry comment
0.3	24/08/07	National Grid	Draft for Amendments Panel recommendation vote
0.4	7/09/07	National Grid	Draft for Amendments Panel members comment
1.0	17/09/07	National Grid	Formal version for submission to the Authority

b Document Location

National Grid Website:
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	

II CONTENTS TABLE

1.0 SUMMARY AND RECOMMENDATIONS

Executive Summary

1.1 CAP144 Emergency Instruction to emergency deenergise was proposed by National Grid and submitted to the CUSC Amendments Panel for consideration at their meeting on 26th January 2007.

1.2 CAP144 proposal seeks to extend the compensation provisions introduced by CAP048 (Firm Access and Temporary Physical Disconnection) to include the specific circumstances when a Generator is exporting but is required to deenergise or disconnect from the Transmission System in an emergency via an Emergency Instruction (EI). The proposed compensation arrangements are the same as those introduced under CAP048 i.e. Market Index Price (MIP) for the first 24 hours and afterwards a rebate of TNUoS.

1.3 CAP144 Working Group developed two alternative proposals. These proposals focused on the compensation mechanism associated with the emergency instruction.

1.4 The consultation document was published on 18 May 2007. All consultation responses received supported the intent behind CAP144, with WGAA1 being the favoured option. Two consultation alternatives were proposed and the consultation alternative document was published on 3 July 2007.

National Grid Recommendation

1.5 National Grid, as the proposer of CAP144 is supportive of the Amendment Proposal and Alternative Amendment 1, believing that they would better facilitate achievement of the Applicable CUSC Objective (a) & (b), with Alternative Amendment 1 better meeting the CUSC objectives.

Amendment Panel Recommendation

1.5 The Panel undertook a vote on the Original and each Alternative compared to the CUSC baseline, then a vote as to which they considered to be the best overall. The results of the Panel Recommendation Vote are detailed below:

Original	YES unanimous
WGAA 1	YES (Majority of 7 to 1)
WGAA 2	NO (Majority of 6 to 2)
CAA 1	YES (Majority of 5 to 3)
CAA 2	NO (Majority of 5 to 3)
BEST	WGAA 1 with a majority of 4 to 3, as one Panel Member abstained from voting.

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 CAP144 (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 CAP144.

2.3 CAP144 was proposed by National Grid and submitted to the CUSC Amendments Panel for consideration at their meeting on 26 January 2007. The CAP144 Working Group Report was submitted to the CUSC panel meeting on 27 April 2007. Following evaluation by the Working Group, the Amendments Panel determined that CAP144 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. (To note, Carron Energy's response to the consultation is added for completeness but the alternatives developed in the response were not considered as the response was received after the closing deadline.)

2.5 All alternatives adhere to the original principal of the CAP144 proposal, i.e. the impending removal of access as described in the original proposal as an emergency disconnection remains the same for all alternatives, and there is agreement that the emergency disconnection as described should receive an administered payment rather than be subject to a Bid / Offer acceptance. The alternatives mainly differ in their determination of the administered compensation payment calculation.

2.6 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/.

3.0 PROPOSED AMENDMENT

3.1 CAP144 proposal seeks to extend the compensation provisions introduced by CAP048 (Firm Access and Temporary Physical Disconnection) to include the specific circumstances when a Generator is exporting but is required to deenergise or disconnect from the Transmission System in an emergency via an Emergency Instruction (EI). The proposed compensation arrangements are the same as those introduced under CAP048 i.e. Market Index Price (MIP) for the first 24 hours and afterwards a rebate of TNUoS.

3.2 The EI to deenergise would only be issued in BM timescales where there is a "local" fault or incident which may adversely affect the integrity of the GB Transmission System or a synchronously connected external system or poses a threat of injury or material damage that requires an "Affected User" (specifically a BM Unit) to be de-energised / disconnected from the system.

3.3 For the avoidance of doubt, the EI does not cover for issues affecting the wider system.

3.4 The proposed arrangements would only be used under the following rare circumstances:

a) There is reasonable cause to suspect that a piece of transmission equipment is distressed or in an unsafe condition;
b) Circumstances mean that the equipment is likely to cause damage or injury, and where it should be immediately disconnected from the transmission system;
c) If it were not disconnected in a controlled manner then an automatic trip would be highly likely, and;

d) Were the piece of transmission equipment to be automatically disconnected, it would have been the sole cause of disconnecting the BMU in question and would be compensated by an Interruption Payment.

3.5 The proposal will allow National Grid to disconnect a Generator in a controlled manner when the emergency situation as defined above, arises and would remove any potential perverse incentive on National Grid to allow a generator to trip in these circumstances.

4.0 ALTERNATIVE AMENDMENT

Working Group Alternative

Working Group Alternative Amendment 1 – SBP Front End

4.1 The amendment keeps in place the main body of the original, i.e. the initiating event and the philosophy of the event leading to an administered payment. The amendment proposal changes the compensation arrangements. The suggested compensation mechanism falls into three parts:

i) SBP up the wall
ii) MIP up to 24 hours after the EI
iii) Thereafter, a daily TNUoS rebate

Working Group Alternative Amendment 2 - Inter-trip compensation

4.2 In this alternative the emergency deenergisation is treated in a similar manner to an inter-trip. The compensation is a one-off payment similar to CAP076 (Treatment of System to Generator Intertripping Schemes) compensation payment which has no explicit link to the current cash-out prices.

4.3 This alternative only seeks to use the inter-trip compensation aspect of the CAP076 arrangements and not the payments made to cover the administrative costs of the intertrip compensation.

4.4 Another aspect of the CAP076 intertrip approach means that the energy volumes are included in the cash out price calculation up to 'the wall'. Therefore there would need to be a consequential change to the BSAD and ABSVD (Applicable Balancing Services Volume Data) methodologies to ensure the CAP144 volumes were included in the cash out price calculation.

4.5 The rationale for this approach is that the initiating event most closely parallels an inter-trip operation and the one-off payment removes uncertainty about the volume and duration of the cash impact on the balancing arrangements.

Consultation Alternative Amendment

4.6 **CAA1** seeks to amend the proposed legal text of CAP144 original by excluding the reference for the emergency instruction to include a MEL to zero terminology. All other aspects of the modification are the same as the CAP144 original proposal, including the proposed compensation text.

4.7 **CAA2** differs from the original CAP144 by providing an alternative compensation mechanism for the emergency disconnection. The revised compensation mechanism proposed is:

i) Prevailing SBP up to the wall; **and**
ii) From the initiating event receive the prevailing MIP for the entire period of the disconnection (on a settlement by settlement period basis); **and**

iii) For the entire duration of the event, receive a daily pro-rated TNUoS rebate for any day or part there of where there was an interruption

4.8 To note, the above compensation arrangements are coincident. This is different than the other CAP144 alternatives in so much that the compensation arrangements for the other CAP144 are consecutive.

5.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

Proposed Amendment

5.1 CAP144 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

The working group and National Grid believe that the modification ensures all types of total access interruptions are treated in a consistent manner under the appropriate compensation mechanism. Under the current arrangements, the type of access interruptions dealt with under CAP144 is part of the competitive market. As there is no competition for the service, the interruptions should not be treated in such a way, and their removal brings them into the scope of system operator access management activities. Hence CAP144 improves the scope of actions over which the SO exercises its licence obligations and so the outcome is better than the current baseline.

(b) facilitating effective competition in generation and supply of electricity and facilitating such competition in the sale, distribution and purchase of electricity.

The working group and National Grid believed that CAP144 will facilitate competition by providing a compensation payment for all interruptions that are linked to the removal of access and not to treat the access removal as a commercial balancing service. There is no competition present in the proposed circumstances, and the instruction is not issued for balancing purposes.

Also the amendment will reduce risk to market participants.

Working Group Alterative Amendment

5.2 **WGAA1** CAP144 Working Group Alternative 1 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

The modification ensures all types of total access interruptions are treated in a consistent manner under the appropriate compensation mechanism. Under the current arrangements, the type of access interruptions dealt with under CAP144 is part of the competitive market. As there is no competition for the service, the interruptions should not be treated in such a way, and their removal brings them into the scope of system operator access management activities. Hence CAP144 improves the scope of actions over which the SO exercises its licence obligations and so the outcome is better than the current baseline.

(b) facilitating effective competition in generation and supply of electricity and facilitating such competition in the sale, distribution and purchase of electricity.

CAP144 will facilitate competition by providing a compensation payment for all interruptions that are linked to the removal of access and not to treat the access removal as a commercial balancing service. There is no competition present in the proposed circumstances, and the instruction is not issued for balancing purposes.

Also, by ensuring that the affected generator is compensated at a rate immediately post the event that more accurately reflects the price of any replacement energy they would have to purchase via imbalance, members believed that this alternative would have an outcome that was less inappropriately discriminatory for the affected generator. Therefore, it would enhance competition by ensuring equality of treatment for all.

Also the amendment will reduce risk to market participants.

5.3 **WGAA2** CAP144 Working Group Alternative 2 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

The alternative does not ensure that all types of access removal are treated the same and so does not better facilitate applicable objective (a).

(b) facilitating effective competition in generation and supply of electricity and facilitating such competition in the sale, distribution and purchase of electricity.

By providing a one off payment regardless of time of removal of access, this alternative does not reflect the cost of removal of access and therefore does not better facilitate the applicable CUSC objective.

Consultation Alternative Amendment

5.4 **CAA1** CAP144 Consultation Alternative Amendment 1 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

The modification ensures all types of total access interruptions are treated in a consistent manner under the appropriate compensation mechanism. Under the current arrangements, the type of access interruptions dealt with under CAP144 is part of the competitive market. As there is no competition for the service, the interruptions should not be treated in such a way, and their removal brings them into the scope of system operator access management activities. Hence CAP144 improves the scope of actions over which the SO exercises its licence obligations and so the outcome is better than the current baseline.

(b) facilitating effective competition in generation and supply of electricity and facilitating such competition in the sale, distribution and purchase of electricity.

CAA1 will facilitate competition by providing a compensation payment for all interruptions that are linked to the removal of access and not to treat the access removal as a commercial balancing service. There is no competition present in the proposed circumstances, and the instruction is not issued for balancing purposes.

Also, by ensuring that the affected generator is compensated at a rate immediately post the event that more accurately reflects the price of any replacement energy they would have to purchase via imbalance, members believed that this alternative would have an outcome that was less inappropriately discriminatory for the affected generator. Therefore, it would enhance competition by ensuring equality of treatment for all.

Also the amendment will reduce risk to market participants.

5.5 CAP144 Consultation Alternative Amendment 2 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

The modification ensures all types of total access interruptions are treated in a consistent manner under the appropriate compensation mechanism. Under the current arrangements, the type of access interruptions dealt with under CAP144 is part of the competitive market. As there is no competition for the service, the interruptions should not be treated in such a way, and their removal brings them into the scope of system operator access management activities. Hence CAP144 improves the scope of actions over which the SO exercises its licence obligations and so the outcome is better than the current baseline.]

(b) facilitating effective competition in generation and supply of electricity and facilitating such competition in the sale, distribution and purchase of electricity.

The proposer believes that CAA1 better facilitates the achievement of the CUSC Objectives compared to the other amendment alternatives as it better reflects the actual costs incurred by the generator during such an event.

6.0 PROPOSED IMPLEMENTATION

6.1 National Grid proposes that CAP144 should be implemented 10 working days after an Authority decision.

6.2 The implementation of CAP144 would require suitable funding arrangements so National Grid can recover the compensation monies. Including the CAP144 arrangements in the proposed CAP048 funding arrangements would provide equitable arrangements.

7.0 IMPACT ON THE CUSC

7.1 CAP144 requires amendments to Section 5 & 11 of the CUSC.

7.2 The text required to give effect to the Original Proposal is contained as Part A of Annex 1 of this document.

7.3 The text to give effect to the Working Group Alternative Amendment 1 is attached as Part B of Annex 1 of this document.

7.4 The text to give effect to the Working Group Alternative Amendment 2 is attached as Part C of Annex 1 of this document.

7.5 The text to give effect to the Consultation Alternative Amendment 1 is attached as Part D of Annex 1 of this document.

7.6 The text to give effect to the Consultation Alternative Amendment 2 is attached as Part E of Annex 1 of this document.

8.0 IMPACT ON CUSC PARTIES

Proposed Amendment

8.1 CAP144 and all the alternatives have an impact upon parties that may receive a CAP144 Emergency Deenergisation instruction.

9.0 IMPACT ON INDUSTRY DOCUMENTS

Impact on Core Industry Documents

9.1 CAP144 has an impact upon the Grid Code due to the addition of emergency deenergisation definition into BC2.

Impact on other Industry Documents

9.2 Consideration was given to the impact the EI may have on cash-out prices. There is consensus that the price of the energy not delivered as a result of the EI should be excluded from the cash-out mechanism. However, the industry is divided on whether to include the volumes in the cash-out calculation up to 'the wall'.

9.3 The arguments for and against the inclusion are contained in the Working Group Report.

9.4 If the volumes are to be included in the cash-out calculation, there would be an impact upon the BSAD and ABSVD methodology statements. In addition, National Grid believes that there would also need to be a review of the Transmission License to identify this action as an Applicable Balancing Service.

9.5 As outlined in section 6, the funding arrangements for recovery by National Grid of CAP144 compensation payments could require a change to the Transmission License.

10.0 IMPACT ON INDUSTRY COMPUTER SYSTEMS OR PROCESSES

10.1 CAP144 has no impact on Industry Computer Systems or Processes.

11.0 VIEWS AND REPRESENTATIONS

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

Views of Panel Members

11.2 The Panel undertook a vote on the Original and each Alternative compared to the CUSC baseline, then a vote as to which they considered to be the best overall. The results of the Panel Recommendation Vote are detailed below:

Original	YES unanimous
WGAA 1	YES (Majority of 7 to 1)
WGAA 2	NO (Majority of 6 to 2)
CAA 1	YES (Majority of 5 to 3)
CAA 2	NO (Majority of 5 to 3)
BEST	WGAA 1 with a majority of 4 to 3, as one Panel Member abstained from voting.

View of Core Industry Document Owners

11.3 No representations received.

Working Group

11.4 The working group supports CAP144 WGAA1 and believes that it better facilitates the applicable CUSC objectives.

Responses to Consultation

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

Reference	Company	Supportive	Comments
CAP144-CR-01	Centrica	WGAA1	Supported CAP144 original and WGAA1, WGAA1 being favoured. Also submitted CAA2
CAP144-CR-02	RWE	Support for all variations	Support for original and all variants
CAP144-CR-03	Scottish Power	WGAA1	Support for WGAA1
CAP144-CR-04	SSE	WGAA1	Supported CAP144 original and WGAA1, WGAA1 being favoured.
CAP144-CR-05	EdF	WGAA1	Supported CAP144 original and WGAA1, WGAA1 being favoured.
CAP144-CR-06	British Energy	WGAA1	General support for WGAA1 with some reservations on the MIP compensation timescales
CAP144-CR-07	E.ON	WGAA1	Support for original only. Submitted CAA1
CAP144-CR-08	Late submission – Carron Energy	Support for CAP144 principle	General support for CAP144 principle. Suggested two alternatives. Not formally considered due to the late response

Responses to Consultation Alternative

11.6 The following table provides an overview of the representations received for the consultation alternative. Copies of the representations are attached as Annex 3.

Reference	Company	Supportive	Comments
CAP144-CAAR-01	Centrica	CAA2	Support for CAA2. Did not support CAA1.
CAP144-CAAR-02	RWE	None	No support for alternatives
CAP144-CAAR-03	Carron Energy	CAA2	Preference for CAA2 over WGAA1
CAP144-CAAR-04	EdF	None	No support for alternatives
CAP144-CAAR-05	E.ON	CAA1	Support for CAA1. Did not support CAA2.

National Grid View

11.7 National Grid believes that the differences between the original and the alternatives are minimal in that they main core of the proposals remains the same. National Grid still believes that WGAA1 better meets the CUSC objectives providing compensation that more closely matches the costs incurred by the generator.

12.0 AMENDMENT PANEL RECOMMENDATION

12.1 The Panel undertook a vote on the Original and each Alternative compared to the CUSC baseline, then a vote as to which they considered to be the best overall. The results of the Panel Recommendation Vote are detailed below:

Original	YES unanimous
WGAA 1	YES (Majority of 7 to 1)
WGAA 2	NO (Majority of 6 to 2)
CAA 1	YES (Majority of 5 to 3)
CAA 2	NO (Majority of 5 to 3)
BEST	WGAA 1 with a majority of 4 to 3, as one Panel Member abstained from voting.

13.0 NATIONAL GRID RECOMMENDATION

13.1 As the proposer of CAP144, National Grid is supportive of the original Amendment Proposal and WGAA1, believing that they would better facilitate achievement of the Applicable CUSC Objective (a) & (b) with WGAA1 better meeting the CUSC objectives.

13.2 National Grid does not support the implementation of WGAA2 or CAA2. WGAA 2 does not ensure that all types of access removal are treated the same, providing discrepancy in the compensation arrangements dependant on instantaneous or impending removal of access. This discrepancy could provide perverse financial incentives on National Grid when determining the best course of action when a potential emergency arises. Also, as the

proposal provides a one off payment similar to CAP076 arrangements, with no reference to the length of time of the removal of access, WGAA2 does not reflect the cost of removal of access and therefore does not better facilitate the applicable CUSC objective. CAA2 provides an enhanced level of compensation above the potential costs incurred by the generator during a 'CAP144 event' and contradicts the original intent of the amendment therefore is not supported.

13.3 CAA1 although very similar to the original amendment proposal, does not offer the level of flexibility for the type of circumstances where an emergency instruction could be requested, and so does not cover the potential events that may arise in the future. For this reason, National Grid does not support CAA1.

13.4 The working group discussed the potential for inclusion of the volumes of energy of the emergency instruction into the cash out prices up to the wall. The effect of including the volumes would potentially be to reduce the impact on cash out prices. However, the definition of balancing services in the licence does not cover the circumstance of the removal of access and so CAP144 emergency actions cannot be defined as a balancing service. Only specifically defined balancing service as outlined in the Applicable Balancing Services Volume Data and the Balancing Services Adjustment Data methodology statements set out under licence condition C16 can be included in the cash out price calculation and so there would need to be a change to the transmission licence to accommodate the inclusion of volumes into the cash out price methodology.

14.0 COMMENTS ON DRAFT AMENDMENT REPORT

14.1 National Grid received 1 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
CAP144-AR-01	EdF	Support for the original and WGAA1 proposals. There were no specific comments on the report content.

ANNEX 1 – PROPOSED LEGAL TEXT TO MODIFY THE CUSC

Part A - Text to give effect to the Original Proposed Amendment

The proposed legal text to modify the CUSC is detailed below by inserting the coloured underlined text and deleting the coloured struck through text.

Section 11 of CUSC

New definition:

"Emergency Deenergisation Instruction"	an instruction issued by **The Company** to a **User** to either: (a) **Deenergise** that **User's Equipment**, or (b) request the owner of the **Distribution System to which the User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code)** is connected to **Deenergise** that **User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code** or; (c) declare its **Maximum Export Limit** in respect of the **BM Unit(s)** associated with such **User's Equipment** to zero and to maintain it at that level during the **Interruption Period**. where in **The Company's** reasonable opinion: (i) the condition or manner of operation of any **Transmission Plant** and/or **Apparatus** is such that it may cause damage or injury to any person or to the **GB Transmission System**; and **(ii)** if the **User's Equipment** connected to such **Transmission Plant** and/or **Apparatus** was not **Deeenergised** and/or the **Maximum Export Limit** of such **User's Equipment** connected to such **Transmission Plant** and/or **Apparatus** was not reduced to zero then it is likely that the **Transmission Plant** and/or **Apparatus** would automatically trip; and **(iii)** if such **Transmission Plant** and/or **Apparatus** had tripped automatically, then (I) the **BM Unit** comprised in such **User's Equipment** (other than an **Interconnector Owner**); or **(II)** an **Interconnector** of an **Affected User** who is an **Interconnector Owner**, would, solely as a result of **Deenergisation** of **Plant** and **Apparatus** forming part of the **GB Transmission System,** have been **Deenergised**.

Definitions to be amended:

"**Allowed Interruption**" shall mean an **Interruption** as a result of any of the following:

a) an **Event** other than an **Event** on the **GB Transmission System**;

b) an event of **Force Majeure** pursuant to Paragraph 6.19 of the **CUSC**;

c) a **Total Shutdown** or **Partial Shutdown**;

d) action taken under the **Fuel Security Code**;

e) **Disconnection** or **Deenergisation** by or at the request of **The Company** under Section 5 of the **CUSC**, except in the case of an **Emergency Deenergisation Instruction**;

f) the result of a direction of the Authority or **Secretary of State**;

g) tripping of the **User**'s **Circuit Breaker(s)** following receipt of a signal from a **System to Generator Operational Intertripping Scheme** which has been armed in accordance with Paragraph 4.2A.2.1(b).

or if provided for in a **Bilateral Agreement** with the affected **User**;

"**Interruption**" Where either:-

(i) solely as a result of **Deenergisation** of **Plant and Apparatus** forming part of the **GB Transmission System**; or

(ii) in accordance with an **Emergency Deenergisation Instruction**;

a) a **BM Unit** comprised in the **User's Equipment** of an **Affected User** (other than an **Interconnector Owner**) is **Deenergised**; or

b) an **Interconnector** of an **Affected**

User who is an **Interconnector Owner** is **Deenergised**; or

c) the **Maximum Export Limit** in respect of the **BM Unit(s)** associated with such **User's Equipment** is zero.

Section 5 of CUSC

A new Clause 5.10.4 as follows shall be inserted;

5.10.4 **The Company** shall as soon as reasonably practicable after the end of the **Interruption Period** notify the **Affected User** where the **Relevant Interruption** was in accordance with an **Emergency Deenergisation Instruction.**

Part B - Text to give effect to the Working Group Alternative Amendment 1

The proposed legal text to modify the CUSC is detailed below by inserting the coloured underlined text and deleting the coloured struck through text.

Section 11 of CUSC

New definition:

"Emergency Deenergisation Instruction"	an instruction issued by **The Company** to a **User** to either: (a) **Deenergise** that **User's Equipment**, or (b) request the owner of the **Distribution System to which the User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code)** is connected to **Deenergise** that **User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code** or; (c) declare its **Maximum Export Limit** in respect of the **BM Unit(s)** associated with such **User's Equipment** to zero and to maintain it at that level during the **Interruption Period**, where in **The Company's** reasonable opinion: (i) the condition or manner of operation of any **Transmission Plant** and/or **Apparatus** is such that it may cause damage or injury to any person or to the **GB Transmission System**; and (ii) if the **User's Equipment** connected to such **Transmission Plant** and/or **Apparatus** was not **Deeenergised** and/or the **Maximum Export Limit** of such **User's Equipment** connected to such **Transmission Plant** and/or **Apparatus** was not reduced to zero then it is likely that the **Transmission Plant** and/or **Apparatus** would automatically trip; and (iii) if such **Transmission Plant** and/or **Apparatus** had tripped automatically, then (I) the **BM Unit** comprised in such **User's Equipment** (other than an **Interconnector Owner**); or (II) an **Interconnector** of an **Affected User** who is an **Interconnector Owner**, would, solely as a result of **Deenergisation** of **Plant** and **Apparartus** forming part of the **GB Transmission System,** have been **Deenergised**.

Definitions to be amended:

"**Allowed Interruption**" shall mean an **Interruption** as a result of any of the following:

a) an **Event** other than an **Event** on the **GB Transmission System**;

b) an event of **Force Majeure** pursuant to Paragraph 6.19 of the **CUSC**;

c) a **Total Shutdown** or **Partial Shutdown**;

d) action taken under the **Fuel Security Code**;

e) **Disconnection** or **Deenergisation** by or at the request of **The Company** under Section 5 of the **CUSC**, except in the case of an **Emergency Deenergisation Instruction**;

f) the result of a direction of the Authority or **Secretary of State**;

g) tripping of the **User**'s **Circuit Breaker(s)** following receipt of a signal from a **System to Generator Operational Intertripping Scheme** which has been armed in accordance with Paragraph 4.2A.2.1(b).

or if provided for in a **Bilateral Agreement** with the affected **User**;

*"**Interruption**"* *Where either:-*

*(i) solely as a result of **Deenergisation** of **Plant and Apparatus** forming part of the **GB Transmission System**; or*

*(ii) in accordance with an **Emergency Deenergisation Instruction**;*

*a) a **BM Unit** comprised in the **User's Equipment** of an **Affected User** (other than an **Interconnector Owner**) is **Deenergised**; or*

*b) an **Interconnector** of an **Affected User** who is an **Interconnector Owner** is **Deenergised**; or*

*c) the **Maximum Export Limit** in respect of the **BM Unit(s)** associated with such **User's Equipment** is zero.*

*"**Interruption Payment**"*

the payment for each day or part thereof of the **Interruption Period** calculated as follows:

1. In the case of a **Relevant Interruption** arising as a result of a **Planned Outage** the higher of:

   A. the £ per MW calculated by reference to the total TNUoS income derived from generators divided by the total system **Transmission Entry Capacity**, in each case using figures for the **Financial Year** prior to that in which the **Relevant Interruption** occurs, this is then divided by 365 to give a daily £ per MW rate; or

   B. the actual £ per MW of an **Affected User** by reference to the tariff in the **Use of System Charging Statement** for the **Financial Year** in which the **Relevant Interruption** occurs divided by 365 to give a daily £ per MW rate.

   A or B are then multiplied by:

   a) in the case of an **Affected User** other than an **Interconnected Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and

   b) in the case of an **Affected User** who is an **Interconnector Owner**

the MW specified in the **Transmission Entry Capacity** for the **Connection Site**.

2. In the case of a **Relevant Interruption** arising as a result of an **Emergency Deenergisation Instruction**:

(a) sum equal to the price in £/MWh for the relevant **Settlement Period(s)** (as provided for in Section T 4.4.5 of the **Balancing and Settlement Code**) for each **Settlement Period** (or part thereof) from the time when the **Emergency Deenergisation Instruction** was issued by **The Company** until the first **Settlement Period** for which **Gate Closure** had not (at the time the **Emergency Deenergisation Instruction** was issued by **The Company**) occurred

multiplied by:

(i) in the case of an **Affected User** other than an **Interconnected Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and

(ii) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**,

(b) For each subsequent **Settlement Period** of the **Relevant Interruption** which occurs within the first 24 hours of the **Relevant Interruption**, a sum equal to the price in £/MWh for the relevant **Settlement Period(s)** (as provided for in Section T 1.5.3 of the **Balancing and Settlement**

Code)

multiplied by:

(i) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected BM **Units** at the **Connection site**; and

(ii) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site;** and

(c) and after the first 24 hours a sum calculated as 1 above

3. In the case of all other **Relevant Interruptions**:

For each **Settlement Period** of the **Relevant Interruption** which occurs within the first 24 hours of the **Relevant Interruption**, a sum equal to the price in £/MWh for the relevant **Settlement Period(s)** (as provided for in Section T 1.5.3 of the **Balancing and Settlement Code**).

Multiplied by:

a) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection site**; and

b) in the case of an **Affected User** who is an **Interconnector Owner**

the MW specified in the **Transmission Entry Capacity** for the **Connection Site**

and after the first 24 hours a sum calculated as 1 above.

Provided always that an **Affected User** shall not receive payment for more than one **Relevant Interruption** in any given day;

Section 5 of CUSC

A new Clause 5.10.4 as follows shall be inserted;

5.10.5 **The Company** shall as soon as reasonably practicable after the end of the **Interruption Period** notify the **Affected User** where the **Relevant Interruption** was in accordance with an **Emergency Deenergisation Instruction.**

Part C - Text to give effect to the Working Group Alternative Amendment 2

The proposed legal text to modify the CUSC is detailed below by inserting the coloured underlined text and deleting the coloured struck through text.

Section 11 of CUSC

New definitions:

"Emergency Deenergisation Instruction"

an instruction issued by **The Company** to a **User** to either:

(a) **Deenergise** that **User's Equipment**, or

(b) request the owner of the **Distribution System to which the User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code)** is connected to **Deenergise** that **User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code** or ;

(c) declare its **Maximum Export Limit** in respect of the **BM Unit(s)** associated with such **User's Equipment** to zero and to maintain it at that level during the **Interruption Period**,

where in **The Company's** reasonable opinion:

(i) the condition or manner of operation of any **Transmission Plant** and/or **Apparatus** is such that it may cause damage or injury to any person or to the **GB Transmission System**; and

(ii) if the **User's Equipment** connected to such **Transmission Plant** and/or **Apparatus** was not **Deeenergised** and/or the **Maximum Export Limit** of such **User's Equipment** connected to such **Transmission Plant** and/or **Apparatus** was not reduced to zero then it is likely that the **Transmission Plant** and/or **Apparatus** would automatically trip; and

(iii) if such **Transmission Plant** and/or **Apparatus** had tripped automatically, then

(I) the **BM Unit** comprised in such **User's Equipment** (other than an **Interconnector Owner**)**;** or

(II) an **Interconnector** of an **Affected User** who is an **Interconnector Owner**,

would, solely as a result of **Deenergisation** of **Plant** and **Appparartus** forming part of the **GB Transmission System,** have been **Deenergised**.

Definitions to be amended:

"**Allowed Interruption**"	shall mean an **Interruption** as a result of any of the following: (a) an **Event** other than an **Event** on the **GB Transmission System**; (b) an event of **Force Majeure** pursuant to Paragraph 6.19 of the **CUSC**; (c) a **Total Shutdown** or **Partial Shutdown**; (d) action taken under the **Fuel Security Code**; (e) **Disconnection** or **Deenergisation** by or at the request of **The Company** under Section 5 of the **CUSC**, except in the case of an **Emergency Deenergisation Instruction**; (f) the result of a direction of the Authority or **Secretary of State**; (g) tripping of the **User**'s **Circuit Breaker(s)** following receipt of a signal from a **System to Generator Operational Intertripping Scheme** which has been armed in accordance with Paragraph 4.2A.2.1(b). or if provided for in a **Bilateral Agreement** with the affected **User**;
*"**Interruption Payment**"*	The payment for each day or part thereof of the **Interruption Period** calculated as follows: 1. In the case of a **Relevant Interruption** arising as a result of a **Planned Outage** the higher of: A. the £ per MW calculated by reference to the total TNUoS income derived from generators divided by the total system **Transmission Entry Capacity**, in each case using figures for the **Financial Year**

prior to that in which the **Relevant Interruption** occurs, this is then divided by 365 to give a daily £ per MW rate; or

B. the actual £ per MW of an **Affected User** by reference to the tariff in the **Use of System Charging Statement** for the **Financial Year** in which the **Relevant Interruption** occurs divided by 365 to give a daily £ per MW rate.

A or B are then multiplied by:

a) in the case of an **Affected User** other than an **Interconnected Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and

b) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**.

2. In respect of a **Relevant Interruption** arising as a result of an **Emergency Deenergisation Instruction,** the payment, regardless of the duration of such **Relevant Interruption,** for each **Generating Unit**, or in the case of a **Power Park Module**, for the collection of **Non-Synchronous Generating Units** which are registered as a **Power Park Module** under the **Grid Code,** shall be the same amount as an **Intertrip Payment** for a **Category 2 Interripping Scheme.**

3. In the case of all other **Relevant Interruptions**:

For the first 24 hours of the **Relevant Interruption**, a sum equal to the price in £/MWh for the

relevant **Settlement Period(s)** (as provided for in Section T 1.5.3 of the **Balancing and Settlement Code**).

Multiplied by:

a) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected BM **Units** at the **Connection site**; and

b) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**

and after the first 24 hours a sum calculated as 1 above.

Provided always that an **Affected User** shall not receive payment for more than one **Relevant Interruption** in any given day;

Section 5 of CUSC

A new Clause 5.10.4 as follows shall be inserted;

5.10.6 **The Company** shall as soon as reasonably practicable after the end of the **Interruption Period** notify the **Affected User** where the **Relevant Interruption** was in accordance with **Emergency Deenergisation Instruction.**

Part D – Text to give effect to the Consultation Alternative Amendment 1

The proposed legal text to modify the CUSC is detailed below by inserting the coloured underlined text and deleting the coloured struck through text.

CUSC Modifications - Section 11 of CUSC

New definition:

"Emergency Deenergisation Instruction"	**An instruction issued by** The Company **to a** User **to either:** **a)** Deenergise **that** User's Equipment**, or** **b)** **request the owner of the** Distribution System to which the User's Equipment **or equipment for which that** User **is responsible (as defined in Section K of the** Balancing and Settlement Code**) is connected to** Deenergise **that** User's Equipment **or equipment for which that** User **is responsible (as defined in Section K of the** Balancing and Settlement Code**.** **where in** The Company's **reasonable opinion:** (i) **the condition or manner of operation of any** Transmission Plant **and/or** Apparatus **is such that it may cause damage or injury to any person or to the** GB Transmission System**; and** (ii) **if the** User's Equipment **connected to such** Transmission Plant **and/or** Apparatus **was not** Deeenergised **then it is likely that the** Transmission Plant **and/or** Apparatus **would automatically trip; and** (iii) **if such** Transmission Plant **and/or** Apparatus **had tripped automatically, then** **(III)** **the** BM Unit **comprised in such** User's Equipment **(other than an** Interconnector Owner**); or** (IV) **an** Interconnector **of an** Affected User **who is an** Interconnector Owner**,** **would, solely as a result of** Deenergisation **of** Plant **and** Apparatus **forming part of the** GB Transmission System**, have been** Deenergised**.**

Definitions to be amended:

"**Allowed Interruption**"	shall mean an **Interruption** as a result of any of the following: a) an **Event** other than an **Event** on the **GB Transmission System**; b) an event of **Force Majeure** pursuant to Paragraph 6.19 of the **CUSC**; c) a **Total Shutdown** or **Partial Shutdown**; d) action taken under the **Fuel Security Code**; e) **Disconnection** or **Deenergisation** by or at the request of **The Company** under Section 5 of the **CUSC**, except in the case of an **Emergency Deenergisation Instruction**; f) the result of a direction of the Authority or **Secretary of State**; g) tripping of the **User**'s **Circuit Breaker(s)** following receipt of a signal from a **System to Generator Operational Intertripping Scheme** which has been armed in accordance with Paragraph 4.2A.2.1(b). or if provided for in a **Bilateral Agreement** with the affected **User**;
*"**Interruption**"*	Where either:- (i) solely as a result of **Deenergisation** of **Plant and Apparatus** forming part of the **GB Transmission System**; or (ii) in accordance with an **Emergency Deenergisation Instruction**; a) a **BM Unit** comprised in the **User's Equipment** of an **Affected User** (other than an

Interconnector Owner) is **Deenergised**; or

b) an **Interconnector** of an **Affected User** who is an **Interconnector Owner** is **Deenergised.**

Section 5 of CUSC

A new Clause 5.10.4 as follows shall be inserted;

5.10.7 **The Company** shall as soon as reasonably practicable after the end of the **Interruption Period** notify the **Affected User** where the **Relevant Interruption** was in accordance with an **Emergency Deenergisation Instruction.**

Part E – Text to give effect to the Consultation Alternative Amendment 2

CUSC Modifications - Section 11 of CUSC

New definition:

"Emergency Deenergisation Instruction"

An instruction issued by The Company **to a** User **to either:**

(a) Deenergise **that** User's Equipment**, or**

(b) **request the owner of the** Distribution System to which the User's Equipment **or equipment for which that** User **is responsible (as defined in Section K of the** Balancing and Settlement Code) **is connected to** Deenergise **that** User's Equipment **or equipment for which that** User **is responsible (as defined in Section K of the** Balancing and Settlement Code **or ;**

(c) **declare its** Maximum Export Limit **in respect of the** BM Unit(s) **associated with such** User's Equipment **to zero and to maintain it at that level during the** Interruption Period**,**

where in The Company's **reasonable opinion:**

(i) **the condition or manner of operation of any** Transmission Plant **and/or** Apparatus **is such that it may cause damage or injury to any person or to the** GB Transmission System**; and**

(ii) **if the** User's Equipment **connected to such** Transmission Plant **and/or** Apparatus **was not** Deeenergised **and/or the** Maximum Export Limit **of such** User's Equipment **connected to such** Transmission Plant **and/or** Apparatus **was not reduced to zero then it is likely that the** Transmission Plant **and/or** Apparatus **would automatically trip; and**

(iii) **if such** Transmission Plant **and/or** Apparatus **had tripped automatically, then**

(I) **the** BM Unit **comprised in such** User's Equipment **(other than an** Interconnector Owner**); or**

(II) **an** Interconnector **of an** Affected User **who is an** Interconnector Owner**,**

Definitions to be amended:

"**Allowed Interruption**"	shall mean an **Interruption** as a result of any of the following: h) an **Event** other than an **Event** on the **GB Transmission System**; i) an event of **Force Majeure** pursuant to Paragraph 6.19 of the **CUSC**; j) a **Total Shutdown** or **Partial Shutdown**; k) action taken under the **Fuel Security Code**; l) **Disconnection** or **Deenergisation** by or at the request of **The Company** under Section 5 of the **CUSC**, except in the case of an **Emergency Deenergisation Instruction**; m) the result of a direction of the Authority or **Secretary of State**; n) tripping of the **User**'s **Circuit Breaker(s)** following receipt of a signal from a **System to Generator Operational Intertripping Scheme** which has been armed in accordance with Paragraph 4.2A.2.1(b). or if provided for in a **Bilateral Agreement** with the affected **User**;
*"**Interruption**"*	Where either:- (iii) solely as a result of **Deenergisation** of **Plant and Apparatus** forming part of the **GB Transmission System**; or (iv) in accordance with an **Emergency Deenergisation Instruction**; d) a **BM Unit** comprised in the **User's Equipment** of an **Affected User** (other than an **Interconnector Owner**) is **Deenergised**; or

e) an **Interconnector** of an **Affected User** who is an **Interconnector Owner** is **Deenergised**; or

f) the **Maximum Export Limit** in respect of the **BM Unit(s)** associated with such **User's Equipment** is zero.

*"**Interruption Payment**"*

the payment for each day or part thereof of the **Interruption Period** calculated as follows:

2. In the case of a **Relevant Interruption** arising as a result of a **Planned Outage** the higher of:

   A. the £ per MW calculated by reference to the total TNUoS income derived from generators divided by the total system **Transmission Entry Capacity**, in each case using figures for the **Financial Year** prior to that in which the **Relevant Interruption** occurs, this is then divided by 365 to give a daily £ per MW rate; or

   B. the actual £ per MW of an **Affected User** by reference to the tariff in the **Use of System Charging Statement** for the **Financial Year** in which the **Relevant Interruption** occurs divided by 365 to give a daily £ per MW rate.

   A or B are then multiplied by:

   a) in the case of an **Affected User** other than an **Interconnected Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and

   b) in the case of an **Affected User** who is an **Interconnector Owner**

the MW specified in the **Transmission Entry Capacity** for the **Connection Site**.

2. In the case of a **Relevant Interruption** arising as a result of an **Emergency Deenergisation Instruction**:

(a) sum equal to the price in £/MWh for the relevant **Settlement Period(s)** (as provided for in Section T 4.4.5 of the **Balancing and Settlement Code**) for each **Settlement Period** (or part thereof) from the time when the **Emergency Deenergisation Instruction** was issued by **The Company** until the first **Settlement Period** for which **Gate Closure** had not (at the time the **Emergency Deenergisation Instruction** was issued by **The Company**) occurred

multiplied by:

(i) in the case of an **Affected User** other than an **Interconnected Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and

(ii) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**,

(b) For each subsequent **Settlement Period** of the **Relevant Interruption**, a sum equal to the price in £/MWh for the relevant **Settlement Period(s)** (as provided for in Section T 1.5.3 of the **Balancing and Settlement Code**)

multiplied by:

(i) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected BM **Units** at the **Connection site**; and

(ii) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site;** and

(c) and a sum calculated as 1 above

3. In the case of all other **Relevant Interruptions**:

For each **Settlement Period** of the **Relevant Interruption** which occurs within the first 24 hours of the **Relevant Interruption**, a sum equal to the price in £/MWh for the relevant **Settlement Period(s)** (as provided for in Section T 1.5.3 of the **Balancing and Settlement Code**).

Multiplied by:

c) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection site**; and

d) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for

the **Connection Site**

and after the first 24 hours a sum calculated as 1 above.

Provided always that an **Affected User** shall not receive payment for more than one **Relevant Interruption** in any given day;

Section 5 of CUSC

A new Clause 5.10.4 as follows shall be inserted;

5.10.8 **The Company** shall as soon as reasonably practicable after the end of the **Interruption Period** notify the **Affected User** where the **Relevant Interruption** was in accordance with an **Emergency Deenergisation Instruction.**

ANNEX 2 – AMENDMENT PROPOSAL FORM

CUSC Amendment Proposal Form	CAP:144

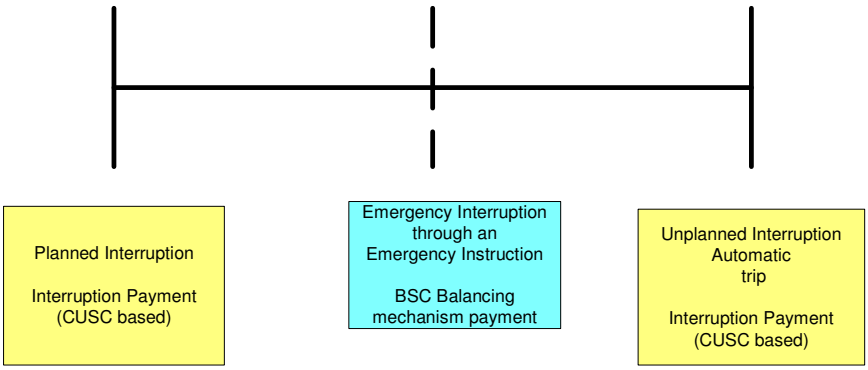
Title of Amendment Proposal:

Emergency Instruction to emergency deenergise

Description of the Proposed Amendment **(mandatory by proposer):**

It is proposed to extend the provisions introduced by CAP048 (Firm Access and Temporary Physical Disconnection) to include the specific circumstances when a Generator is exporting but is required to deenergise / disconnect from the Transmission System in an emergency via an Emergency Instruction (EI) issued by National Grid in Balancing Mechanism timescales in accordance with the Grid Code.

The aim of this proposal is to treat such an EI as an emergency disconnection event in line with the provisions for unplanned interruptions, rather than the current arrangements whereby this type of EI would be treated as a Bid-Offer Acceptance. This proposal would cover events of sufficiently short notice timescales to be considered unplanned (I.e. in BM timescales) but, because they are instructed, are not covered by the current unplanned interruption arrangements which apply only to a disconnection following an automatic trip. This modification proposal would thereby close the "gap" within the existing provisions between a planned interruption (disconnection in planning timescales) and an unplanned interruption (by automatic trip caused by the loss of transmission equipment).



To be clear, it is our intention that an EI to emergency deenergise would only be issued in BM timescales where there is a "local" fault / incident which may adversely affect the integrity of the GB Transmission System or a synchronously connected external system or poses a threat of injury or material damage that requires an "Affected User" (specifically a BM Unit) to be de-energised / disconnected from the system. Please note this EI would not be used for wider system issues.

We would expect these arrangements to be used under rare circumstances (only one event has occurred since NETA go-live, at Damhead Creek), where:
a) There is reasonable cause to suspect that a piece of transmission equipment is distressed or in an unsafe condition;
b) Circumstances mean that the equipment is likely to cause damage or injury, and where it should be immediately disconnected from the transmission system;
c) If it were not disconnected in a controlled manner then an automatic trip would be highly likely, and;
d) Were the piece of transmission equipment to be automatically disconnected, it would have been the sole cause of disconnecting the BMU in question and would be compensated by an Interruption Payment.

We believe that this will allow National Grid to disconnect a Generator in a controlled manner when an emergency situation arises and would remove any potential perverse incentive on National Grid to allow a generator to trip in these circumstances.

In addition to the proposed CUSC amendment a Grid Code change is also required to ensure an EI

used in these specific circumstances would not be treated as a Bid-Offer Acceptance. Emergency Instructions for all other reasons will be unchanged.

Finally the proposal would apply to those Users currently entitled to an Interruption Payment i.e. Generating Units that form part of a BMU and it is not our intention to change the compensation arrangements introduced by CAP048 (Market Index Price for the 1st 24 hours for unplanned and afterwards a rebate of TNUoS based on actual or an average TNUoS fee across the country for each period of disconnection).

Description of Issue or Defect that Proposed Amendment seeks to Address (**mandatory by proposer**):

CAP048 introduced firm financial rights for Generators to use the Transmission System by requiring National Grid to pay compensation in the event of a disconnection and was an incremental step and a consequential development of CAP043 – (Transmission Access – Definition), which introduced the concept of TEC and CEC for Transmission Access. CAP048 recognises the contractual rights of Users and ensures compensation mirrors the cost of providing access, a rebate of TNUoS for Planned Interruption events and Market Index Price (MIP) for the first 24 hours followed by TNUoS for Unplanned Interruption Events.

If a Generator's access is required to be removed in unplanned emergency circumstances through an operational instruction, the only mechanism available is an EI which is currently treated as if it was instructed by Bid-Offer Acceptance (BOA), with Generators having the freedom to set prices up to £99,999/MWh. We believe the treatment of such an event as a Commercial Balancing Service is inappropriate and has the potential to expose the Industry to high and inappropriate costs via BSUoS charges.

We believe this proposal is in line with Ofgem's comments in P173 Decision Letter - "it may be appropriate for alternative compensation arrangements to be put in place for Emergency Instructions under which, as is now the case for operational Intertrips [CAP076], Emergency Instructions are not remunerated in the same manner as BOAs in the Balancing Mechanism".

Under this approach, an EI issued to disconnect a Generator in an emergency as a result of the need to disconnect faulting transmission system equipment would be treated under access compensation rather than treated as a commercial Balancing Service.

In summary, we believe there is a defect with the current disconnection compensation arrangements and have identified a "gap" within the existing CUSC provisions between planned interruption and an unplanned interruption when the circuit breaker is opened automatically by the operation of protection equipment.

CUSC currently excludes emergency deenergisation / disconnections from the Interruption compensation arrangements; even though in certain circumstances the outcome is the same as an Unplanned Interruption i.e. as if the circuit breaker is opened automatically. This was the case at Damhead Creek; see Annex 1 for background information.

In conclusion we believe the current treatment for emergency deenergisation / disconnection as a commercial Balancing Service is inappropriate and a CUSC based access solution extending the provisions introduced by CAP048 would resolve this identified defect and provide compensation that is linked to the cost of removing access and removes the risk of high cost 'wind fall' sleeper bids.

Impact on the CUSC (this should be given where possible):

Amend CUSC definition Allowed Interruption to cover EI to deenergise. Also amend CUSC definitions of Affected User and Interruption and create a new CUSC definition for Emergency Instruction to deenergise.

Impact on Core Industry Documentation (this should be given where possible):

Consequential Grid Code change.

Impact on Computer Systems and Processes used by CUSC Parties (this should be given where possible):

N/A

Details of any Related Modifications to Other Industry Codes (where known):

Grid Code
Amend the Grid Code to include this instruction and remove the treatment as a BOA for EI compensation for emergency de-energisation / disconnection – BC2.9.

Justification for Proposed Amendment with Reference to Applicable CUSC Objectives** **(mandatory by proposer):**

National Grid believes that this proposal will better facilitate CUSC Applicable Objective (a) (The efficient discharge by the licensee of the obligations imposed upon it under the Act and by the Transmission Licence) by ensuring all types of total access interruptions are treated in a consistent manner under the appropriate compensation mechanism for the removal of access and removes the risk of wind fall Bid-Offer Acceptances.

National Grid believes that this proposal will also better facilitate CUSC Applicable Objective (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) by providing a compensation payment for all interruptions that is linked to the removal of access and not treated as a 'pay as bid' commercial Balancing Service because there is no competition present in the proposed circumstances, and the instruction is not issued for balancing purposes.

Details of Proposer: Organisation's Name:	National Grid
Capacity in which the Amendment is being proposed: (i.e. CUSC Party, BSC Party or "energywatch")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	***Emma Carr*** ***National Grid*** ***01926 655843*** ***Emma.j.carr@uk.ngrid.com***
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Mark Duffield National Grid 01926 654971 Mark.duffield@uk.ngrid.com
Attachments (Yes): **If Yes, Title and No. of pages of each Attachment:** Appendix 1 – Background information	

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:

   Beverley Viney
   Panel Secretary
   Commercial Frameworks
   National Grid
   National Grid House
   Warwick Technology Park
   Gallows Hill
   Warwick
   CV34 6DA

   Or via e-mail to: Beverley.Viney@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 C7F, paragraph 15. Reference should be made to this section when considering a proposed amendment.

APPENDIX 1 – Background information

This risk was highlighted by the Damhead Creek Emergency Instruction incident that occurred in May 2004 which resulted in total costs of £3.5mn. This is because the Emergency Instruction is calculated as though it was instructed by Bid-Offer Acceptance (BOA) and in this case it was set at £9,999/MWh and there was no other alternative mechanism available. However, the total exposure could easily have been ten times higher if the BOA price entered had happened to be been set at £99,999/MWh.

Following the Damhead Creek event National Grid raised a modification to the BSC, P173 'Revised Settlement Arrangements for Emergency Instructions' in August 2004. This proposal sought to determine the Avoidable Costs for an Emergency Instruction and use these costs in conjunction with the volume change caused by the Emergency Instruction to determine an Emergency Instruction Bid-Offer Price.

Separately, National Grid raised CAP076 on the 'Treatment of System to Generator Intertripping Schemes'. This Amendment Proposal is important as it removed the issue of a BOA following the operation of an operational intertrip scheme. This mechanism was replaced by an administered capability fee to cover the installation and right to arm the scheme and an utilisation fee when the scheme is triggered.

Ofgem rejected P173 and approved CAP076 in June 2005. In reaching its decision on P173 Ofgem considered that "it may be appropriate for alternative compensation arrangements to be put in place for Emergency Instructions under which, as is now the case for operational Intertrips [CAP076], Emergency Instructions are not remunerated in the same manner as BOAs in the Balancing Mechanism". This view has more recently been supported by the BSC Standing Issue 18 Group that examined the submission of 'Sleeper' Bids and Offers, their impacts and whether there are any defects to be addressed. In its report to the in November 2005 BSC Panel the Group has suggested that "such acceptance [for emergency de-energisation] made for System reasons could potentially be removed from the BSC (i.e. no longer settled through Bid and Offer) to the CUSC (i.e. settled through compensation arrangements). The Group concluded that Parties would then have the incentive to submit Bid and Offer prices more reflective of the costs of acting on the acceptance for the periods affected by the acceptance and not the compensatory elements looking forward".

ANNEX 3 – REPRESENTATIONS RECEIVED DURING CONSULTATION

This Annex includes copies of any representations received following circulation of the Consultation Document (circulated on 18 May 2007, requesting comments by close of business on 22 June 2007).

Representations were received from the following parties:

No.	**Company**	**File Number**
1	Centrica	CAP144-CR-01
2	RWE	CAP144-CR-02
3	ScottishPower Energy Wholesale, ScottishPower, ScottishPower Energy Management Ltd, ScottishPower Generation Ltd ScottishPower Energy Retail Ltd.	CAP144-CR-03
4	SSE	CAP144-CR-04
5	EdF	CAP144-CR-05
6	British Energy	CAP144-CR-06
7	E.ON	CAP144-CR-07
8	Late Response – Carron Energy	CAP144-CR-08

Reference	CAP144-CR-01
Company	Centrica

Centrica Energy

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

Tel. (01753) 431000
Fax (01753) 431150
www.centrica.com

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

Our Ref.
Your Ref.
17 September 2007

Dear Beverley,

CUSC Amendment Proposal CAP144 – Emergency Instruction to Emergency De-energise

Centrica welcomes the opportunity to comment on this Amendment Proposal. In summary, we believe that the original proposal and Alternative Amendment 1 better facilitate the achievement of the CUSC Objectives. We also believe that Alternative Amendment 1 is better than the original amendment as proposed, and as such we believe that CAP144 WGAA1 should be approved, and the original proposal and WGAA2 should not be approved. Furthermore, we would like to propose a consultation alternative amendment, the details of which are set out below.

Centrica agrees with the underlying principle of the proposal, namely that there is a gap in the current arrangements relating to compensation of a generator following an emergency instruction to de-energise. While these events are very rare, it is necessary to have a robust regime in place relating to compensation such that generators have confidence in the arrangements.

We are comfortable with the definition of a 'CAP144 event', and believe that the criteria in section 3.5 of the consultation document are sufficient.

Unfortunately, it is clear that the legal text inserted into the CUSC to give effect to CAP048 is ambiguous in some respects and requires attention to clarify the actual intent of the modification. As stated in section 4.8 of the report, it would seem reasonable to assume that the payments are on a half-hourly basis, however this is not specified and there is clearly a need for a further amendment proposal to address the ambiguity.

Our support for WGAA1 is predicated on the fact that the generator effectively 'loses out' in three ways following a CAP144 event. Firstly, the generator is exposed to SBP for three periods up to 'the wall' during which he cannot trade out his imbalance, as recognised in the report. Secondly, the generator is unable to sell the output that he otherwise would have been able to offer to the market. This is partially reflected in the MIP payments for the first 24 hours of the event. Finally, the loss of access is reflected in a TNUoS rebate from the end of the MIP period.

WGAA1 is therefore clearly preferable to the original amendment, as it more clearly reflects the actual costs that would be incurred by a generator in this position.

However, we would like to propose a consultation alternative amendment (CAA1). This is identical to the original proposed amendment, except in the method of compensation.

It can be seen that in WGAA1, the three different compensation methods – SBP, MIP, TNUoS – run contiguously. There is an argument that this is appropriate for SBP and MIP – the generator should be able to trade out the imbalance imposed on him by the CAP144 event after the three periods, and so the only energy-related loss is that of the lost revenue from the market. Thus the MIP element is applied. It is not clear to us why this is capped at 24 hours – the loss of ability to sell energy remains for the entire duration of the CAP144 event, and so the first part of CAA1 proposes that MIP is paid from the first period following the last SBP payment period as with WGAA1, but *for the entire duration of the lack of access due to the CAP144 event.*

The second element of our CAA1 relates to the TNUoS rebate element. The SBP/MIP rebate relates to energy-related cash loss – either due to imbalance for the first three periods, or the inability to sell energy on the market. However, the TNUoS element relates to something different – lack of access. The lack of access is instantaneous – as soon as the emergency instruction is received to de-energise, access (and therefore TEC) is effectively removed. Our Consultation Alternative Amendment (CAA1) therefore also proposes that a TNUoS rebate is received by the generator from the first period in which the de-energise instruction is given – at the same time as the energy-related shortfall is reflected in a rebate of SBP for the first three periods and MIP for the remainder. This is more reflective of the actual costs incurred by the generator in such an event.

So for the avoidance of doubt, compensation would be paid as follows:

iv) (3 periods) * prevailing SBP
v) (number of periods contained in the entire duration of the CAP144 event) * prevailing MIP
vi) (number of periods contained in the entire duration of the CAP144 event) * pro-rata TNUoS rebate

We believe that our CAA1 better facilitates the achievement of the CUSC Objectives compared to WGAA1 and the proposed modification, as it better reflects the actual costs incurred by the generator in such an event.

We appreciate that if WGAA1 or CAA1 were to be approved, there would be a mismatch with the CAP048 compensation provisions as they currently stand. We would suggest, however, that this mismatch would be best addressed by the raising of a further amendment proposal to address the defect with the CAP048 provisions.

If you have any queries in relation to this response, please do not hesitate to contact me.

Best regards,

Dave Wilkerson
Centrica Energy

T: 01753 431137
M: 07789 572724
E: dave.wilkerson@centrica.co.uk

Reference	CAP144-CR-02
Company	RWE

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

Name Bill Reed
Phone 01793 893835
E-Mail bill.reed@rwe.com

22nd June 2007

E-mail: beverley.viney@uk.grid.com

CUSC Amendment Proposal CAP144 Emergency Instruction To Emergency Deenergise-
RWE Consultation Response

Dear Beverley,

Thank you for the opportunity to comment on the CAP144 Consultation. This response is from RWE and its relevant CUSC signatories.

RWE supports implementation of either CAP144 or any of the alternatives. It is recognised that in specific emergency circumstances as defined in the amendment proposal it is appropriate that compensation arrangements for restricted access to the transmission system are consistent and proportionate. Payments based on either the current interruption ("CAP48") arrangements or SBP up to the Wall with "CAP48" thereafter or intertrip-based are appropriate forms of compensation for emergency interruption of the local transmission connection. CAP144 or its alternatives better reflect the value of lost access in emergency circumstances when compared to treatment as a bid acceptance determined ex post as defined in the current CUSC baseline.

With regard to the treatment of energy volumes in cash out, we believe that for consistency an adjustment should be made to reflect the volume of an emergency interruption for the period up to the wall. This is currently reflected through the ex post construction of a deemed bid acceptance. Such volumes should be treated as "system" BSAD. Furthermore, for consistency an amendment to BSAD is required so that any "unplanned" interruption covered by the "CAP48" arrangements is included as a system BSAD volume (up to the wall) in cash out to ensure that cash out prices are not distorted by any unplanned loss of transmission access.

If you wish to discuss our response, please do not hesitate to contact me.

Yours sincerely
By email

Bill Reed,
Market Development Manager

Reference	CAP144-CR-03
Company	ScottishPower

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

Ref CAP144
Date 21st June 2007

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

Dear Beverley,

CUSC Alternative Amendment Proposal CAP144: "Emergency Instruction to Emergency Deenergise"

Thank you for the opportunity to respond to this consultation document. This response is submitted on behalf of ScottishPower Energy Wholesale, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.

Having reviewed the Original and Working Group Alternative Amendments, ScottishPower believe that Working Group Alternative 1 provides a better compensation regime, indemnifying the Generator to a greater degree at the time of disconnection, and as such would better achieve the applicable CUSC Objectives. We therefore support this option.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely

Gary Henderson

SAIC Ltd.
For and on behalf of ScottishPower Energy Wholesale, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.

Reference	CAP144-CR-04
Company	SSE

From: rhona.mclaren@scottish-southern.co.uk [mailto:rhona.mclaren@scottish-southern.co.uk]
Sent: Friday, June 22, 2007 1:51 PM
To: Viney, Beverley
Subject: SSE response to CAP144 ("Emergency Instruction to emergency deenergise")

Dear Sirs,

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd., Medway Power Ltd., and SSE Energy Supply Ltd.

In relation to the consultation concerning the report associated with the Consultation for CAP144 "Emergency Instruction to emergency deenergise" (contained within your note of 18th May 2007) we agree with the initial view of National Grid that both the Original and Consultation Alternative Amendment 1 would better facilitate the achievement of the Applicable CUSC Objectives; however, on balance we believe that Consultation Alternative Amendment 1 would be 'best' when compared with the Baseline and the Original.

Regards

Garth Graham
Scottish and Southern Energy plc

Reference	CAP144-CR-05
Company	EdF

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

22nd June 2007

Dear Beverley,

CUSC Amendment Proposal CAP144 – Emergency Instruction to Emergency Deenergise

EDF Energy welcomes the opportunity to comment on CAP144. We agree with the majority Working Group view that both the original and Working Group Amendment 1 (SBP front End) are both better than the current code baseline, and that Working Group Amendment 1 is better than the original.

Both of the above proposals significantly reduce the risk to CUSC parties of exposure to potentially extreme BSUoS costs, whilst also ensuring that generators are appropriately compensated for loss of transmission access. We also believe that the energy volume involved in the Emergency Instruction (EI) should be included in the cash out price calculation as this further reduces the risk to Parties by providing an opposite action (when the market is short) to remove the potentially expensive Buy action that National Grid may have to take when such an EI is issued.

We have provided more detailed comments below. If you have any queries please do not hesitate to contact me on 020 7752 2180.

Yours sincerely,

David Lewis
Electricity Market Analyst

EDF Energy
40 Grosvenor Place
Victoria London SW1X 7EN

Tel +44 (0) 20 7752 2180
Fax +44 (0) 20 7752 2384

edfenergy.com

OUR REASON FOR COMING TO THIS VIEW

The Defect

We agree that the current treatment for emergency deenergisation/disconnection as a commercial balancing service is inappropriate and agree that a CUSC based access solution extending the provisions introduced by CAP048 would resolve this identified defect and provide compensation that is linked to the cost of removing access.

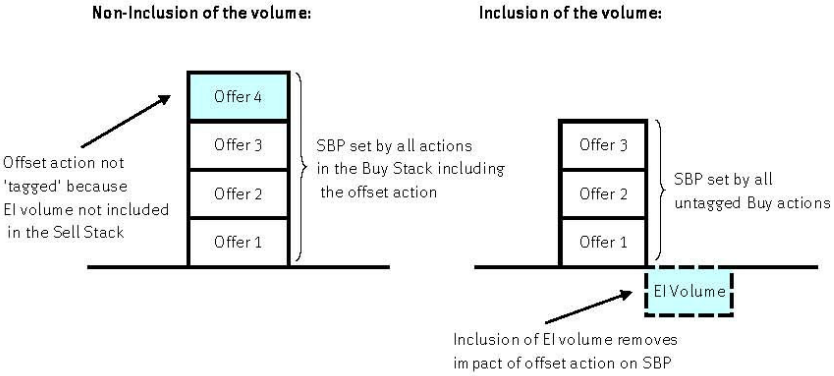
We therefore agree that it is appropriate to apply the CAP048 compensation arrangements to the specific circumstances as outlined in the proposal.

Working Group Alternative 1 – SBP Front End

We believe that the Working Group Alternative 1 is better than the original (and the baseline) because it provides more appropriate compensation to a generator subject to an EI in the specific circumstances outlined in the proposal. This is because the affected party is likely to be made short by such an instruction and thus could be exposed to a price higher than the Market Index Price (MIP) for a number of Settlement Periods, particularly if the market is overall short. Working Group Alternative 1 rectifies this problem for those Settlement Periods where the affected Party is unable to trade out its position (i.e. up to 'the wall'), by providing compensation based on SBP instead of MIP.

Inclusion of Energy Volumes in Cash out

Our view is that the volume of energy affected by the EI, up to 'the wall', should be accounted for in the cash out calculation. This is because if an EI of the type specified in the proposal occurs in a Settlement Period where the market is overall short, then National Grid's offsetting Buy action to remove the effect of the EI will not be "tagged out" because there will be no opposing volume to remove this. The outturn SBP will consequently be impacted by the offsetting action that National Grid has taken. If the market is long, then the inclusion of the volume may be to make SSP more penal (as shown by National Grid's analysis), but the overall effect should be minimal. The effect on SBP when the market is short is illustrated in the diagram below.



Inclusion of the energy volumes associated with the EI therefore further reduces the risk and impact of these sorts of actions on Party cash flows.

Other Observations

We would urge National Grid to ensure that any change to other industry documents (such as the Grid Code and BSAD Methodology Statement) are made in line with any changes to the CUSC should Ofgem approve the CAP144 proposal, or any of its alternatives.

We also look forward to hearing Ofgem's views on the compensation arrangements paid to generators in the event of temporary disconnection and the ability for the GBSO to be able to pass through these costs to Users, as this has a financial impact on all parties.

Reference	CAP144-CR-06
Company	British Energy

Beverley Viney
Amendments Panel Secretary
Electricity Codes
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA
22nd June 2007

Dear Beverley

British Energy response to the Consultation Document on CUSC Amendment Proposal CAP144 'Emergency Instruction to emergency de-energise'

Thank you for the opportunity to comment on the issues raised in the above consultation document.

1. CAP144 original seeks to introduce compensation arrangements of CAP048 for unplanned BMU disconnection from the transmission system as a result of an EI for emergency de-energisation. For the relevant interruption period an eligible User would be allowed prevailing Market Index Price (MIP) for the first 24 hours of an interruption after which compensation would be based on a TNUoS rebate.

2. Since the period of interruption could be very much shorter than 24 hours compensation at the prevailing MIP seems arbitrary and would not adequately compensate plant with long notices to synchronise and/or long minimum zero times. In particular this arrangement unduly penalises less flexible nuclear plant which is unlikely to be able to return within 24 hours due to the physics of the plant even though transmission connections may have been restored quickly.

3. The Alternative Amendment 1 which provides for payment at the prevailing System Buy Price up to the wall and subsequently at MIP for the interruption period better recognises the initial exposure risk faced by the generator. However the same concerns exist for nuclear plant as mentioned in 2 above.

4. Alternative Amendment 2 provides a single administered fee for the emergency de-energisation based on CAP076. It was proposed to try and address some of the shortcomings of the original and remove uncertainty about the amount of compensation a generator would receive. However this simplicity in approach does have the drawback of potentially over compensating some generators whilst not sufficiently compensating others, due to differing sizes of plant connected to the system i.e. one size does not fit all.

British Energy Group plc Barnett Way Barnwood Gloucester GL4 3RS
Telephone 01452 652222 Facsimile 01452 653715

Registered Office: Systems House, Alba Campus, Livingston EH54 7EG
Registered in Scotland No. 270184 VAT Number 671 0076 58

5. On balance BE would support Alternative Amendment 1 as better facilitating CUSC objectives but with reservations about possible undue discrimination for less flexible generation plant. We believe that AA1 with a guaranteed minimum interruption period payment of 24 hours would go some way to remove this undue discrimination.

Yours sincerely

John Morris
Transmission & Trading Arrangements
British Energy Power and Energy Trading

British Energy Group plc Barnett Way Barnwood Gloucester GL4 3RS
Telephone 01452 652222 Facsimile 01452 653715

Registered Office: Systems House, Alba Campus, Livingston EH54 7EG
Registered in Scotland No. 270184 VAT Number 671 0076 58

Reference	CAP144-CR-07
Company	E.ON

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

Ben Sheehy
024 7618 3381

ben.sheehy@eon-uk.com

Beverley Viney
Amendments Panel Secretary
Electricity Codes
National Grid

By email: Beverley.Viney@uk.ngrid.com

Thursday 7 June 2007

Dear Beverley,

Consultation Response: CAP144, Emergency Instruction to Emergency Deenergise

I write on behalf of E.ON UK to say that we welcome the opportunity to comment on Amendment Proposal CAP144. We agree with National Grid that implementation of the original proposal would better facilitate the achievement of the Applicable CUSC Objectives. We would emphasise that our support is possible only because the conditions where CAP144 would apply are explicitly defined in the amendment, meaning that the pay-as-bid principle would not be diluted.

The intention of the original amendment is to extend the conditions where an administered compensation payment is issued under the access terms introduced by CAP048. Such an extension would be warranted in occurrences when a generator's access is removed due to a serious local fault, as specifically identified in CAP144. It would seem logical for these rare events to be treated in the same way as Relevant Interruptions, as defined in the CUSC.

We believe that any deviation from the CAP048 compensation terms could lead to the notion that payments are issued for reasons other than loss of access. This would set an unwelcome precedent and would allow arguments that other actions on the transmission system, for example certain balancing actions taken by National Grid, should be subject to administered payments. Whereas, other than for unplanned interruptions, the price that a generator places on its access should be determined in the market.

Therefore both of the working group alternative proposals are inappropriate, because in deviating from the compensation terms of CAP048 they create exceptional actions. It would be possible to reason that any exceptions to CAP048 are not explicitly relevant to the immediate removal of access by National Grid in a local emergency. For the same reason associated energy volumes should not be included in the cash out price calculation: if a generator has its access removed its energy is simply not available, with or without a price.

We note that as CAP144 events are likely to be infrequent, it would not be an essential requirement to strengthen the existing audit functions that are in place to identify and assess an Emergency Instruction after the incident.

Finally, we would emphasise that although the term 'Deenergisation' is defined in CUSC and not the Grid Code, its meaning is unambiguous and in accordance with the intention of the original amendment: "the movement of any isolator, breaker or switch…whereby no electricity can flow". This clearly implies the immediate removal of access, in line with an automatic trip.

In contrast, the working group's suggested legal text includes an additional scenario, that a generator is instructed to declare its Maximum Export Limit (MEL) to zero. We do not believe that the CUSC is the appropriate home for an instruction to vary physical parameters, and therefore do not support this addition to the legal text. It may be that the generator should be required to resubmit its parameters as a consequence of physical actions following an Emergency Deenergisation Instruction – but that is a Grid Code issue.

We do not believe that this scenario is in line with the intention of the amendment. As such, we wish to raise a consultation alternative that would be the same as the original amendment but with clause (c) from the proposed CUSC definition of 'Emergency Deenergisation Instruction' (and the associated references to MEL in the text) removed.

Yours sincerely,

Ben Sheehy

Trading Arrangements
Energy Wholesale

Reference	CAP144-CR-08
Company	Carron Energy

Carron Energy Ltd
9 Queen Street,
London, W1J 5PE
Tel: +44 (0)207 659 6620
Fax: +44 (0)207 659 6621
info@carronenergy.com

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

22th June 2007

Dear Ms Viney

CAP144: Emergency Instruction to emergency deenergise

Carron Energy (Carron) are the owners of Uskmouth Power and Severn Power. Carron welcomes the opportunity to comment on the consultation document of CUSC amendment proposal CAP144. Carron support the principle of introducing a cost-reflective compensation mechanism for circumstances when a generator is exporting but is required to deenergise or disconnect from the transmission system in an emergency, via an Emergency Instruction (EI).

Carron would like to propose a new alternative amendment, based on enhancing the compensation mechanism suggested in alternative amendment 1, SBP front end. We believe that the compensation mechanism of the proposal should capture more of the potential risk a generator faces as a consequence of being turned off through an EI. By receiving the SBP up to the wall, where the generator does not have the means to trade out its position, the generator's compensation is equal to its risk exposure. We believe this element of the compensation mechanism achieves a better equilibrium; the generator is not incurring costs through imbalance cash-out exposure and is not able to receive windfall gains through BOA, by being taken off the transmission system via an EI. Besides maintaining the SBP up to the wall within this new alternative proposal, we would also like to maintain receiving the Market Index Price (MIP) up to 24 hours after the EI, again reflecting the potential loss to the generator. Whilst, in relation to incentivising National Grid to restore access as soon as possible, Carron would like to maintain the principle of the TNUoS rebate within the new alternative proposal, but would like to see this incentive enhanced by basing the TNUoS rebate on the highest TNUoS value for that financial year, regardless of the location of the relevant generator.

Carron's proposed alternative is therefore the same as alternative amendment 1, but with the TNUoS rebate based on the highest TNUoS charge on the system at the time of the EI. Based on the TNUoS values for 2006/07, a TNUoS rebate of 20.52 (£/kW) would be received 24 hours after the EI, if transmission access rights have not been resumed for a generator, irrelevant of the generators location. By using the highest TNUoS value within the compensation mechanism, it allows all generators to be dealt with equally regardless of location and in particular, addresses the issue that arises with negative TNUoS zones. There is no reason to believe that a generator in a high TNUoS zone would be suffering a worse financial loss than one in a low zone and therefore the compensation should be equitable. Carron also

believes a high rate will give National Grid greatest incentive to rectify the problem as soon as possible.

Carron would also like the community to consider if there is a better way to address compensation for single site generators who do not have the internal hedge of a portfolio player. To this end we wish to propose our second alternative amendment, using the same mechanism as described above (SBP front end plus highest TNUoS payments), but add in a payment to cover the financial exposure a single site generator faces in relation to fulfilling its bilateral contracts. We appreciate that "single site" is not a defined term and would therefore propose that this amendment would simply apply to all generators. The financial exposure the generator faces in the market could be reduced through the generator receiving the London Energy Brokers' Association (LEBA) day ahead price for each day, 24 hours after the EI, as well as the TNUoS payment to recognise the loss of access rights.

Carron's is concerned that a generator is still obligated to deliver the bilateral contracts it has agreed in the future, regardless of being taken off the transmission system for an EI. As a consequence of having to purchase power within the market to address its short position, the generator shall be incurring a difference between the price it sold its output of power and the prevailing, potentially higher, market price. Due to uncertainty associated with the duration of the EI, the generator is unsure whether it is required to cover its forward contracts for 2 weeks or 2 months, placing additional costs upon the generator.

Carron's two alternative proposals therefore include a compensation mechanism that consists of the following parts:

Alternative 1
1. SBP up to the wall
2. MIP up to 24 hours after the EI
3. Thereafter a daily TNUoS rebate based on the highest TNUoS value

Alternative 2
1. SBP up to the wall
2. MIP up to 24 hours after the EI
3. Thereafter a daily TNUoS rebate based on the highest TNUoS value, plus
4. LEBA day ahead price for each day

Carron believe that these alternative proposals would better facilitate CUSC Applicable Objective (a) the efficient discharge by the Licensee of the obligations imposed upon it by the act and the Transmission Licence, by ensuring all types of total access interruptions are treated in a consistent manner under the appropriate compensation mechanism for the removal of access and removes windfall BOA.

Carron believes that these alternative proposals will also better facilitate CUSC Applicable Objective (b) facilitate effective competition in the generation and supply of electricity, and facilitating such competition in the sale, distribution and purchase of electricity by providing a compensation payment for all interruptions that are linked to the removal of access and not to treat the access removal as a commercial balancing service. There is no competition present in the proposed circumstances and the instruction is not issued for balancing purposes.

Through ensuring that the affected generator is compensated at a rate that more accurately reflects the price of any replacement energy they would have to purchase via imbalance, would be less inappropriately discriminatory for the affected generator. Also, by including a rebate based on the highest TNUoS value, price equality of treatment for all is gained and therefore enhancing competition.

Carron believe that the proposed alternative amendment 2 further facilitates CUSC Objective (b) by the amendment reducing risks for the affected generator through the compensation mechanism including payments in relation to the LEBA day ahead price.

With regard to the specific question contained within the consultation document, 'Should the energy volumes be included in the cash-out price calculation?' Carron support the majority of the working group's view that the volume of energy affected by the EI, up to the wall, should be included within the cash-out price calculation. By including the volume of the energy not delivered, it allows the volume of the additional actions to reserve the effect of the EI and maintain system balance.

Please do not hesitate to contact Lisa Waters on 020 8286 8677 if you have any questions on the issues raised within the response

Rebecca Williams
Head of Trading

Included in the section below are the responses to the Consultation Alternative Document (circulated on 3rd July, requesting comments by close of business 17th July)

Representations were received from the following parties:

No.	**Company**	**File Number**
1	Centrica	CAP144-CAAR-01
2	RWE	CAP144-CAAR-02
3	Carron Energy	CAP144-CAAR-03
4	EdF	CAP144-CAAR-04
5	E.ON	CAP144-CAAR-05

Reference	CAP144-CAAR-01
Company	Centrica

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

Our Ref.
Your Ref.
17 September 2007

Dear Beverley,

CUSC Amendment Proposal CAP144 – Emergency Instruction to Emergency De-energise

Centrica welcomes the opportunity to comment on the consultation alternatives to CAP144. In summary, we believe that CAA2 (raised by Centrica) better facilitates the CUSC Objectives compared to WGAA1 (which was our preferred option in our response to the previous consultation). We have stated our reasons for this belief in our previous response – the compensation mechanism proposed in CAA2 better reflects the actual costs faced by generators in the event of an emergency instruction to emergency de-energise.

In terms of CAA1, raised by E.On, we have some sympathy with the view that the instruction to MEL to zero should be included within the Grid Code. However, we do not see that the removal of the reference in the CUSC would be an improvement to any of the options currently presented, and so we do not believe that it would better facilitate the CUSC Objectives.

If you have any queries in relation to this response, please do not hesitate to contact me.

Best regards,

Dave Wilkerson
Centrica Energy

T: 01753 431137
M: 07789 572724
E: dave.wilkerson@centrica.co.uk

Reference	CAP144-CAAR-02
Company	RWE

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

Name Bill Reed
Phone 01793 893835
E-Mail bill.reed@rwe.com

17th July 2007

E-mail: beverley.viney@uk.grid.com

CONSULTATION ALTERNATIVE CONSULTATION DOCUMENT CUSC Amendment Proposal CAP 144 Emergency Instruction to emergency deenergise

Dear Beverley,

Thank you for the opportunity to comment on the CAP144 Consultation Alternative consultation. This response is from RWE and its relevant CUSC signatories.

RWE does not support implementation of either of the CAP144 alternatives.

With regard to CAA1 we believe that the CAP144 arrangements relate to the specific circumstances where NGET wishes to withdraw transmission access in an emergency situation. This is reflected in the requirement for a zero MEL during the emergency interruption event. We are concerned that removal of the requirement for the MEL to zero could create a situation where users continue to generate in an emergency.

With regard to CAA2 we believe that the compensation arrangements as proposed are not cost reflective and would result in disproportionate compensation in the event of the withdrawal of access in an emergency situation.

If you wish to discuss our response, please do not hesitate to contact me.

Yours sincerely

By email

Bill Reed,
Market Development Manager

Reference	CAP144-CAAR-03
Company	Carron

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

Carron Energy Ltd
9 Queen Street,
London, W1J 5PE
Tel: +44 (0)207 659 6620
Fax: +44 (0)207 659 6621
info@carronenergy.com

17th July 2007

Dear Ms Viney

Consultation Alternative Document CAP144: Emergency Instruction to emergency deenergise

Carron Energy (Carron) are the owners of Uskmouth Power and Severn Power. Carron welcomes the opportunity to comment on the consultation alternative document of CUSC amendment proposal CAP144.

Carron continue to support the principle of introducing a cost-reflective compensation mechanism when a generator is exporting but is required to deenergise or disconnect from the transmission system in an emergency, via an Emergency Instruction (EI). Carron therefore supports Consultation Alternative Amendment 2 (CAA 2), on the basis that this alternative compensation mechanism for emergency disconnection is more reflective of the actual costs incurred by the generator, compared with the original proposal and alternative amendment 1.

CCA2 compensation mechanism consists of:

i. SBP up to the wall; and
ii. MIP paid from the first period following the last SBP payment period, but for entire duration of the CAP144 event; and
iii. For the entire period of disconnection, receive a daily pro-rated TNUoS rebate for any day or part there of where there was an interruption.

CCA2 better facilitates the following CUSC objectives:
(a) the efficient discharge by the Licensee of the obligations imposed upon it by the act and the Transmission Licence; and
(b) facilitating effective competition in generation and supply of electricity and facilitate such competition in the sale, distribution and purchase of electricity.

If you have any queries in relation to this response, please do not hesitate to contact Lisa Waters on 020 8286 8677.

Yours sincerely

R Williams

Rebecca Williams
Head of Trading

Reference	CAP144-CAAR-04
Company	EdF

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

17th July 2007

Dear Beverley,

CUSC Amendment Proposal CAP144 (Emergency Instruction to Emergency Deenergise) – Response to the Consultation Alternatives Document

EDF Energy welcomes the opportunity to comment on the CAP144 Consultation Alternatives Consultation Document. We continue to support the WGAA1 and do not believe that any of the consultation alternatives better facilitate the CUSC Objectives.

In relation to CAA1, we believe that the Grid Code requirement to re-submit Export limits post-gate closure to reflect the operating capability of the affected BM Unit (BC2.5.3.3) is sufficient to ensure that the BM Unit declares its MEL at zero for the duration of the CAP 144 event. Therefore the additional CUSC text to ensure this is the case is not required. However, because CAA1 is based on the original proposal, we do not believe it better facilitates the CUSC Objectives.

In regards to CAA2, we believe the compensation arrangements moves too far away from the current CAP 48 arrangements, and cannot see any justification for the additional compensation proposed by this alternative.

If you have any queries please do not hesitate to contact me on 020 7752 2180.

Yours sincerely,

David Lewis
Electricity Market Analyst

EDF Energy
40 Grosvenor Place
Victoria London SW1X 7EN

Tel +44 (0) 20 7752 2180
Fax +44 (0) 20 7752 2384

edfenergy.com

Reference	CAP144-CAAR-05
Company	E.ON

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

Ben Sheehy
024 7618 3381

ben.sheehy@eon-uk.com

Beverley Viney
Amendments Panel Secretary
Electricity Codes
National Grid

By email: Beverley.Viney@uk.ngrid.com

Tuesday 17 July 2007

Dear Beverley,

Response to the CAP144 Consultation Alternative Amendments

- CAA1 proposed by E.ON UK
- CAA2 proposed by Centrica Energy

E.ON UK welcomes the opportunity to comment on the consultation alternative amendments. The stated intention of CAP144 is simply to extend the circumstances where a CAP048 compensation payment is issued to include an Emergency Instruction that is, in effect, akin to an unplanned interruption.

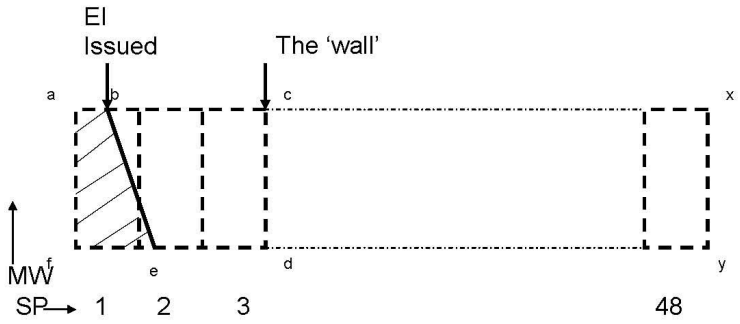
This would mean that, commercially, an instruction to deenergise would be treated the same as if a generating unit had lost access to the transmission system through an automatic trip. It would remove the anomaly where an operational action to pre-empt such a trip is compensated differently. National Grid's original amendment remains the only one that would extend the existing CAP048 compensation terms and is therefore the only proposal that corrects the stated defect.

There is a secondary consideration. We have submitted a consultation alternative (CAA1) to improve the original amendment because a flawed clause has been added to the definition of "Emergency Deenergisation Instruction" in the draft CUSC text, which would be consequentially written into the Grid Code. It is not appropriate for an instruction to MEL to zero to be issued as an Emergency Instruction.

The Grid Code states that the Maximum Export Limit is the maximum level of output that "the BM Participant wishes to make available".[1] As it is based on commercial wishes rather than technical capability, we consider it to be too imprecise an instruction for an emergency.

The problem is highlighted by the second element of CAA2, that states that an emergency instruction results in an instantaneous lack of access. Yet the following diagram, copied from annex 1 of the consultation document, shows that with an instruction to MEL to zero a generating unit would be allowed to ramp down over more than one settlement period.

Compensation Arrangements for first 24 hours after EI issued



This would create a scenario where CAA2 would pay the generator a full TNUoS rebate in the first settlement period even though they still had some level of access to the transmission system. Even if this issue is discounted, potential ambiguities remain as there is neither an instruction as to how long the MEL reduction should take nor a technical instruction explaining the actions a generator should take before resubmitting its parameters.

In contrast, we would point out again that the current CUSC definition of the term 'Deenergisation' is unambiguous and implies the immediate removal of access in line with an automatic trip.

We hope that you will find these points helpful to your assessment.

Yours sincerely,

Ben Sheehy

Trading Arrangements
Energy Wholesale

[1] BC1.4.2. (c)

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 6 August 2007), requesting comments by close of business on 13 August 2007).

Representations were received from the following parties:

No.	Company	File Number
1	EdF	CAP144-AR-01

Reference	CAP144-AR-1
Company	EdF

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

15th August 2007

Dear Beverley,

CUSC Amendment Proposal CAP144 (Emergency Instruction to Emergency Deenergise) – Response to the Draft Amendment Report

Thank you for the opportunity to comment on the CAP144 Draft Amendment Report. We agree with National Grid's recommendation that both the Amendment Proposal and Alternative Amendment 1 will better facilitate the achievement of the Applicable CUSC Objectives (a) & (b), with Alternative Amendment 1 better meeting the CUSC Objectives to the greatest extent.

We welcome the raising of this Amendment Proposal, and believe that if either of the above were approved, that the risk of extreme BSUoS costs (should the Emergency Instruction event as defined in the report occurs) will be significantly reduced.

If you have any queries please do not hesitate to contact me on 020 7752 2180.

Yours sincerely,

David Lewis
Electricity Market Analyst

EDF Energy
40 Grosvenor Place
Victoria London SW1X 7EN

Tel +44 (0) 20 7752 2180
Fax +44 (0) 20 7752 2384

edfenergy.com