

<b>CUSC Amendment Proposal Form</b>	<b>CAP:183</b>
<b>Title of Amendment Proposal:</b> Code Governance Review: Significant Code Review (SCR)	
<b>Description of the Proposed Amendment</b> ( <i>mandatory by proposer</i> ):	
<p>This Amendment Proposal is part of a series of proposals raised by National Grid to implement the Final Proposals of the Code Governance Review which was initiated by Ofgem in November 2007. The review sought to address concerns that the existing code arrangements may be too complex and inaccessible to smaller market participants. Given the Authority's evolving role with the introduction of additional statutory duties and the right of appeal to the Competition Commission, such a review was considered to be conducted at an appropriate time.</p> <p>Ofgem published its Final Proposals for the Code Governance Review in March 2010, followed by its statutory consultation on licence modifications on 3<sup>rd</sup> June 2010. National Grid did not object to the licence modifications. As part of the suite of work strands conducted by the Code Governance Review, one of the proposals identified was the Significant Code Review (Previously Major Policy Review). Given the evolving energy goals by the Government and the potential changes which may be required from European Legislation, it is important to be able to facilitate significant code changes in a timely and efficient manner. Any delays in the implementation of important code reforms may lead to negative impacts on customers and the industry</p> <p>The Significant Code Review process seeks to require certain licence holders to raise code modifications in line with the conclusions set out by the Authority following an SCR. The SCR will allow the Authority to initiate a review of one or more matters which they consider to:</p> <ul style="list-style-type: none"> <li>• Have significant impacts on electricity consumers or competition</li> <li>• Have significant impacts on the environment, security of supply or sustainable development</li> <li>• Create significant cross code or cross licence issues</li> <li>• Have a significant impact on the Authority's principle objective (under Section 3A of the Act), statutory functions or relevant obligations bound by EU law.</li> </ul> <p>National Grid proposes amendments to the CUSC to create the following process (please see Appendix 1 for the proposed illustrative process flow diagram):</p> <ol style="list-style-type: none"> <li>(i) Where an SCR has been initiated by the Authority, a notice will be issued to the CUSC Parties that an SCR has commenced. This will also detail the start date of the SCR and the matters which will be within the scope of the review. (Paragraph (i) is for information only and will not require an amendment to the CUSC)</li> <li>(ii) National Grid will update the Amendment Proposal form to allow Proposers to give reasons on whether it should be included within the scope of an SCR if the Amendment is being raised during an SCR phase.</li> <li>(iii) Any Amendment Proposals which were made before the SCR phase commenced will still progress under the standard Amendments process.</li> <li>(iv) If an Amendment Proposal raised prior to an SCR Phase is sent to the Authority for determination but is subsequently sent back (under the proposed Send back process – CAP186) in to the Amendments Process during an SCR Phase, that Amendment Proposal will not be subject to the SCR.</li> <li>(v) Any new non urgent Amendment Proposal may not progress if it is deemed to fall within the scope of the SCR during the SCR phase, unless it is agreed by the Authority. An initial assessment of whether a proposal falls within an SCR will be determined by the Panel which may include an optional consultation with the industry. A final assessment will be sent to the Authority once the consultation has concluded, unless a consultation has been deemed unnecessary.</li> <li>(vi) If a response has not been received from the Authority within 28 calendar days regarding the decision of whether an Amendment Proposal should be subsumed, the Proposal will follow the standard Amendments process unless otherwise directed by the Authority.</li> <li>(vii) If the Authority subsumes a new Amendment Proposal within the SCR, the original</li> </ol>	

- (viii) proposal will be deemed as suspended and may not be adopted by another party. A subsumed Amendment Proposal which is suspended will go back to the Panel for consideration as to how it should progress, once the SCR phase ends or is deemed to have ended.
- (ix) The SCR phase will last for approximately 12 months after which the Authority should publish the conclusions of the SCR and issue directions to the licensee(s). The Authority will have 28 days in which to provide a direction for any Amendment Proposals to be raised. If no direction has been given then the SCR phase will have been deemed to have ended.
- (x) The period of the SCR Phase will be between the date at which the Authority states that an SCR is initiated and the date at which the Authority issues a direction.
- (xi) If any Amendment Proposals have been raised following the direction from the Authority, these will follow the standard CUSC Amendments process with the exception that these Amendment Proposals cannot be withdrawn without the Authority's prior consent.
- (xii) The voting rights of the Panel will not be fettered for any SCR Amendments that may be raised.

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

The existing code modification process has been considered by Ofgem to lack the ability to deliver reforms in significant strategic areas as it normally addresses small changes which do not have major impacts on the industry rules. However, with changing Government and European legislation, there may be times when there will be impacts to several industry codes which could only be efficiently delivered through a SCR to expedite the process.

The Code Governance Review seeks to implement the Significant Code Review within the Transmission Licence to allow the Authority to lead on SCRs if there is evidence that there will be matters which will have a significant impact on their obligations or objectives. As these new obligations within the licence will have a direct impact on the CUSC, this Amendment Proposal seeks to insert clauses to the CUSC to implement the Final Proposals.

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

Initial assessment of the CUSC suggests that changes are required to section 8 of the CUSC

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

None anticipated

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

None anticipated

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

National Grid intends to raise similar proposals to both the BSC and the UNC, in line with the timetable which has been published to the industry in June 2010. These Modification Proposals will not interact with the changes proposed to the CUSC.

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

National Grid considers that implementation of this Amendment Proposal would better facilitate the following Applicable CUSC Objective:

- (a): "the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence", specifically with regard to the obligation under standard condition C10 of the licence.

This proposal is resulting from Ofgem's review of the Licence and therefore National Grid is

mandated by the new licence obligations to make the changes and additions to the CUSC where applicable.

<b>Details of Proposer:</b> Organisation's Name:	National Grid Electricity Transmission Plc
<b>Capacity in which the Amendment is being proposed:</b> (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
<b>Details of Proposer's Representative:</b> Name: Organisation: Telephone Number: Email Address:	Steven Lam National Grid Electricity Transmission plc 01926 653534 Steven.lam@uk.ngrid.com
<b>Details of Representative's Alternate:</b> Name: Organisation: Telephone Number: Email Address:	Alex Thomason National Grid Electricity Transmission plc 01926 656379 Alex.thomason@uk.ngrid.com
<b>Attachments (Yes):</b> <b>If Yes, Title and No. of pages of each Attachment:</b> 2 pages – Significant Code Review (SCR) and Amendment during SCR Phase	

**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:

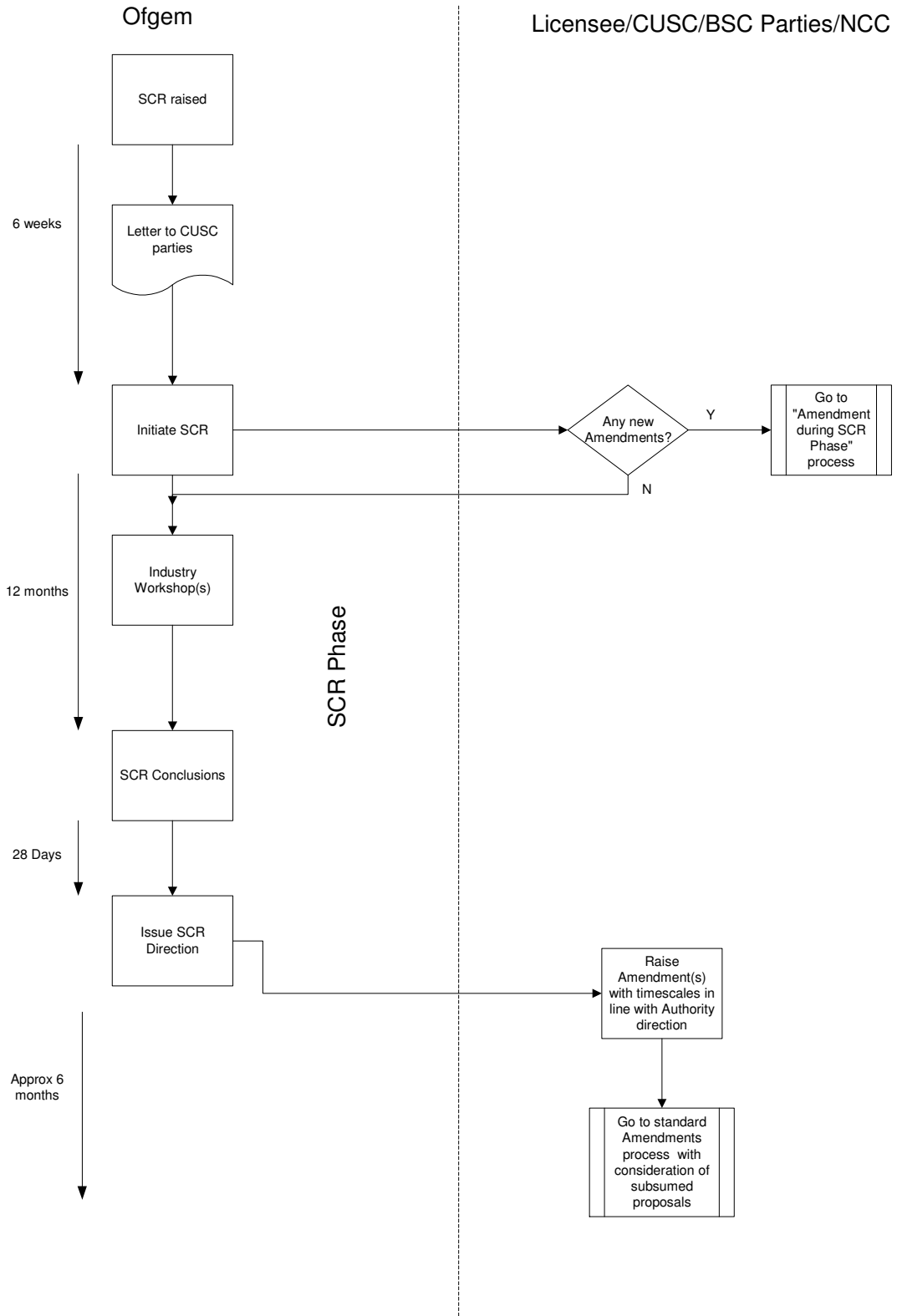
Steven Lam  
Commercial  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

Or via e-mail to: [steven.lam@uk.ngrid.com](mailto:steven.lam@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 Electricity Transmission plc Licence under Standard Condition C10, paragraph 1. Reference should be made to this section when considering a proposed amendment.

### Significant Code Review (SCR)



### Amendment During SCR Phase

