

CUSC Amendment Proposal Form	CAP: 185
Title of Amendment Proposal:	
Code Governance Review: Role of Code Administrator and Code Administration Code of Practice	
Description of the Proposed Amendment (mandatory by proposer):	
<p>This Amendment Proposal is part of a series of proposals raised by National Grid to implement the Final Proposals of the wider 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 3rd June 2010. National Grid Electricity Transmission plc has not objected to the licence modifications.</p>	
<p>As part of the suite of workstrands conducted during the Code Governance Review, one of the areas reviewed was the Role of Code Administrator and the creation of a Code Administration Code of Practice (CACOP). Ofgem's Final Proposals seek to enable the Code Administrator to assist parties and adhere to the principles contained within the CACOP. The CACOP was developed by Code Administrators, with input from code users and Ofgem, in order to establish best practice for code administration and to encourage participation from those involved in the energy industry who may not be code users. The CACOP states that <i>"where inconsistencies or conflicts exist between the relevant codes and this Code of Practice, the relevant code shall take precedence, though it is anticipated that licensees and other code parties will take all reasonable steps to ensure the two are aligned."</i> The approved CACOP was published by Ofgem on 3 June 2010 and is available on its website at: http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Pages/GCR.aspx.</p>	
<p>There are a number of changes required to the CUSC as a result of the licence modifications. Some refer to the requirement to establish an administrative body (the "code administrator") and set out its duties and functions; others relate to the requirement for the Code Administrator to maintain, publish, review and amend the CACOP. The specific amendments are summarised below:</p>	
<ul style="list-style-type: none"> • Amend Section 8 to reflect the assistance to be provided by the Code Administrator in its role as "Critical Friend", namely to provide support to all with an interest in the CUSC Amendment process and in particular to assist small parties and consumer representatives as set out in the licence modifications. This is to require the Code Administrator's assistance with drafting an Amendment Proposal, understanding the operation of the CUSC and supporting other parties' involvement in the amendments processes. It is considered that this will make the CUSC amendment process more robust. • The CUSC needs to recognise the existence of the CACOP which will be reviewed periodically and may be amended with the Authority approving any proposed changes. A working practice is proposed that the Code Administrator will discuss any changes that it proposes to raise to the Code of Practice with the Panel prior to raising them; however as the CACOP change process sits within that document and not within the CUSC, this does not form part of this Amendment Proposal. • The CUSC will need to be amended to stipulate that the person appointed as the Amendments Panel Chairman shall be independent of the relevant licensee (National Grid Electricity Transmission plc) and the appointment will be subject to approval by the Authority. The current Panel Chairman was re-appointed in March 2010, with the term of office due to expire on 30 March 2013. Following industry feedback, we propose that a new "independent" Panel Chairman be appointed within the same timescales as the next election for Users' Panel Members in 2011, such that a new Panel Chairman would be appointed from 1 October 2011. • The Panel Chairman will retain the existing casting vote for matters other than the Panel 	

Recommendation Vote, and will have an additional casting vote in the case of a deadlock when the Panel is taking the final decision on a Self-Governance Amendment proposal. The reason for the casting vote in the case of self-governance is to ensure that a route to a Competition Commission appeal remains. In the case of a Panel Recommendation, a casting vote is not necessary, Chair may not have a casting vote in the case of a recommendation, which can legitimately reflect a split vote without hindering the ongoing progress of a proposal; it will simply be recorded as such in the modification report to the Authority.

- Amend the CUSC to clarify that the existing provisions for withdrawal of an Amendment Proposal within the CUSC apply up to the point when the Panel makes its recommendation on whether an Amendment Proposal should be implemented. This retains the existing principle of Proposer ownership; aligns the withdrawal provisions in the CUSC to the principles set out in the approved CACOP, while also providing additional clarity to the CUSC in this area.
- Align the terminology used to refer to the modification process across all the codes, in line with the principle within the CACOP. The term 'Amendment Proposal' currently used in the CUSC will be changed to 'CUSC Modification Proposal' and the term 'Working Group' will become 'Workgroup', requiring changes to the CUSC where this terminology is used.

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

The Code Governance Review Final Proposals seek to implement revised duties for Code Administrators and create the Code Administration Code of Practice to improve the existing code arrangements by implementing best practice and to ensure that code administrators act in a manner consistent with the Code of Practice principles.

This forms part of the licence modifications which National Grid Electricity Transmission plc has not objected to and is therefore mandated to implement through changes to the CUSC.

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

Revisions are required to Section 8 of the CUSC for the Amendment process and to Section 11 of the CUSC for definitions.

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.

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 is a mandatory requirement under the new Licence Modifications which National Grid Electricity Transmission plc has not objected to.

Details of Proposer: Organisation's Name:	National Grid Electricity Transmission plc
Capacity in which the Amendment is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Emma Clark National Grid Electricity Transmission plc 01926 655223 emma.clark@uk.ngrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Alex Thomason National Grid Electricity Transmission plc 01926 656379 Alex.thomason@uk.ngrid.com
Attachments: No	

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

(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.