

CUSC Modification Proposal Form

CMP200

Title of the CUSC Modification Proposal: *(mandatory by Proposer)*
Generator Led Due Diligence Review

Submission Date *(mandatory by Proposer)*
17 November 2011

Description of the CUSC Modification Proposal *(mandatory by Proposer)*

This CUSC Modification Proposal aims to implement changes identified from a due diligence review that was conducted by National Grid and Ofgem on the Generator build changes that were implemented into the CUSC in December 2010.

To implement the Generator build model, changes were made by the Secretary of State to the CUSC which placed obligations on offshore Generators wishing to undertake activities otherwise undertaken by an Offshore Transmission Owner (OFTO). These changes aimed to ensure that transmission assets comply with the same standards whether constructed by a Generator or an OFTO.

As part of the *government response to consultations on offshore electricity transmission*¹ it was recognised that the changes made to the CUSC in relation to Generator Led had been developed over a relatively short period of time. In response to this, it was agreed that a consistency check of the CUSC would take place to ensure no unintended consequences.

Description of Issue or Defect that CUSC Modification Proposal seeks to Address: *(mandatory by Proposer)*

A new regulatory regime for offshore transmission networks has been developed, in partnership, by Ofgem and the Department of Energy and Climate Change (DECC). The new regime was activated on 24 June 2009 and in July 2009 Ofgem commenced the first set of transitional tenders to appoint new Offshore Transmission Owners (OFTOs).

Transitional tenders are for projects where the transmission assets have been or will be constructed by the offshore developer, then transferred to the OFTO. Ofgem commenced the second transitional tender round on 17 November 2010. Subsequent tenders will fall under the enduring regime.

In order to implement the enduring regime, a number of changes were made to the CUSC. These changes were put in place by the Secretary of State and came into effect on 31 December 2010.

It was recognised that the changes made to the CUSC, in relation to Generator Led, had been developed over a relatively short period of time. In response to this, it was agreed that a due diligence review of the CUSC would take place to ensure there were no unintended consequences that could arise out of the drafting that was implemented. Following discussions with Ofgem, it was agreed that any changes identified from the due diligence review would be progressed through the normal governance arrangements.

A due diligence review has now been conducted and a number of minor changes have been identified that would add clarity to the arrangements placed in the CUSC.

¹<http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/Cons2010/Documents1/Government%20response%20to%20offshore%20transmission%20consultations.pdf>

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

Changes are proposed to the following sections of the CUSC:

- Section 2 - Connection
- Section 6 - General Provisions
- Section 11 - Definitions
- Exhibit C - Connection Offer
- Schedule 2, Exhibit 3A -

Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? *(mandatory by Proposer. Assessed in accordance with Authority Guidance – see guidance notes for website link)*

No

Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information *(this should be given where possible)*

BSC

Grid Code

STC

Other
(please specify)

Urgency Recommended: No

Justification for Urgency Recommendation N/A

Self-Governance Recommended: No

Justification for Self-Governance Recommendation N/A

Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews? Yes, this modification is concerned with only making changes identified through the due diligence review conducted on the changes made to the CUSC to implement generator build. It should not form part of larger review at this point.

Impact on Computer Systems and Processes used by CUSC Parties:

None

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

A similar modification is being progressed for the Grid Code but it is not consequential to the changes identified in this CUSC modification.

Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives:
(mandatory by proposer)

Please tick the relevant boxes and provide justification:

(a) the efficient discharge by The Company of the obligations imposed upon it by the Act and the Transmission Licence

Clarification of arrangements will allow for a more efficient development of the offshore transmission system by removing ambiguity and providing clearer requirements for Users. This is inline with the requirement of ensuring an economic and efficient transmission system.

(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.

Provides additional clarity regarding the build choices for a User which allows for increased participation in the market and should subsequently improve competition.

(c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Neutral

Details of Proposer: (Organisation Name)	National Grid Electricity Transmission
Capacity in which the CUSC Modification Proposal 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:	Tom Derry National Grid Electricity Transmission Plc 01926 654208 Thomas.derry@uk.ngrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Emma Clark National Grid Electricity Transmission Plc 01926 655223 Emma.clark@uk.ngrid.com
Attachments: Yes If Yes, Title and No. of pages of each Attachment: CUSC Changes - 10 pages	