



National Grid

CONSULTATION DOCUMENT

**CUSC Amendment Proposal CAP074
Generation Reconciliation Statements – Date
Change**

*The purpose of this document is to
consult on Amendment Proposal CAP074
with CUSC Parties and other interested
Industry members*

Amendment Ref	CAP074
Issue	1.0
Date of Issue	02/07/04
Prepared by	National Grid

I DOCUMENT CONTROL

a National Grid Document Control

Version	Date	Author	Change Reference
0.1	30/06/04	National Grid	Initial Draft for internal comment
1.0	2/07/04	National Grid	Formal version for release

b Document Location

National Grid website:

http://www.nationalgridinfo.co.uk/cusc/mn_consultation_index.html

c Distribution

Name	Organisation
CUSC Parties	Various
Panel Members	Various
Interested Parties	Various
Core Industry Document Owners	Various
National Grid Industry Information Website	-

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1.0 SUMMARY

- 1.1 CAP074 proposes to introduce an obligation on National Grid Transco to produce Generation Reconciliation Statements by 30th April in each financial year. Historically, National Grid Transco had an obligation to produce these statements by the 31st of March however, this obligation was erroneously removed by a house keeping amendment. Currently, CAP072 is being progressed, which proposes the re-introduction of the 31st of March obligation. The CUSC Panel and the Authority believed that the current CAP074 proposal should not be raised as an Alternative to CAP072, because it did not address the same defect. (The defect CAP072 is addressing, being that the housekeeping amendment had removed the original obligation in error. The defect CAP074 is addressing is that since the introduction of CAP043, the 31st March obligation is no longer deliverable.) However, both the CUSC Panel and the Authority were comfortable with CAP074 being raised as a separate Amendment proposal at this time.
- 1.2 Whilst CAP072 and CAP074 are separate Amendment proposals, there is an interaction in terms of implementation. Were CAP072 to have been rejected prior to the CAP074 decision, the CAP074 change would be implemented via Legal text that introduced paragraph 3.13.2 of the CUSC (which following the introduction of CAP055 will be paragraph 3.13.3) with a date of 30th April. Were CAP072 have been accepted, CAP074 would be implemented by simply changing the date in the CAP072 Amendment from the 31st March to the 30th April. We would advise the Authority that we do not believe it is possible for approval of CAP074 to be followed by approval of CAP072.
- 1.2 CAP074 was proposed by National Grid and submitted to the CUSC Amendments Panel for consideration at their meeting on 25th June 2004. The Amendments Panel determined that the issue was appropriate to proceed to wider industry consultation by National Grid.
- 1.3 This document initiates this wider consultation exercise and invites views on CUSC Amendment Proposal CAP074. The consultation closing date is 30th July 2004.

2.0 INTRODUCTION

- 2.1 This is a consultation document 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 CAP074, this document seeks views from industry members relating to the Amendment Proposal.
- 2.3 This consultation document outlines the nature of the CUSC changes that are proposed. Representations received in response to this consultation document will be included in National Grid's Amendment Report that will be furnished to the Authority for their decision.
- 2.4 This consultation document has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid website, at <http://www.nationalgrid.com/uk/indinfo/cusc>, and the Amendment Proposal form.

3.0 THE AMENDMENT PROPOSAL

- 3.1 NGC produces Generation Reconciliation Statements in respect of generation related Transmission Network Use of System (TNUoS) Charges to be sent to Users on an annual basis. Previous versions of the CUSC have, in Paragraph 3.12.2 required NGC to produce these by 31st March in each financial year. This paragraph was erroneously deleted by CAP065, but its reinstatement is proposed by CAP072. As a consequence of CAP043, NGC is proposing the introduction of a paragraph (to be numbered 3.13.2, following the implementation of CAP055) that would require NGC to produce Generation Reconciliation Statements by 30th April of each financial year.
- 3.2 Prior to CAP043, Users annual TNUoS generation liabilities were incurred up to 28th February, giving NGC a clear month to calculate reconciliation amounts. One effect of CAP043 was to extend the period in which liabilities could be incurred to 31st March of each financial year. Generators with offers for increased TEC can sign these up to the end of the financial year. This significantly reduces the viability of calculating reconciliation charges and in some instances makes it impossible for Users to have received them by 31st March. NGC therefore believes that a paragraph should be introduced into the CUSC stating that NGC should produce Generation Reconciliation Statements and send them to Users by 30th April in each Financial Year. This would again allow NGC a clear month in which to calculate the reconciliation charges.

4.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

- 4.1 Introducing this paragraph into the CUSC will enable National Grid to more easily and efficiently discharge its obligations under the Act and the Transmission Licence and fulfil its obligations to facilitate competition in the generation and supply of electricity.

5.0 IMPLEMENTATION AND TIMESCALES

- 5.1 It proposed that implementation takes place with effect from 10 days after the Authority's decision. We would highlight that we do not believe it would be possible for the Authority to approve CAP072 and CAP074 out of sequence. However, it would be possible for a negative decision on CAP072 to follow a positive decision out of sequence.

6.0 INITIAL VIEW OF AMENDMENTS PANEL

- 6.1 The Panel considered CAP074 at its meeting on 25th June 2004 and agreed that National Grid should proceed to industry consultation on CAP074.

7.0 INITIAL VIEW OF NATIONAL GRID

- 7.1 National Grid proposed CAP074 and believes that it will better facilitate achievement of the Applicable CUSC Objectives.

8.0 VIEWS INVITED

- 8.1 National Grid is seeking the views of interested parties in relation to the issues raised by Amendment Proposal CAP074 and issues arising from the proposed timescale for implementation of CAP074.

8.2 Please send your responses to this consultation to National Grid by no later than close of business on 30th July 2004.

8.3 Please address all comments to the following e-mail address:

Lindsey.Paradine@ngtuk.com

Or alternatively, comments may be addressed to:

Lindsey Paradine
Commercial
National Grid Company plc
National Grid House
Kirby Corner Road
Coventry
CV4 8JY

Annex 1 - Proposed Text to Modify CUSC

Part A - Text to give effect to the Proposed Amendment

For the avoidance of doubt, text to be added is shown in colour and underlined. Text to be removed is shown in colour and strike-out. The wording of both versions of legal text is consistent with the wording in the surrounding paragraphs. The relevant Financial Year referred to is the preceding Financial Year, as stated in paragraph 3.13.1.

Text of Paragraph 3.13.2 for insertion in to the CUSC if CAP072 is rejected before CAP074 consideration.

Following the insertion of the Paragraph below all consequential Paragraphs and references contained therein will be re-numbered accordingly as follows:

Existing Paragraph	New Paragraph Number
3.13.2	3.13.3
3.13.3	3.13.4
3.13.4	3.13.5
3.13.5	3.13.6
3.13.6	3.13.7
3.13.7	3.13.8

Reference in the existing Paragraph 3.13.2 to Paragraph 3.13.6 will become a reference to Paragraph 3.13.7.

Reference in the existing Paragraph 3.13.4 to Paragraph 3.13.6 will become a reference to Paragraph 3.13.7.

References in the existing Paragraph 3.13.5 (a) to Paragraphs 3.13.3 and 3.13.5 will become references to Paragraphs 3.13.4 and 3.13.6 respectively.

Reference in the existing Paragraph 3.13.6 (a) (i) to Paragraph 3.13.4 will become a reference to Paragraph 3.13.5.

Reference in the existing Paragraph 3.13.6 (a) (iii) to Paragraph 3.13.6 will become a reference to Paragraph 3.13.7.

Reference in the existing Paragraph 3.13.6 (b) to Paragraph 3.13.6 will become a reference to Paragraph 3.13.7.

Generation Reconciliation Statement

3.13.2 As soon as reasonably practicable and in any event by 30 April in each Financial Year, NGC shall prepare a generation reconciliation statement (the "Generation Reconciliation Statement") in respect of generation related Transmission Network Use of System Charges and send it to the User. Such statement shall specify the Actual Amount and the Notional Amount of generation related Transmission Network Use of System Charges for each month during the relevant Financial Year and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.

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Text of Paragraph 3.13.2 for insertion into the CUSC if CAP072 is approved before CAP074 consideration

| Generation Reconciliation [Statement](#)

| 3.13.2. As soon as reasonably practicable and in any event by ~~31 March~~ [30 April](#) in each **Financial Year**, **NGC** shall prepare a generation reconciliation statement (the “**Generation Reconciliation Statement**”) in respect of generation related **Transmission Network Use of System Charges** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of generation related **Transmission Network Use of System Charges** for each month during the **relevant Financial Year** and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.

Annex 2 – CUSC Amendment Proposal Form

CUSC Amendment Proposal Form	CAP: 074
Title of Amendment Proposal:	
Generation Reconciliation Statements – Date Change	
Description of the Proposed Amendment (<i>mandatory by proposer</i>):	
<p>NGC produces Generation Reconciliation Statements in respect of generation related Transmission Network Use of System (TNUoS) Charges to be sent to Users on an annual basis. Previous versions of the CUSC have, in Paragraph 3.12.2 required NGC to produce these by 31st March. This paragraph was erroneously deleted by CAP065, but its reinstatement is proposed by CAP072. However, as a consequence of CAP043, NGC is proposing the introduction of a paragraph (to be numbered 3.13.2, following the implementation of CAP055) that would require NGC to produce Generation Reconciliation Statements by 30th April.</p>	
Description of Issue or Defect that Proposed Amendment seeks to Address (<i>mandatory by proposer</i>):	
<p>Prior to CAP043, User’s annual TNUoS generation liabilities were incurred up to 28th February, giving NGC a clear month to calculate reconciliation amounts. One effect of CAP043 was to extend the period in which liabilities could be incurred to 31st March. Generators with offers for increased TEC can sign these right up until the end of the Financial Year. This means that, in some situations, calculating reconciliation charges and sending these to Users by 31st March may now prove exceptionally difficult, if not impossible. NGC therefore believes that a paragraph should be introduced into the CUSC stating that NGC should produce Generation Reconciliation Statements and send them to Users by 30th April. This would again give a NGC a clear month to calculate reconciliation charges.</p>	
Impact on the CUSC (<i>this should be given where possible</i>):	
<p>CAP074 is interactive with CAP072. The Authority should therefore consider its decision on CAP072 before CAP074. If CAP072 is rejected, CAP074 will add a new paragraph 3.13.2 to the CUSC with consequential re-numbering of subsequent paragraphs. If CAP072 is approved then only the date in 3.13.2 needs to be changed to implement CAP074. Indicative legal text covering these eventualities is provided.</p>	
Impact on Core Industry Documentation (<i>this should be given where possible</i>):	
None.	
Impact on Computer Systems and Processes used by CUSC Parties (<i>this should be given where possible</i>):	
None.	
Details of any Related Modifications to Other Industry Codes (<i>where known</i>):	
CAP072 – Generation Reconciliation Statements	
Justification for Proposed Amendment with Reference to Applicable CUSC Objectives** (<i>mandatory</i>)	

by proposer):

Introducing this paragraph into the CUSC will enable National Grid to more easily and Efficiently discharge its obligations under the Act and the Transmission Licence and fulfil its Obligations to facilitate competition in the generation and supply of electricity.

Details of Proposer: Organisation's Name:	The National Grid Company plc
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:	Andrew Truswell National Grid Company plc 01926 656388 andrew.truswell@ngtuk.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Ben Graff National Grid Company plc 01926 656312 ben.graff@ngtuk.com
Attachments (Yes/No): Yes If Yes, Title and No. of pages of each Attachment: Text of proposed Paragraph 3.13.2 if CAP072 is rejected or amendment of date in 3.13.2 if CAP072 is approved. (2 pages)	

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:

Richard Dunn
Panel Secretary
Commercial Frameworks
National Grid Company plc
NGT House

Warwick Technology Park
Gallows Hill
Warwick, CV34 6DA
Or via e-mail to: CUSC.Team@uk.ngrid.com

(Participants submitting this form by email will need to send a statement to the effect that the proposer acknowledges that on acceptance of the proposal for consideration by the Amendments Panel, a proposer which is not a CUSC Party shall grant a licence in accordance with Paragraph 8.15.7 of the CUSC. A Proposer that is a CUSC Party shall be deemed to have granted this Licence).

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.

Text of Paragraph 3.13.2 for insertion into the CUSC if CAP072 is rejected before CAP074 consideration

Following the insertion of the Paragraph below all consequential Paragraphs and references contained therein will be re-numbered accordingly as follows:

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Reference in the existing Paragraph 3.13.6 (b) to Paragraph 3.13.6 will become a reference to Paragraph 3.13.7

Generation Reconciliation Statement

3.13.2 As soon as reasonably practicable and in any event by 30 April in each Financial Year NGC shall prepare a generation reconciliation statement (the "Generation Reconciliation Statement") in respect of generation related Transmission Network Use of System Charges and send it to the User. Such statement shall specify the Actual Amount and the Notional Amount of generation related Transmission Network Use of System Charges for each month during the relevant Financial Year and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.

Text of Paragraph 3.13.2 for insertion into the CUSC if CAP072 is approved before CAP074 consideration

Generation Reconciliation [Statement](#)

3.13.2 As soon as reasonably practicable and in any event by ~~31 March~~ 30 April in each **Financial Year** **NGC** shall prepare a generation reconciliation statement (the "**Generation Reconciliation Statement**") in respect of generation related **Transmission Network Use of System Charges** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of generation related **Transmission Network Use of System Charges** for each month during the relevant **Financial Year** and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.