



Direct Dial: 020-7901-7435

23 December 2003

The National Grid Company, CUSC Signatories and
Other Interested Parties

Your Ref: CAP061
Our Ref: IND/COD/CUSC/CAP061

Dear Colleague,

Amendment to the Connection and Use of System Code ("CUSC") - Decision and Direction in relation to Proposed Amendment CAP061: "Addition of missing detail in Exhibit F, Note 10".

The Gas and Electricity Markets Authority (the "Authority"¹) has carefully considered the issues raised in the Amendment Report² in respect of Proposed Amendment CAP061 "Addition of missing detail in Exhibit F, Note 10".

The National Grid Company plc ("NGC") recommended to the Authority that Proposed Amendment CAP061 should not be approved.

The Authority has decided not to direct a modification to the CUSC.

This letter explains the background to Proposed Amendment CAP061, as set out in the Amendment Report, and sets out the Authority's reasons for its decision.

Background

Proposed Amendment CAP061 was raised by NGC and submitted for consideration at the CUSC Panel Meeting on 18 September 2003. At the meeting the Amendments Panel determined that the Proposed Amendment should proceed to wider consultation. A consultation paper was issued on 3 October 2003 with responses invited by 24 October 2003. The final Amendment Report was submitted to the Authority on 7 November 2003.

¹ Ofgem is the office of the Authority. The terms "Ofgem" and "the Authority" are used interchangeably in this letter.

² CAPs056-066 Amendment Report dated 7 November 2003.

The Proposed Amendment

CAP061 seeks to add the title of the relevant person (the CUSC Panel Secretary) at Exhibit F, Note 10 of the CUSC.

The Proposer considered that Proposed Amendment CAP061 would better facilitate achievement of the Applicable CUSC Objective C7F.1(a) for the efficient discharge by NGC of the obligations imposed upon it under the Act and by its Transmission Licence³. The Proposer considered that Proposed Amendment CAP061 would improve efficiency in the Amendment Procedures themselves in order to provide clarity in the process of review.

Respondents' views

NGC issued a consultation paper on October 2003 inviting views from CUSC Parties and interested parties.

The respondents' views are summarised and contained in the Amendment Report in respect of Proposed Amendment CAP061.

Amendments Panel Members' views

Two responses were received in response to the consultation relating to CAPs056-066. One of these responses related to Proposed Amendment CAP061.

The respondent believed that this Amendment Proposal was not necessary given the close relationship with Proposed Amendment CAP062.

NGC's recommendation

NGC recommended to the Authority that CAP061 be rejected as the inclusion of a reference to the CUSC Panel Secretary contained within Proposed Amendment CAP062 makes this obsolete. NGC are of the opinion that to accept CAP061 would result in unnecessary duplication and possible confusion that would not better facilitate the achievement of the Applicable CUSC Objectives.

³ The Applicable CUSC Objectives are contained in Standard Condition C7F of the licence to transmit electricity treated as granted to NGC under Section 6 of the Electricity Act 1989 as amended (the "Transmission Licence") and are:

- (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and
- (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.

Ofgem's view

Having had regard to its statutory duties, the Applicable CUSC Objectives and the consultation responses, Ofgem agrees with NGC that Proposed Amendment CAP061 would not better facilitate achievement of the Applicable CUSC Objective C7F.1(a) for the efficient discharge by NGC of the obligations imposed upon it under the Act and by its Transmission Licence.

It is the considered view of the Authority that Proposed Amendment CAP061 does not add any material value to the achievement of the Applicable CUSC Objectives.

The Authority's Decision

The Authority has therefore decided not to direct a modification to the CUSC as set out in the Amendment Report.

Direction Under Condition C7F.7(a) of NGC's Transmission Licence

Having regard to the above, the Authority, in accordance with Condition C7F.7(a) of the licence to transmit electricity treated as granted to NGC under Section 6 of the Electricity Act 1989 as amended (the "Transmission Licence"), hereby directs NGC not to modify the CUSC, as set out in the Amendment Report.

In accordance with Condition C7F.7(b) of NGC's Transmission Licence, NGC shall not modify the CUSC in accordance with this direction of the Authority.

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the above number.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. N. Simpson', written over a horizontal line.

Nick Simpson
Director of Industry Codes Development

Signed on behalf of the Authority and authorised for that purpose by the Authority