



National Grid

CONSULTATION DOCUMENT

CUSC Amendment Proposal CAP052

Removal of Land Charges

The purpose of this document is to consult on Amendment Proposal CAP 052 with CUSC Parties and other interested Industry members

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|---------------|----------------|
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| Prepared by | National Grid |

I DOCUMENT CONTROL**a National Grid Document Control**

| Version | Date | Author | Change Reference |
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| 0.1 | 1/10/03 | National Grid | Initial Draft for internal comment |
| 1.0 | 3/10/03 | 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 |
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1.0 SUMMARY

- 1.1 CUSC Amendment Proposal CAP052 was proposed by National Grid and submitted to the Amendments Panel for consideration at their meeting on 26th September 2003. The Amendments Panel determined that the Amendment Proposals should go straight to wider industry consultation.
- 1.2 CAP052 has been put forward as consequential change to the CUSC, required by Charging Modification Proposal CCM-M-07 (if approved). It proposes to remove text relating to land charges in the CUSC, as given the implementation of CCM-M-07 land charges will no longer be charged as an element of users' connection charges. This will ensure that the CUSC is in alignment with the Statement of the Connection Charging Methodology.
- 1.3 This document initiates the wider industry consultation process and invites views on CUSC Amendment Proposal CAP052. The consultation closing date is **31st October 2003**.

2.0 INTRODUCTION

- 2.1 This consultation document is 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 This document outlines the nature of the CUSC changes that are proposed and seeks views from industry members relating to Amendment Proposal CAP052. 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.
- 2.3 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>, along with the Amendment Proposals.

3.0 THE AMENDMENT PROPOSAL

- 3.1 As a consequence of CCM-M-07, CAP052 proposes to remove text relating to levying of land charges to users within their connection charges.
- 3.2 An amended definition of "Land Charge" will remain in the CUSC for the time being for practical reasons. Specifically, it avoids the need to vary the Bilateral Connection Agreements which reference land charges before April 2004, which might jeopardise the required implementation timescales (see Section 4.0 below). However, none of the revised Appendix B's issued in January 2004 for users' Bilateral Connection Agreements will contain a reference to land charges and so practically no charge will or can be levied. In addition, once CAP052 is approved by the Authority and implemented, notwithstanding the retention of the definition of land charges in the CUSC, such charges could only be re-introduced by amending the charging statements and the CUSC to provide for this.
- 3.3 National Grid will seek to remove any references to land charges in the individual Bilateral Connection Agreements at the earliest opportunity.

- 3.4 The draft revision/removal of text to give effect to CAP052 is contained in Annex 1.

4.0 IMPLEMENTATION AND TIMESCALES

- 4.1 CAP052 is a consequential change arising from the potential implementation of CCM-M-07 and as such has to be in place at the same time as the change envisaged by CCM-M-07 is implemented. There is no material impact on users. CCM-M-07 has been proposed for implementation as of April 2004, but due to charge setting timescales it should be known in November whether CCM-M-07 has been vetoed by the Authority. If CCM-M-07 has not been approved prior to 1 April 2004 this modification will be redundant.

5.0 INITIAL VIEW OF AMENDMENTS PANEL

- 5.1 The Amendments Panel members determined that CAP052 be subject to wider consultation to seek industry views on the Amendment Proposal and whether such an amendments of the CUSC would better facilitate the achievement of the Applicable CUSC Objectives.

6.0 INITIAL VIEW OF NATIONAL GRID

- 6.1 National Grid believes that the implementation of CAP052 would enable National Grid to discharge its obligations more efficiently under the Transmission Licence by ensuring consistency between the CUSC and the Charging Methodologies.

7.0 VIEWS INVITED

- 7.1 National Grid is seeking the views of interested parties in relation to the issues raised by Amendment Proposal CAP052 and any issues associated with the proposed timing for implementation.
- 7.2 Please send your responses to this consultation to National Grid by no later than close of business on **Friday 31st October 2003**.
- 7.3 Please address all comments to the following e-mail address:

Richard.Lavender@ngtuk.com

Or alternatively, comments may be addressed to:

Richard Lavender
Commercial Frameworks
National Grid Company plc
National Grid Transco House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Annex 1 - Proposed Text to Modify CUSC

AMENDMENTS TO MAIN CUSC TEXT

1. Paragraph 2.14.5 shall be deleted and the remaining sub clauses in Paragraph 2.14 renumbered accordingly.

2. The words “(including the Land Charge)” shall be deleted from Paragraph 2.14.6 as follows:

“2.14.6 The **Connection Charges** ~~(including the Land Charge)~~ shall be paid as specified in paragraph 6.6.1(a) and shall be treated as a recurrent monthly payment.”

3. The words “(including the Land Charge)” shall be deleted from Paragraph 2.14.8 as follows:

“2.14.8 The **Connection Charges** ~~(including the Land Charge)~~ in the **Financial Year** in which the relevant date for charging set out in the relevant **Bilateral Connection Agreement** occurs shall be apportioned as follows:-

For each complete calendar month from that date to the end of the **Financial Year** in which the date occurs the **User** shall be liable to pay one twelfth of the **Connection Charges** and for each part of a calendar month the **User** shall be liable to pay to **NGC** one twelfth of the **Connection Charges** ~~(including the Land Charge)~~ prorated by a factor determined by the number of days for which the **User** is liable divided by the total number of days in such calendar month.”

4. Paragraph 9.9.5 shall be deleted and the remaining sub clauses in Paragraph 9.9 renumbered accordingly.

5. The words “(including the Land Charge)” shall be deleted from Paragraph 9.9.6 as follows:

“9.9.6 Payment

The **Connection Charges** ~~(including the Land Charge)~~ in the **Financial Year** in which the **Charging Date** occurs shall be apportioned as follows:-

For each complete calendar month from **Charging Date** to the end of the **Financial Year** in which the **Charging Date** occurs the **User** shall be liable to pay one twelfth of the **Connection Charges** and for each part of a calendar month the **User** shall be liable to pay to **NGC** one twelfth of the **Connection Charges** ~~(including the Land Charge)~~ prorated by a factor determined by the number of days for which the

User is liable divided by the total number of days in such calendar month.”

6. The Definition of **Connection Charges** shall be amended as follows:

“Connection Charges”

charges made or levied or to be made or levied for the carrying out (whether before or after the date on which the **Transmission Licence** comes into force) of works and provision and installation of electrical plant, electric lines and ancillary meters in constructing entry and exit points on the **NGC Transmission System**, together with charges in respect of maintenance and repair of such items in so far as not otherwise recoverable as **Use of System Charges**, all as more fully described in the **Transmission Licence**, whether or not such charges are annualised, including all charges provided for in the statement of **Connection Charging Methodology** (such as **Termination Amounts** ~~and~~, **One-off Charges** ~~and~~ **Land Charges**);

7. The definition of **Forecast Land Charge** shall be deleted.
8. The definition of **Land Charge Base Amount** shall be deleted.
9. The definition of **Land Charge** shall be amended as follows:

“Land Charge”

~~the amount calculated in accordance with the provisions of Paragraph 2.14.5 the charge (if any) set out in Appendix B to a **Bilateral Connection Agreement**;~~

AMENDMENTS TO SCHEDULE 2 EXHIBIT 1: BILATERAL CONNECTION AGREEMENT

10. The words “and Land Charges” shall be deleted from Clause 4 as follows:

“4 CONNECTION CHARGES

The **Connection Charges** payable by the **User** in accordance with the **CUSC** in respect of **NGC Assets** set out in Appendix A [(including the

One-Off Charge ~~and Land Charges~~] are set out in Appendix B. These **Connection Charges** shall be payable by the **User** from the **[CUSC Implementation Date]** [or] **[Charging Date.]**”

11. Appendix B Part 4 shall be deleted and the remaining parts in Appendix B renumbered accordingly.

AMENDMENTS TO SCHEDULE 2 EXHIBIT 3: CONSTRUCTION AGREEMENT

12. The words “upon which a land charge is payable” shall be deleted from Clause 2.4.1 as follows:

“2.4.1 The **User** shall be liable to pay to **NGC**:-

- (a) all **NGC's Engineering Charges** accrued; and
- (b) proper and reasonable out-of-pocket expenses incurred and/or paid or which **NGC** is legally bound to incur or pay

in seeking and obtaining the **Consents** the subject of Clause 2.2 of this **Construction Agreement** excluding any costs associated with the **Seven Year Statement Works** and the works specified in Part 2 of Appendix H.

The **User** acknowledges these out of pocket ancillary expenses may include planning inquiries or appeals and the capital costs together with reasonable legal and surveyors costs of landowners or occupiers in acquiring permanent easements in respect of any electric line or underground cable forming part of the **NGC Asset Works**. This sum shall not include any capital costs incurred by **NGC** in the acquisition by it of the freehold of any land ~~upon which a land charge is payable~~. **NGC** shall keep the **User** informed of the level of such charges and expenses being incurred. The **User** shall pay such sums within 28 (twenty eight) days of the date of **NGC's** invoice therefor.”

13. The words “and Land Charges” shall be deleted from Clause 2.11 and the Clause amended as follows:

“2.11 If at any time prior to the **Completion Date** it is necessary for **NGC** or **NGC** in its reasonable discretion wishes to make any addition to or omission from or amendment to the **NGC Asset Works** and/or **NGC Reinforcement Works** and/or the **One Off Works** and/or the **Third Party Works** **NGC** shall notify the **User** in writing of such addition, omission or amendment and Appendices [B1 (One Off Works), G (**NGC Asset Works**) H (**NGC Reinforcement Works**) and N (**Third Party Works**)] to this **Construction Agreement** and consequently Appendices [A (**NGC Assets**) and B (**Connection Charges ~~and~~ One Off Charges ~~and Land Charges~~**)] to the associated **Bilateral**

Connection Agreement shall be automatically amended to reflect the change.