



National Grid

AMENDMENT REPORT

CUSC Proposed Amendment CAP052

Removal of Land Charges

The purpose of this report is to assist the Authority in their decision of whether to implement Amendment Proposal CAP052

Amendment Ref	CAP052
Issue	1.0
Date of Issue	14 November 2003
Prepared by	National Grid

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

Version	Date	Author	Change Reference
0.1		National Grid	Draft for internal comment
0.2	7/11/03	National Grid	Draft for Industry comment
1.0	14/11/03	National Grid	Formal version for submission to the Authority

b Document Location

Nation Grid Website:

<http://www.nationalgrid.com/uk/indinfo/cusc>

c Distribution

Name	Organisation
The Gas and Electricity Markets Authority	Ofgem
CUSC Parties	Various
Panel Members	Various
National Grid Industry Information Website	

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1.0 SUMMARY AND RECOMMENDATION

- 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. The period of industry consultation closed on Friday 31st October 2003.
- 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 National Grid received four responses to the CAP052 consultation document three respondents supported the proposed amendment. The fourth respondent made no comment on CAP052, however, they re-iterated their opposition for the corresponding charging modification proposal CCM-M-07.

National Grid Recommendation

- 1.4 National Grid recommends that CAP052 be approved if CCM-M-07 is implemented.
- 1.5 It is recommended that the CUSC be modified in line with this proposal at the same time Charging Modification CCM-M-07 is implemented.

2.0 PURPOSE AND SCOPE OF THE REPORT

- 2.1 This Amendment Report has been prepared and 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. It addresses issues relating to changes to the CUSC proposed in Amendment Proposal CAP052.
- 2.2 Further to the submission of Amendment Proposal CAP052 (see Annex 1) and the subsequent wider industry consultation that was undertaken by National Grid, this document is addressed and furnished to the Gas and Electricity Markets Authority ("the Authority") in order to assist them in their decision whether to implement Amendment Proposal CAP052.
- 2.3 This document outlines the nature of the CUSC changes that are proposed. It incorporates National Grid's recommendations to the Authority concerning the Amendment. Copies of all representations received in response to the consultation have been also been included and a 'summary' of the representations received is also provided. Copies of each of the responses to the consultation are included as Annex 3 to this document.
- 2.4 This Amendment Report 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>

3.0 THE PROPOSED AMENDMENT

- 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 However, an amended definition of "Land Charge" will remain in the CUSC for the time being for practical reasons. Specifically, retaining an amended definition 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 amended definition of land charge that will remain 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 in due course.

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, and will need to be rejected.

5.0 IMPACT ON THE CUSC

- 5.1 The text required to give effect to the Proposed Amendment is contained as Annex 2 of this document.

6.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

- 6.1 Amendment of the CUSC on the basis of the consequential amendments represented by CAP052 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 IMPACT ON CUSC PARTIES

- 7.1 No impact has been identified on CUSC Parties from the Proposed Amendment detailed in this document.

8.0 IMPACT ON CORE INDUSTRY DOCUMENTS

- 8.1 The Proposed Amendment will have no impact on Core Industry documents or other Industry documentation.

9.0 VIEWS AND REPRESENTATIONS

- 9.1 This Section contains a summary of the views and representations made by consultees during the consultation period in respect of the Proposed Amendment to the CUSC.

Views of Panel Members

- 9.2 No formal responses have been submitted during the consultation by members of the Amendments Panel.

View of Core Industry Document Owners

- 9.3 No responses have been received from Core Industry Document Owners noting any impact of CAP052 on Core Industry Documents.

Responses to Consultation

- 9.4 The following table provides an overview of the representations received. Copies of the representations are attached as Annex 3.

Reference	Company	Supportive	Comments
CAP052-CR-01	British Energy	Yes	Agrees that amendment is necessary if CCM-M-07 is approved
CAP052-CR-02	British Gas Trading	No	No Comment
CAP052-CR-03	EDF Energy	Yes	Supports CAP052
CAP052-CR-04	Powergen	Yes	Supports CAP052

- 9.5 The respondent in CAP052-CR-01 agrees that the amendment will have the effect required to bring the CUSC in line with the change made in charging modification proposal CCM-M-07.
- 9.6 The respondent in CAP052-CR-02 makes no comment on CAP052, however they re-iterate their opposition for CCM-M-07.
- 9.7 The respondent in CAP052-CR-03 supports the implementation of CAP052 in conjunction with the charging modification CCM-M-07 as it would ensure consistency between the CUSC and the Charging Methodology and therefore enable National Grid to discharge its Transmission Licence obligations more efficiently.
- 9.8 The respondent in CAP052-CR-04 supports CAP052.

10.0 NATIONAL GRID RECOMMENDATION

- 10.1 National Grid agrees with the respondents to the consultation that the CUSC amendment proposed by CAP052 will bring the CUSC in line with Charging Methodology Proposal CCM-M-07 and therefore will better facilitate achievement of the Applicable CUSC Objectives. National Grid therefore recommends approval of this proposal if CCM-M-07 is implemented.

Annex 1 - Amendment Proposal Form

CUSC Amendment Proposal Form	CAP052
Title of Amendment Proposal: "Removal of Land Charges"	
Description of the Proposed Amendment (mandatory by proposer): The removal of text relating to land charges in the CUSC as a consequence of (if approved) Charging Modification Proposal CCM-M-07.	
Description of Issue or Defect that Proposed Amendment seeks to Address (mandatory by proposer): Charging Modification Proposal CCM-M-07 removes land charges from user's connection charges. As a consequence of this (if approved), the text relating to land charges in the CUSC will need to be removed so that there is consistency between the Charging Statements and the CUSC, and that National Grid is charging in accordance with the Charging Statements.	
Impact on the CUSC (this should be given where possible): Removal of land charges related text from Sections 2 , 9 and 11 of the CUSC (although it will be necessary to retain a definition of land charge to avoid the need to vary all the signed bilateral connection agreements), Clause 4 of Schedule 2 Exhibit 1 (the pro forma Bilateral Connection Agreement) and Clause 2 of Schedule 2 Exhibit 3 (the pro forma Construction Agreement).	
Impact on Core Industry Documentation (this should be given where possible): None	
Impact on Computer Systems and Processes used by CUSC Parties (this should be given where possible): None	
Details of any Related Modifications to Other Industry Codes (where known): None to Codes but this is a consequence and therefore dependent on the proposed modification to the Charging statements (CCM-M-07) as highlighted above, which revises the definition of connection boundary, removes land charges, makes Type B termination charges obsolete and revises the calculation of site specific maintenance charges.	
Justification for Proposed Amendment with Reference to Applicable CUSC Objectives** (mandatory by proposer): The modification will enable the efficient discharge by National Grid of its obligations under its licence by ensuring that the contractual provisions in the CUSC are consistent with the Charging Statements.	

Details of Proposer: Organisation's Name:	Stuart Easterbrook, 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:	Stuart Easterbrook National Grid Company plc 01926 656 213 stuart.easterbrook@ngtuk.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Richard Lavender National Grid Company plc 01926 656 447 richard.lavender@ngtuk.com
Attachments (Yes/No): No If Yes, Title and No. of pages of each Attachment: n/a	

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 Development
National Grid Company plc
National Grid House
Kirby Corner Road
Coventry, CV4 8JY
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.

Annex 2 – Proposed Text to modify CUSC

Part A - Text to give effect to the Proposed Amendment

Conformed Version

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.

Clean Version

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** 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** 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** 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** 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** 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**);*

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 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**)] 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 . **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**)] to the associated **Bilateral Connection Agreement** shall be automatically amended to reflect the change.

Annex 3 – Copies of Representations Received to Consultation

This Annex includes copies of any representations received following circulation of the Consultation Document (circulated on Friday 3rd October, requesting comments by close of business on Friday 31st October).

Representations were received from the following parties:

No.	Company	File Number
1	British Energy	CAP052-CR-01
2	British Gas Trading	CAP052-CR-02
3	EDF Energy	CAP052-CR-03
4	Powergen	CAP052-CR-04

Reference	CAP052-CR-01
Company	British Energy



20th October 2003

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

Dear Richard,

CUSC Consultation Document CAP 052:
Removal of Land Charges

Thank you for the opportunity to comment on the above Amendment Proposal.

In consideration of the above CAP, British Energy advises that it agrees that the implementation will have the effect required to bring the CUSC in line with the change made in the Charging Modification proposal CCM-M-07.

We have already responded to the consultation regarding CCM-M-07. This response is in no way superceding that document.

If you have any queries associated with this response, please do not hesitate to contact me to discuss further

Yours faithfully,

Gayle Cairns

Trading Consultant
Market Development
Power & Energy Trading

British Energy plc Barnett Way Barnwood Gloucester GL4 3RS

Telephone 01452 652222 Facsimile 01452 653246
Registered at 3 Redwood Crescent Peel Park East Kilbride G74 5PR Registered Number 162273

Reference	CAP052-CR-02
Company	British Gas Trading



Please reply to:

Charter Court
50 Windsor Road
Slough
Berkshire
SL1 2HA

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

Tel. (01753) 758052
Fax (01753) 758137

31st October 2003

Dear Richard,

CUSC Amendment Proposals CAP052, CAP053 & CAP054

British Gas Trading (BGT) welcomes the opportunity to provide comments to NGT on the above proposals.

Notwithstanding that we do not support NGC's proposed modification to its methodology statement (CCM-M-07) which results in the first two of these amendments being raised, we wish to raise the following issues to NGT regarding the amendments:

CAP052 - Removal of Land Charges

No Comments

CAP053 Reconciliation of Site Specific Maintenance Charges

No comments

CAP054 Introduction of Year Round Charges

In principle we are supportive of this proposal as we believe that this should ensure that peaking plant is available across the highest demand periods of Winter and thus are more correctly charged. However, we are concerned at the lack of detail as to the notional payments. Without this information it is unclear whether the proposal that the suggested notional amount for the Year Round Generation Charge will be based on TEC is the most appropriate. This basis would we believe only be correct for base load generators that run at TEC. It would appear that using this as the basis of the notional charge could therefore greatly overestimate the Year Round Charge for

the vast majority of generators and result in overpayments being made to NGC. Alternative bases should therefore be considered before any decision is made. The final outcome should then be reflected in the CUSC drafting.

I hope these comments have been of use and please contact me if you require any further clarification.

Yours sincerely,

Sarah Owen
Commercial Manager
British Gas Trading

Reference	CAP052-CR-03
Company	EDF Energy

**Our Ref
Your**

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



Date 31 October 2003

Dear Richard,

**EDF Energy Response to CUSC Amendment Proposal CAP052 –
“Removal of Land Charges”**

Thank you for giving EDF Energy the opportunity to respond to this CUSC Amendment Proposal 052 “Removal of Land Charges”.

EDF Energy supports the proposed change to the connection charging methodology, CCM-M-07, which includes changes to Land Charges, as it removes the inconsistency between pre-vesting and post-vesting Land Charges and thereby better facilitates competition in the generation and supply of electricity.

EDF Energy also support the implementation of CAP052 in conjunction with charging modification CCM-M-07 as it would ensure consistency between the CUSC and the Charging Methodology and therefore enable National Grid to discharge its Transmission Licence obligations more efficiently.

We hope our comments have been useful in helping Ofgem assess the merits of this proposal but please contact me if you would like to discuss further.

Regards

Russell Hill
Regulation and Market Infrastructure
EDF Energy

EDF Energy plc
Registered in England and Wales
Registered No. 2366582
Registered Office:
40 Grosvenor Place Victoria
London SW1X 7EN

40 Grosvenor Place Victoria London SW1X 7EN

www.edfenergy.com

Reference	CAP052-CR-03
Company	Powergen

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



31 October, 2003

Dear Richard

CUSC amendment proposals CAP052, CAP053 and CAP054

Powergen support CAP052 "Removal of Land Charges" and CAP053 "Reconciliation of Site Specific Maintenance Charge". However, we do not support proposal CAP054 "Introduction of Year Round Charges" as we believe that that the charging methodology modification to which it relates, UoSCM-M-11, should not be implemented.

We understand why Users would wish to see a commodity based use of system charge, so that they have the flexibility to avoid charges if they are generating or taking demand for only part of the year. However, the proposal in UoSCM-M-11 does not provide this flexibility for two reasons:

- 1) Only 10 percent of costs would be recovered on this basis, meaning that Users would still be exposed to a capacity based charge for the vast majority of cost.
- 2) The commodity element of the charge is further limited as it is only recovered over half of the day.

The fact that the charge is recovered over only half of the day provides Users with an additional problem in that it makes pricing customer contracts and costing generation capacity more complicated. If UoSCM-M-11 is implemented, then suppliers and generators will have to estimate the demand their

customers will be taking and the output from their stations between the hours of 7hrs and 19hrs. This will be in addition to the work that they presently carry out to estimate their triad demand, their NHH demand between 16hrs and 19hrs and the likely load factor of their generation plant. As mentioned above, it is not clear what benefit they will accrue in return for this increase in complexity. A simple, 24 hour, year round commodity charge would simplify matters as the charge per unit could be simply added to the energy price being costed. No assumptions on load factor or pattern of demand or output would need to be made for this element.

The implementation of CAP054 and UoSCM-M-11 would result in a more complicated charging structure which provides no additional benefit over the present methodology. The changes therefore cannot be beneficial to competition in supply or generation.

I hope the above comments prove helpful.

Yours sincerely,

Paul Jones
Trading Arrangements