



**National Grid**

## **CONSULTATION DOCUMENT**

### **CUSC Amendment Proposal CAP051**

#### **Initiation of the Amendment Procedures by the Amendments Panel**

*The purpose of this document is to  
consult on Amendment Proposal CAP051  
with CUSC Parties and other interested  
Industry members*

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

Version	Date	Author	Change Reference
0.1	01/8/03	National Grid	Initial Draft for internal comment
0.2	4/8/03	National Grid	Draft incorporating internal comments
1.0	7/8/03	National Grid	Final version for release

**b Document Location**

National Grid website:

[http://www.nationalgridinfo.co.uk/cusc/mn\\_consultation\\_index.html](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 CAP051 was proposed by National Grid and submitted to the Amendments Panel for consideration at their meeting on 16<sup>th</sup> May 2003. The Amendments Panel determined that CAP051 should be considered by the Governance Standing Group acting as a Working Group and that the Group should report back to the Panel meeting scheduled for 25<sup>th</sup> July 2003. The Working Group considered the Amendment Proposals by way of correspondence as agreed at the Panel meeting on 16<sup>th</sup> May 2003 with the Chairman deciding if a meeting of the Group was necessary.
- 1.2 There were no comments on the indicative legal drafting for CAP051 during this consideration. However two Working Group Members indicated that they did not believe there was a need for either CAP051. Two Members of the Working Group had concerns about the efficiency of the modus operandi of the Group (essentially proceeding via e-mail correspondence with no meetings) to the extent that they could not support the Report. The Chairman recommended on behalf of the Working Group that CAP051 should go to wider Industry consultation following the Panel meeting on 25<sup>th</sup> July.
- 1.3 This document initiates the wider industry consultation process and invites views on CUSC Amendment Proposal CAP051. The consultation closing date is **5<sup>th</sup> September 2003**.

## 2.0 INTRODUCTION AND BACKGROUND

- 2.1 CAP051 seeks to clarify the process for the review of an amendment made to the CUSC under section 8.23.5 where such a review is deemed necessary by the Amendments Panel. The proposed amendment makes clear that the Amendments Panel should establish a Standing Group (or use an appropriate existing Standing Group) as a body to consider whether another solution might better facilitate the Applicable CUSC Objectives in respect of the subject matter of the original amendment.
- 2.2 Section 8.23.5 of CUSC states:  
*“If an amendment is made to the CUSC in accordance with the Transmission Licence but other than pursuant to the other Amendment Procedures in this Section 8, the Amendments Panel may, following such amendment, initiate the Amendment Procedures in order to consider whether any Alternative Amendment could better facilitate achieving the Applicable CUSC Objectives in respect of the subject matter of the original amendment.”*
- 2.3 At present the CUSC is unclear as to how the Amendments Panel should initiate the Amendment Procedures. Paragraph 8.15.1 of the CUSC refers to the Amendments Panel submitting an Amendment Proposal under Paragraphs 8.21.8 and 8.23.5. However because an amendment to CUSC has been implemented it is likely that the issue/defect with which it was dealing will have been remedied. It is therefore unclear what information could be included in an Amendment Proposal submitted by the Panel under Paragraphs 8.23.5 to satisfy the mandatory requirement to describe the issue/defect that the Proposed Amendment seeks to address.
- 2.4 This proposal provides for a Standing Group to be actioned to review the issues surrounding an amendment implemented under 8.23.5 of the CUSC. If that Standing Group determines that a defect remains and that an alternative approach is considered to be likely to better facilitate the

Applicable CUSC Objectives, then the way would be clear for a CUSC party (or the Panel acting under 8.23.5) to submit an Amendment Proposal detailing the nature of the remaining defect and the proposed solution.

### **3.0 THE AMENDMENT PROPOSAL**

- 3.1 CAP051 seeks to amend Paragraph 8.23 of the CUSC.
- 3.2 The text of the Amendment Proposal is at Annex 2 and the amended CUSC text to give effect to CAP051 is contained in Annex 3

### **4.0 WORKING GROUP CONSIDERATIONS**

- 4.1 The Panel agreed that the Working Group could consider the Amendment Proposal in correspondence initially and the Chairman should decide whether there was a need for a meeting of the Group in the light of the comments received by Working Group Members. It was agreed that the Working Group would generally adopt the working practices of the Governance Standing Group adapted given that the Working Group was proceeding by correspondence. The Chairman decided that there was no need for a meeting of the Group following the initial comments provided by Members.
- 4.2 The key areas for review by the Group identified in its Terms of Reference were review of the legal drafting provided with the Amendment Proposal and the consideration of any Alternative Amendments which might better facilitate achievement of the Applicable CUSC Objectives in relation to the issue or defect identified by the original Amendment Proposals. A copy of the Group's Terms of Reference are at Annex 1
- 4.3 One Member of the Group noted that, since the wording in Paragraph 8.23.5 indicated that the Panel "may" initiate the Amendment Proposal Procedures he presumed that they would only do so if they thought that there was a defect that needed addressing. As such the Member believed that the defect should be described in the Amendment Proposal and the normal rules followed and therefore CAP 051 was not required. One other Member of the Group agreed with this comment. One Member of the Group commented that legal text similar to that in BSC F2.9.7 would be more appropriate to make it easier for Parties dealing with both sets of governance. This text is as follows:

F2.9.7           Where an Urgent Modification Proposal results in a modification being made in accordance with paragraph 1.1, the Panel may or (where it appears to the Panel that there is a reasonable level of support for a review amongst Parties) shall, following such modification, submit the modification to review by a Modification Group on terms specified by the Panel in order to consider and report as to whether any alternative modification could, as compared with such modification, better facilitate achievement of the Applicable BSC Objective(s) in respect of the subject matter of such modification.

Views are invited on this suggestion as part of the consultation.

- 4.4 Two Members of the Working Group had concerns about the efficiency of the modus operandi of the Group (essentially proceeding via e-mail correspondence with no meetings). These two Members believed that there had been inadequate debate on the Amendment Proposals as a result of the working approach adopted such that the Group's Terms of Reference had not been met. As a result they could not support the Report.

## **5.0 ASSESSMENT AGAINST THE APPLICABLE CUSC OBJECTIVES**

- 5.1 The terms of the Transmission Licence require National Grid to establish and operate procedures for the modification of the CUSC, including the modification procedures themselves, so as to better facilitate achievement of the Applicable CUSC Objectives.
- 5.2 According to the Proposer, amendment of the process for reviewing amendments made in accordance with 8.23.5 (CAP051) would improve the efficiency in the amendment procedures themselves as the current CUSC is unclear on initiation and process of review. Amendment of the process would enable National Grid to more efficiently discharge its obligations.

## **6.0 IMPLEMENTATION AND TIMESCALES**

- 6.1 There is no material impact associated with the timing of the implementation of CAP051. It is therefore proposed that implementation takes place with effect from 10 days after the Authority's decision.

## **7.0 INITIAL VIEWS OF AMENDMENTS PANEL**

- 7.1 The Amendments Panel agreed with the Governance Standing Group's assessment in 2002 that an Amendment Proposal should be brought forward to clarify the position on the initiation of the amendment procedures by the Amendments Panel. The Amendments Panel accepted that the Governance Standing Group (acting as a Working Group) had fulfilled its terms of reference in considering CAP051 at its meeting on 25<sup>th</sup> July and agreed that National Grid should proceed to industry consultation on CAP051.

## **8.0 INITIAL VIEW OF NATIONAL GRID**

- 8.1 National Grid proposed CAP051 and considers that it will better facilitate achievement of the Applicable CUSC Objectives.

## **9.0 VIEWS INVITED**

- 9.1 National Grid is seeking the views of interested parties in relation to the issues raised by the Amendment Proposal CAP051 and any issues associated with the proposed timing for implementation. Comments should be provided to National Grid no later than Friday **5<sup>th</sup> September 2003**.
- 9.2 Please address all comments to the following e-mail address:

[Richard.dunn@uk.ngrid.com](mailto:Richard.dunn@uk.ngrid.com)

Or alternatively comments may be addressed to:

Richard Dunn

Commercial Frameworks  
National Grid Transco House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

## Annex 1

# TERMS OF REFERENCE FOR THE CAP049/050/051 WORKING GROUP

## Background

On 16<sup>th</sup> May 2003 the CUSC Panel agreed to ask the Governance Standing Group to consider CAP049, CAP050 and CAP051 as a Working Group and to report back to the Panel at its meeting scheduled for 25<sup>th</sup> July 2003.

## Responsibilities

The Working Group is responsible for assisting the CUSC Amendments Panel in the evaluation of CUSC Amendment Proposals CAP049, CAP050 and CAP051 submitted by National Grid at the Amendments Panel meeting on 16<sup>th</sup> May 2003.

The proposals must be evaluated to consider whether they better facilitate achievement of the applicable CUSC objectives. These can be summarised as follows:

- (a) the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission 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.

It should be noted that additional provisions apply where it is proposed to modify the CUSC amendment provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

## Scope of Work

The Working Group must consider the issues raised by Amendment Proposals CAP049, CAP050 and CAP051 and consider if the proposals identified better facilitate achievement of the Applicable CUSC Objectives.

The specific area for review by the Group is the legal drafting provided with the three Amendment Proposals.

The Working Group is responsible for the formulation and evaluation of any Alternative Amendments arising from Group discussions which they believe would, as compared with the Amendment Proposal, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified by the original Amendment Proposal.

The Working Group shall have due regard to the Core Industry Documents and other industry documents in the evaluation of the Amendment Proposal and any Alternative Amendment developed. The Working Group shall also consider the impact/interaction of CAP049, CAP050 and CAP051 on Pending and Approved Amendments, with particular regard to the possible effect on legal drafting.

The Working Group shall submit their final report to the CUSC Panel Secretary on 17<sup>th</sup> July 2003 for circulation to Panel Members. The conclusions will be presented to the CUSC Panel meeting on 25<sup>th</sup> July 2003.

## Membership

The Working Group has the following members:

Chair Nigel Cornwall  
National Grid Representative Richard Dunn

Industry Representatives Dick Cecil (London Electricity)  
Christiana Sykes (PowerGen)  
Malcolm Taylor (AEP)  
Steve Phillips (British Energy)  
Simon Goldring (British Gas Trading)  
David Lane (ClearEnergy)

Authority Representative - Matthew Buffey

The membership can be amended from time to time by the CUSC Amendments Panel.

## Relationship with Amendments Panel

The Working Group shall seek the views of the Amendments Panel before taking on any significant amount of work. In this event the Working Group Chairman should contact the CUSC Panel Secretary.

Where the Working Group requires instruction, clarification or guidance from the Amendments Panel, particularly in relation to their Scope of Work, the Working Group Chairman should contact the CUSC Panel Secretary.

## Meetings

The Working Group shall develop and adopt its own internal working procedures and provide a copy to the Panel Secretary for each of its Amendment Proposals.

## Reporting

A verbal report will be provided by the Chairman (or another member as agreed by the Working Group) at each Amendments Panel Meeting as required by the Panel, to outline progress.

The Chairman shall be responsible for preparing a report from the Working Group to the Amendments Panel responding to the matter set out in the Terms of Reference.

The Working Group Report must first be circulated to Working Group members in draft format, giving not less than five business days for comment. Any unresolved comments made by members must be reflected in the final Working Group Report submitted to the Amendments Panel.

The Chairman (or another member nominated by him) will present the Working Group Report to the Amendments Panel as required.



## Annex 2

<b>CUSC Amendment Proposal Form</b>	<b>CAP051</b>
<b>Title of Amendment Proposal:</b>	
Initiation of the Amendment Procedures by the Amendments Panel	
<b>Description of the Proposed Amendment</b> <i>(mandatory by proposer):</i>	
<p>This proposal seeks to clarify the process for the review of an amendment made to the CUSC under section 8.23.5 where such a review is deemed necessary by the Amendments Panel. The proposed amendment makes clear that the Amendments Panel should establish a Standing Group (or use an appropriate existing Standing Group) as a body to consider whether another solution might better facilitate the Applicable CUSC Objectives in respect of the subject matter of the original amendment.</p>	
<b>Description of Issue or Defect that Proposed Amendment seeks to Address</b> <i>(mandatory by proposer):</i>	
<p>Section 8.23.5 of CUSC states:  <i>"If an amendment is made to the <b>CUSC</b> in accordance with the <b>Transmission Licence</b> but other than pursuant to the other <b>Amendment Procedures</b> in this Section 8, the <b>Amendments Panel</b> may, following such amendment, initiate the <b>Amendment Procedures</b> in order to consider whether any <b>Alternative Amendment</b> could better facilitate achieving the <b>Applicable CUSC</b> Objectives in respect of the subject matter of the original amendment."</i></p> <p>At present the CUSC is unclear as to how the Amendments Panel should initiate the Amendment Procedures. Paragraph 8.15.1 of the CUSC refers to the Amendments Panel submitting an Amendment Proposal under Paragraphs 8.21.8 and 8.23.5. However because an amendment to CUSC has been implemented it is likely that the issue/defect with which it was dealing will have been remedied. It is therefore unclear what information could be included in an Amendment Proposal submitted by the Panel under Paragraphs 8.23.5 to satisfy the mandatory requirement to describe the issue/defect that the Proposed Amendment seeks to address.</p> <p>This proposal provides for a Standing Group to be actioned to review the issues surrounding an amendment implemented under 8.23.5 of the CUSC. If that Standing Group determines that a defect remains and that an alternative approach is considered to be likely to better facilitate the Applicable CUSC Objectives, then the way would be clear for a CUSC party (or the Panel acting under 8.23.5) to submit an Amendment Proposal detailing the nature of the remaining defect and the proposed solution.</p>	
<b>Impact on the CUSC</b> <i>(this should be given where possible):</i>	
Paragraph 8.23.5 of the CUSC would require amendment in order to give effect to the proposed change. The draft text to give effect to this proposal is contained in Attachment 1.	
<b>Impact on Core Industry Documentation</b> <i>(this should be given where possible):</i>	
None.	
<b>Impact on Computer Systems and Processes used by CUSC Parties</b> <i>(this should be given where possible):</i>	
None.	

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

None.

**Justification for Proposed Amendment with Reference to Applicable CUSC Objectives\*\***  
(mandatory by proposer):

The terms of the Transmission Licence require National Grid to establish and operate procedures for the modification of the CUSC, including the modification procedures themselves, so as to better facilitate achievement of the Applicable CUSC Objectives.

Amendment of the process for reviewing amendments made in accordance with 8.23.5 would improve the efficiency in the amendment procedures themselves as the current CUSC is unclear on initiation and process of review. Amendment of the process would enable National Grid to more efficiently discharge its obligations.

<b>Details of Proposer:</b> Organisation's Name	The National Grid Company plc
<b>Capacity in which the Amendment is being proposed:</b> (i.e. CUSC Party, BSC Party or "energywatch")	CUSC Party
<b>Details of Proposer's Representative:</b> Name: Organisation: Telephone Number: Email Address:	Andy Balkwill The National Grid Company plc 024 76423198 <a href="mailto:andy.balkwill@uk.ngrid.com">andy.balkwill@uk.ngrid.com</a>
<b>Details of Representative's Alternate:</b> Name: Organisation: Telephone Number: Email Address:	Emma Groves The National Grid Company plc 024 76423053 <a href="mailto:emma.groves@uk.ngrid.com">emma.groves@uk.ngrid.com</a>
<b>Attachments (Yes/No):</b> Yes	
<b>If Yes, Title and No. of pages of each Attachment:</b> Attachment 1 – Draft Text to give effect to proposal. One page.	

**Notes:**

- 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.
- 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](mailto: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 3 - Proposed Text to Modify CUSC

### Text to give effect to the Proposed Amendment CAP051

#### Change Marked Version

### 8.23 IMPLEMENTATION

- 8.23.5 If an amendment is made to the **CUSC** in accordance with the **Transmission Licence** but other than pursuant to the other **Amendment Procedures** in this Section 8, the **Amendments Panel** may, following such amendment establish a **Standing Group** in accordance with Paragraph 8.18.1, or identify and action an existing **Standing Group** ~~initiate the **Amendment Procedures** in order to~~ consider whether any **Alternative Amendment** there may be another solution that could better facilitate achieving the **Applicable CUSC Objectives** in respect of the subject matter of the original amendment.