

<b>CUSC Amendment Proposal Form</b>	<b>CAP:019</b>
<b>Title of Amendment Proposal:</b> REACTIVE POWER DEFAULT PAYMENT RATE INDEXATION	
<b>Description of the Proposed Amendment</b> <i>(mandatory by proposer):</i> It is proposed that the current indexation of the default payment rate for reactive power utilisation be continued until the end of March 2004. This will remove uncertainty from the imminent (and following) tender round, giving the CUSC Panel and the industry time to identify and meaningfully assess alternative enduring methodologies for default reactive power utilisation payments.	
<b>Description of Issue or Defect that Proposed Amendment seeks to Address</b> <i>(mandatory by proposer):</i> <p>The provisions for indexation of the default payment rate for reactive power utilisation in Schedule 3 of the CUSC expire at the end of Mar 2003. This creates uncertainty for the next reactive power market tender round. Contracts derived from Tender Round 10 will start on 1 October 2002 with a minimum duration of one year. They will therefore extend into the period beyond the end of March 2003 for which no indexation provisions currently apply.</p> <p>The deadline for submission of tenders for Round 10 is the 31 May 2002. This amendment proposal seeks a resolution to the uncertainty as early as possible before this date to enable parties to factor the outcome into their tenders. If the ITT pack issued on the 28<sup>th</sup> March 2002 was too early to publish the outcome, we would expect it to state the approximate date of its publication.</p> <p>By extending the current indexation provisions for another year as described above, uncertainty will be removed from the next two tender rounds, giving the CUSC Panel and the industry time to identify and meaningfully assess alternative enduring methodologies for default reactive power utilisation payments.</p>	
<b>Impact on the CUSC</b> <i>(this should be given where possible):</i> Minor revision to CUSC Schedule 3 (Appendix 1, Clause 3 – Indexation).	
<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.	
<b>Details of any Related Modifications to Other Industry Codes</b> <i>(where known):</i> None.	

**Justification for Proposed Amendment with Reference to Applicable CUSC Objectives**

*(mandatory by proposer):*

The proposal will facilitate meeting the Applicable CUSC Objectives (as defined in Condition C7F of the Transmission License) as follows: -

(a) By removing uncertainty in the next reactive power market tender rounds the proposal will encourage competition in the reactive power market, thereby facilitating effective competition in the generation and supply of electricity.

(b) By promoting participation in the reactive power market tender rounds 10 and 11, the proposal will facilitate the efficient discharge by the licensee of the obligations relating to voltage support imposed on it under the Act and by the Transmission License.

<b>Details of Proposer:</b> Organisation's Name:	Innogy 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:	David Tolley Innogy plc 01793 892650 <a href="mailto:david.tolley@innogy.com">david.tolley@innogy.com</a>
<b>Details of Representative's Alternate:</b> Name: Organisation: Telephone Number: Email Address:	Shona Watt Innogy plc 01793 892667 <a href="mailto:mailto:shona.watt@innogy.com">mailto:shona.watt@innogy.com</a>
<b>Attachments (Yes/No):</b> No <b>If Yes, Title and No. of pages of each Attachment:</b>	

**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:

Mark Cox  
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).