



National Grid

CONSULTATION DOCUMENT

CUSC Amendment Proposal CAP014

Removal of Redundant Paragraphs

Note: similar reference to redundant text is being made in the update of the Statement of Use of System Charging Methodology document for April 2002

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

DOCUMENT CONTROL

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| 0.1 | 18/01/02 | National Grid | Initial Draft for internal comment |
| 1.0 | 25/01/02 | National Grid | Formal version for release |
| | | | |

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http://www.nationalgridinfo.co.uk/cusc/mn_consultation_index.html

DISTRIBUTION

| Name | Organisation |
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| CUSC Parties | Various |
| Panel Members | Various |
| Interested Parties | Various |
| National Grid Industry Information Website | |
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1.0 Executive Summary

- 1.1 Paragraph 3.12 of the CUSC that deals, inter alia, with the process relating to the preparation of Transmission Network Use of System (TNUoS) Reconciliation Statements, currently makes a distinction between pre and post-NETA reconciliation processes. In addition, a distinction between TNUoS charges for Financial Years ending on or before 31 March 2000 and those Financial Years since also exists.
- 1.2 In view of NETA 'going-live' on 27 March 2001, the distinction between pre and post-NETA reconciliation charges is no longer required and can be removed. Furthermore, as Final Reconciliation for all Financial Years ending on or before 31 March 2000 is now complete, such distinction is no longer required and can also be removed.
- 1.3 National Grid submitted CUSC Amendment Proposal CAP014 to the Amendments Panel for consideration at their 11 January 2002 meeting. CAP014 proposes a number of editorial changes relating to the TNUoS Reconciliation process. At the meeting, the Panel determined that CAP014 should be sent straight out to wider industry consultation.
- 1.4 This document initiates the wider industry consultation process and invites views on Amendment Proposal CAP014. The consultation closing date is 22 February 2002.
- 1.5 It should be noted that similar reference to redundant text is being made in the update of the Statement of Use of System Charging Methodology document for April 2002. Furthermore, a similar Amendment Proposal will be submitted for consideration at the February 2002 Amendments Panel meeting proposing similar changes (i.e. the removal of the distinction between pre and post-NETA) to Section 9 of the CUSC (re. Paragraph 9.10.4 relating to the reconciliation process for interconnectors).

2.0 Introduction

- 2.1 This is a consultation document 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 an issue that relates to the removal of redundant paragraphs and terminology from the CUSC. It should be noted that similar reference to redundant text is being made in the update of the Statement of Use of System Charging Methodology document for April 2002.
- 2.2 Further to the submission of Amendment Proposal CAP014 (see Annex 1), this document seeks views from Industry members relating to the proposed amendment. Such an amendment will result in changes to Sections 3 and 11 of the CUSC (as detailed in Annex 2).

- 2.3 This document outlines the nature of the CUSC changes that are proposed for implementation with effect from 1 April 2002. It incorporates National Grid's and the Amendments Panel's views on the way forward concerning this Amendment. 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 Direction.
- 2.4 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.nationalgridinfo.co.uk/cusc>.

3.0 Responses to Consultation

- 3.1 Please send your responses to this consultation document to National Grid by no later than close of business Friday, 22 February 2002.
- 3.2 Please address all comments to the following e-mail address:
david.friend@uk.ngrid.com

Alternatively, comments may be addressed to:

David Friend
Commercial Development
National Grid Company plc
National Grid House
Kirby Corner Road
Coventry
CV4 8JY
Fax: 024 7642 3298

4.0 The Proposed Amendment Proposal

- 4.1 CUSC Amendment Proposal CAP014 (see Annex 1) as submitted by National Grid proposes a number of editorial changes to the CUSC. These include the removal of paragraph 3.12.1(a), the amalgamation of paragraphs 3.12.1(b) and 3.12.1(c), the modification of paragraphs 3.12.2 and 3.12.4 and the addition of two definitions to Section 11 of the CUSC. Annex 2 details the proposed amendments to the CUSC. The changes are required in order to remove redundant paragraphs and terminology in order to improve the clarity of the CUSC documentation.
- 4.2 Paragraph 3.12.1(a) relates to the reconciliation of Transmission Network Use of System (TNUoS) charges for Financial Years ending on or before 31 March 2000. As final reconciliation of 1999/2000 TNUoS charges has now been completed, this paragraph is now redundant and can be removed. Paragraphs 3.12.1(b) and 3.12.1(c) distinguish between pre-NETA and post-NETA reconciliation. As this distinction is no longer required for the purposes of TNUoS reconciliation, the two paragraphs can now be combined. Finally, the 'Notional Amount A' and 'Actual Amount A'

terminology is no longer required as once again, they relate to charges for Financial Years ending on or before 31 March 2000 and are hence redundant. This means all references of 'Notional Amount A' and 'Actual Amount A' (in Paragraph 3.12) can be removed and all instances of 'Notional Amount B' can be changed to 'Notional Amount' and all instances of 'Actual Amount B' (in Paragraph 3.12) can be changed to 'Actual Amount'. Definitions of 'Notional Amount' and 'Actual Amount' also need to be added to Section 11.

- 4.3 It should be noted that similar reference to redundant text is being made in the update of the Statement of Use of System Charging Methodology document for April 2002. Furthermore, a similar Amendment Proposal will be submitted for consideration at the February 2002 Amendments Panel meeting proposing similar changes (i.e. the removal of the distinction between pre and post-NETA) to Section 9 of the CUSC (re. Paragraph 9.10.4 relating to the reconciliation process for interconnectors).

5.0 Summary of Recommendations & Views Invited

5.1 National Grid Recommendation

- 5.1.1 National Grid recommends that Amendment Proposal CAP013 is implemented to the time-scales proposed on the basis that it better facilitates achievement of the Applicable CUSC Objectives as set out in paragraph 1 of Condition C7F to National Grid's Transmission Licence.
- 5.1.2 This is on the grounds that removal of redundant paragraphs improves the clarity of the CUSC documentation thereby enabling National Grid to more easily and efficiently discharge its obligations under the Act and the Transmission Licence and to facilitate 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.

5.2 Amendments Panel Recommendation

- 5.2.1 The CUSC Amendments Panel members agreed with National Grid's views outlined above and proposed that the matter be subjected to consultation. This is to seek views on the proposed Amendment and whether the Amendment better facilitates the applicable CUSC objectives.

5.3 Views Invited

- 5.3.1 National Grid seeks the views of interested parties relating to this Amendment Proposal. Responses should be sent to National Grid by no later than close of business Friday, 22 February 2002 to the address shown in Paragraph 3.2 above.

Annex 1 – CUSC Amendment Proposal

| CUSC Amendment Proposal Form | CAP014 |
|---|---------------|
| | |
| <p>Title of Amendment Proposal:</p> <p>Changes to remove redundant paragraphs from CUSC (Note: similar reference to redundant text is being made in the update of the Statement of Use of System Charging Methodology document for April 2002).</p> | |
| <p>Description of the Proposed Amendment <i>(mandatory by proposer):</i></p> <p>This Amendment proposes the removal of redundant paragraphs from the CUSC (Note: similar reference to redundant text is being made in the update of the Statement of Use of System Charging Methodology document for April 2002).</p> | |
| <p>Description of Issue or Defect that Proposed Amendment seeks to Address <i>(mandatory by proposer):</i></p> <p>This change to Section 3.12 is being proposed to remove the redundant paragraphs and terminology (which distinguish between pre-NETA and post-NETA) that relate to the Transmission Network Use of System charge reconciliation process. The attachment provides further detail of the proposed amendments.</p> | |
| <p>Impact on the CUSC <i>(this should be given where possible):</i></p> <p>See attached draft text.</p> | |
| <p>Impact on Core Industry Documentation <i>(this should be given where possible):</i></p> <p>None.</p> | |
| <p>Impact on Computer Systems and Processes used by CUSC Parties <i>(this should be given where possible):</i></p> <p>None.</p> | |
| <p>Details of any Related Modifications to Other Industry Codes <i>(where known):</i></p> <p>Similar reference to redundant text is being made in the update of the Statement of Use of System Charging Methodology document for April 2002.</p> | |
| <p>Justification for Proposed Amendment with Reference to Applicable CUSC Objectives <i>(mandatory by proposer):</i></p> <p>Improving clarity and removing uncertainty from the CUSC documentation enables National Grid to more easily and efficiently discharge its obligations under the Act and the Transmission Licence and fulfil its obligations to facilitate competition in the generation and supply of electricity.</p> | |

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|--|---|
| Details of Proposer: Organisation's Name: | National Grid |
| 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: | Andy Balkwill National Grid 024 7642 3198 andy.balkwill@uk.ngrid.com |
| Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address: | Mike Metcalfe National Grid 024 7642 3235 michael.metcalfe@uk.ngrid.com |
| Attachments (Yes/No): Yes | |
| If Yes, Title and No. of pages of each Attachment: | |
| Outline of Changes Required to Complement Proposed Modifications to the Statement of the Use of System Charging Methodology (1 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:

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

(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).

Attachment

Outline of Changes Required to Complement Proposed Modifications to the Statement of the Use of System Charging Methodology

- (i) Remove Paragraph 3.12.1(a)

Reason for change: This paragraph is no longer required as it relates to Transmission Network Use of System (TNUoS) charges in each Financial Year ending on or before 31 March 2000. Final reconciliation of 1999/2000 TNUoS Charges has been completed resulting in this paragraph now being redundant.

- (ii) Combine Paragraphs 3.12.1(b) and 3.12.1(c) as drafted below and renumber to 3.12.1

Calculation of Initial Reconciliation

3.12.1 On or before 30 June in each **Financial Year**, **NGC** shall promptly calculate in accordance with the **Statement of the Use of System Charging Methodology** and the **Statement of Use of System Charges** the **Demand** related or generation related **Transmission Network Use of System Charges** (as the case may be) that would have been payable by the **User** during each month during the **preceding Financial Year (Actual Amount)**. **NGC** shall then compare the **Actual Amount** with the amount of **Demand** related or generation related **Transmission Network Use of System Charges** (as the case may be) paid during each month during the preceding **Financial Year** by the **User** (the "**Notional Amount**").

Reason for change: No distinction between pre-NETA and post-NETA reconciliation required.

- (iii) Modify Paragraphs 3.12.2 and 3.12.4 as drafted below:

Generation Reconciliation

3.12.2 As soon as reasonably practicable and in any event by 31 March in **each Financial Year** **NGC** shall prepare a generation reconciliation statement (the "**Generation Reconciliation Statement**") in respect of generation related **Transmission Network Use of System Charges** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of generation related **Transmission Network Use of System Charges** for each month during the relevant **Financial Year** and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.

Initial Demand Reconciliation Statement

3.12.4 As soon as reasonably practicable and in any event by 30 June in **each Financial Year** **NGC** shall then prepare an initial **Demand** reconciliation statement (the "**Initial Demand Reconciliation Statement**") in respect of **Demand** related **Transmission Network Use of System Charges** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of **Demand** related **Transmission Network Use of System Charges** for each month during the relevant **Financial Year** and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.

Reason for change: Remove redundant references to 'Notional Amount A' and 'Actual Amount A' that relate to charges in each Financial Year ending on or before 31 March 2000. Change all instances of 'Notional Amount B' to 'Notional Amount' and change all instances of 'Actual Amount B' to 'Actual Amount'.

- (iv) Amend definitions in Section 11 as necessary.

Annex 2 – Proposed Text to Modify CUSC

Changes to Paragraph 3.12 as follows:

3.12 RECONCILIATION STATEMENTS

3.12.1 Calculation of Initial Reconciliation

~~(a) On or before 31 March in each **Financial Year** ending on or before 31 March 2000, **NGC** shall promptly calculate in accordance with the statement published by **NGC** in accordance with Licence Condition 10 (as subsisting at the relevant date of publication) of the **Transmission Licence** the **Demand** related or generation related **Transmission Network Use of System Charges** (as the case may be) that would have been payable by each **User** during each month during that **Financial Year (Actual Amount A)**. **NGC** shall then compare the **Actual Amount A** with the amount of **Demand** related or generation related **Transmission Network Use of System Charges** (as the case may be) paid during each month during that **Financial Year** by the **User** (the “**Notional Amount A**”).~~

~~(b) On or before 30 June in the first **Financial Year** beginning after the **NETA Go-live Date**, **NGC** shall promptly calculate in accordance with the **Statement of the Use of System Charging Methodology** and the **Statement of Use of System Charges** the **Demand** related or generation related **Transmission Network Use of System Charges** (as the case may be) that would have been payable by the **User** during each month during the preceding **Financial Year (Actual Amount B)**. **NGC** shall then compare the **Actual Amount B** with the amount of **Demand** related or generation related **Transmission Network Use of System Charges** (as the case may be) paid during each month during the preceding **Financial Year** by the **User** (the “**Notional Amount B**”).~~

~~(c) On or before 30 June in the second and later **Financial Years** commencing after the **NETA Go-live Date**, **NGC** shall promptly calculate on the basis set out in the **Statement of the Use of System Charging Methodology** and the **Statement of Use of System Charges** the **Demand** related or generation related **Transmission Network Use of System Charges** (as the case may be) that would have been payable by the **User** during each month during the preceding **Financial Year (Actual Amount B)**. **NGC** shall then compare the **Actual Amount B** with the amount of **Demand** related or generation related **Transmission Network Use of System Charges** (as the case may be) paid during each month during the preceding **Financial Year** by the **User** (the “**Notional Amount B**”).~~

On or before 30 June in each **Financial Year**, **NGC** shall promptly calculate in accordance with the **Statement of the Use of System Charging Methodology** and the **Statement of Use of System Charges** the **Demand** related or generation related **Transmission Network Use of System Charges** (as the case may be) that would have been payable by the **User** during each month during the **preceding Financial Year (Actual Amount)**. **NGC** shall then compare the **Actual Amount** with the amount of **Demand** related or generation related **Transmission Network Use of System Charges** (as the case may be) paid during each month during the preceding **Financial Year** by the **User** (the “**Notional Amount**”).

Generation Reconciliation

3.12.2 As soon as reasonably practicable and in any event by 31 March in **each Financial Year** **NGC** shall prepare a generation reconciliation statement (the “**Generation Reconciliation Statement**”) in respect of generation related **Transmission Network Use of System Charges** and send it to the **User**. Such statement shall specify the **Actual Amount A** and the **Notional Amount A** ~~or the **Actual Amount B** and the~~

~~Notional Amount B (as appropriate)~~ of generation related **Transmission Network Use of System Charges** for each month during the relevant **Financial Year** and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.

- 3.12.3 Together with the **Generation Reconciliation Statement**, **NGC** shall issue a credit note in relation to any sums shown by the **Generation Reconciliation Statement** to be due to the **User** or an invoice in respect of sums due to **NGC** and in each case interest thereon calculated pursuant to Paragraph 3.12.6 below.

Initial Demand Reconciliation Statement

- 3.12.4 As soon as reasonably practicable and in any event by 30 June in each **Financial Year** **NGC** shall then prepare an initial **Demand** reconciliation statement (the "**Initial Demand Reconciliation Statement**") in respect of **Demand** related **Transmission Network Use of System Charges** and send it to the **User**. Such statement shall specify the **Actual Amount A** and the **Notional Amount A or the Actual Amount B and the Notional Amount B (as appropriate)** of **Demand** related **Transmission Network Use of System Charges** for each month during the relevant **Financial Year** and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.
- 3.12.5 Together with the **Initial Demand Reconciliation Statement** **NGC** shall issue a credit note in relation to any sum shown by the **Initial Demand Reconciliation Statement** to be due to the **User** or an invoice in respect of sums due to **NGC** and in each case interest thereon calculated pursuant to Paragraph 3.12.6.

New Definitions to be added to Section 11 as follows:

"Actual Amount" as defined in Paragraph 3.12

"Notional Amount" as defined in Paragraph 3.12