



## **AMENDMENT REPORT VOLUME 2**

**CUSC Amendment Proposals – Code Governance Review**

**CAP183: Significant Code Review**

**CAP184: Self-governance**

**CAP185: Role of Code Administrator and Code  
Administration Code of Practice**

**CAP188: Governance of Charging Methodologies**

**This document contains Working Group consultation responses,  
Company Consultation responses and legal text**

Amendment Ref	CAPs 183, 184, 185 & 188
Issue	0.2
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Prepared by	National Grid

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<b>Version</b>	<b>Date</b>	<b>Author</b>	<b>Change Reference</b>
V0.1	14/10/10	National Grid	Version for industry comment
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**b Distribution**

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

**PART 1 REPRESENTATIONS TO CAPs 183, 184, 185 & 188 WORKING GROUP CONSULTATIONS**

**PART 2 REPRESENTATIONS TO CAPs 183, 184, 185 & 188 COMPANY CONSULTATIONS**

**PART 3 LEGAL TEXT – CUSC SECTION 8 (CHANGE MARKED)**

**PART 4 LEGAL TEXT – CUSC SECTION 8 (CLEAN)**

**PART 5 LEGAL TEXT – CUSC SECTION 11 (CHANGE MARKED)**

**PART 6 LEGAL TEXT – CUSC SECTION 11 (CLEAN)**

**PART 7 LEGAL TEXT – CUSC SECTION 14**

**PART 8 LEGAL TEXT – CUSC CONTENTS PAGE**

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## **PART 1 - REPRESENTATIONS RECEIVED DURING WORKING GROUP CONSULTATIONS**

Part 1 of Volume 2 includes copies of representations received to the Working Group Consultation (published 04/08/2010, closed 25/08/2010).

Representations were received from the following parties:

<b>No</b>	<b>Company</b>	<b>CAP183 File Number</b>	<b>CAP184 File Number</b>	<b>CAP185 File Number</b>	<b>CAP188 File Number</b>
1	Centrica	CAP183- WGC-02	CAP184- WGC-01	CAP185- WGC-01	CAP188- WGC-01
2	EDF	CAP183- WGC-01	CAP184- WGC-02	CAP185- WGC-03	CAP188- WGC-03
3	EON	CAP183- WGC-06	CAP184- WGC-06	CAP185- WGC-04	CAP188- WGC-04
4	Drax Power Limited	CAP183- WGC-03	CAP184- WGC-03	CAP185- WGC-02	CAP188- WGC-02
5	ScottishPower	CAP183- WGC-07	CAP184- WGC-07	CAP185- WGC-07	CAP188- WGC-07
6	Scottish and Southern Energy	CAP183- WGC-04	CAP184- WGC-04	CAP185- WGC-05	CAP188- WGC-05
7	Wyre Power	CAP183- WGC-05	CAP184- WGC-05	CAP185- WGC-06	CAP188- WGC-06

Centrica provided a combined response to CAPs 183, 184, 185 and 188.

Wyre Power also provided a combined response to CAPs 183, 184, 185 and 188.

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**From:** Russell, Alison [alison.russell@centrica.com]

**Sent:** 25 August 2010 16:24

**To:** .Box.Cusc.Team

**Cc:** Russell, Alison

**Subject:** Centrica response to WG consultation on CAP 183, 184, 185 and 188.

Dear Sirs,

Please find below Centrica's high-level comments on the above CUSC Amendment Proposals. We have participated actively in the working group considering the CUSC implementation of Ofgem's decisions in respect of the Code Governance Review, and while we have previously expressed reservations on some aspects of the Governance Review implementation, we acknowledge the need to deliver the necessary code changes.

We support the approach adopted by the Working Group & explained by the licensee of a minimal approach to ensure that the CUSC is brought into compliance with the Ofgem decision.

We also support the concerns expressed by the workgroup around the consultation coinciding with the main holiday period. In view of this please accept this email as our combined response to the above CAPs.

#### CAP 183

We are ambivalent with respect to the panel being asked to provide a view on whether or not a modification should be part of an SCR. While it could be seen as bureaucratic given that the Authority will reach a view in any case, we appreciate that Ofgem would find such a view helpful. On the basis that this would happen as part of an informed debate at a panel meeting, we believe that formalisation of this step is not required, but it could usefully be recorded as part of the panel minutes.

Moving to the point of whether the panel should conduct a consultation on the suitability of an amendment proposal for inclusion in a SCR, this would seem proportionate, but the reasons for the decision should be recorded.

#### CAP 184

We would support the swift progression of straightforward modifications. Therefore we see no reason why, in principle, if self governance has been approved, a purely "housekeeping" (e.g. simple correction of clear typographical errors) modification could not go straight to panel recommendation. However, given that perspectives on what constitutes a "housekeeping" modification might vary, we do not support this change at this point. Instead we believe that it could be usefully explored as a possible future CAP, with clearly defined criteria.

#### CAP 185

We agree that the Code Administrator should require Amendment Panel approval to propose changes to the Code of Practice. This is a reasonable check and balance which can be easily implemented and which should facilitate the Codes and Code of Practice remaining in step.

While it is not part of this suite of consultations, we would like to see a fully transparent process for the appointment of the independent panel chair. We do not have strong views on the temporary appointment of a deputy panel chairman, though clearly those present should, in most cases, be capable of fulfilling the role if so elected. It would be important however, to ensure any conflicts of interest are properly declared, and potentially abstention from a vote may be required in the case of such a conflict.

#### CAP 188

It is clear from the proposals that "directly materially impacted" non-CUSC parties will be able to raise changes. Given the status will be conferred by Ofgem, it is out of scope for this consultation, however we would welcome clarity as to the criteria Ofgem intend to employ when conferring the required status.

We note that as part of the arrangements, it would be possible for TCMF to be used as a workgroup in certain circumstances. If this is the case, it will be important to ensure that the same checks and balances are implemented in respect of TCMF members (when it is acting as a workgroup) as would be the case were a specifically appointed workgroup employed.

In terms of our preferred approach to the Charging Methodology (CM) proposals, we believe that the more holistic approach of allowing a single Amendment Proposal to address both the CUSC and the CMs would be better. This would

allow for efficiencies in considering the changes in the same timelines rather than separate working groups. However, this does raise the issue of packages being rejected as a whole by Ofgem due to one aspect of a proposal. Where this is the case, it would seem reasonable that where the Authority makes this clear in the decision, a further modification comprising the rest of the proposal should be permitted.

While not unsympathetic to the potential discrimination concerns which appear to underlie the second option, we believe that it should be possible to find an alternative solution, depending on the volume of proposals which appear likely to eventuate from non-CUSC parties.

With respect to the application of a "charging window", we agree that this is not necessary and further, may risk introducing an undesirable degree of seasonality into the process. However, we do believe that the process elements associated with such a window may be helpful and we concur that it will be essential to carefully manage the volume of Amendment Proposals, as this has the potential to be large especially in the first months after implementation. In our view these issues can be overcome by the Working Group, National Grid and the Panel keeping under review the timetable and implementation timescales when considering an Amendment Proposal to the Charging Methodologies to provide certainty over the charging year in which a proposal would be able to be implemented. Depending on the volume of CMs raised at implementation of these modifications, there may be a need for a transitional period with an interim process to manage the volume.

Moving to the issue of a fixed cut-off date each year for implementation of Charging Methodology change proposals for the following charging year, a cut off date seems sensible as businesses require early clarity and predictability of costs for future periods.. The proposed 6 months prior to April for the implementation of CM changes seems to be a reasonable approach. NG raises concerns that codifying a cut off date may impact their ability to provide indicative TNUoS tariffs. We would welcome additional clarity on this point as having a firm date would appear likely to help this issue, if a particular change cannot be included, presumably NG could stipulate the changes factored in/excluded and an approximation of the expected impact of any further changes.

We trust these comments have been helpful. I can be contacted as below should you wish to discuss any points in more detail.

Yours faithfully,

*Alison Russell*

Senior Regulation Manager, Upstream Energy

Centrica

Mobile: 07789 570046

[alison.russell@centrica.com](mailto:alison.russell@centrica.com)

[cusc.team@uk.ngrid.com](mailto:cusc.team@uk.ngrid.com)

CUSC Secretary  
National Grid  
NGT House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

25 August 2010

**CAP183 - Code Governance Review: Significant Code Review**

**CAP184 - Code Governance Review: Self-governance**

**CAP185 - Code Governance Review: Role of Code Administrator and Code Administration Code of Practice**

**CAP188 - Code Governance Review: Governance of Charging Methodologies**

### **Response from Wyre Power**

Wyre Power is generally supportive of the proposals to implement the changes required as a result of Ofgem's Code Governance Review. We believe that the modifications better facilitate objective (a) as Ofgem is requiring the licensee to make the changes. However we have some specific comments on some of the modifications and have also tried to answer the consultation questions.

#### **CAP 183**

Wyre Power is raising an Alternative to this modification to introduce a requirement that the Panel has to reach a two thirds majority vote to recommend approval where an Amendment Proposal being presented to the CUSC Panel has been raised to comply in full or in part with a Licence change, or following an Authority direction (e.g. potentially from a Significant Code Review (SCR) should this be facilitated under the CUSC). Wyre Power believes that a recommendation to implement that Amendment Proposal by the CUSC Amendments Panel must be based on at least two-thirds of votes cast by those Panel members present being in favour of implementation to retain the appeal rights of parties over the most contentious modifications.

The Wyre Alternative also proposes that if a two thirds majority is not achieved that the Panel will recommend that the proposal is rejected. If the case for change cannot be convincingly made and widely supported the right of the appeal should be maintained. This would also mean that proposals arising under the SCR process would also be appealable when there is a tied vote.

The Alternative modification would only apply to Amendment Proposals arising either directly from a Licence condition or obligation to bring forward a proposal (i.e. a Proposal raised in response to a Licence condition) or indirectly (i.e. a Proposal arising from an industry review process which was initiated to meet a Licence condition). For all other Amendment Proposals the current rules shall continue; i.e. a

simple majority of votes cast is required, with an abstention not counted as a vote cast.

Q1. Should a subsumed Amendment Proposal be rejected after the end of an SCR Phase if it is similar to a directed Amendment Proposal?

Wyre Power would prefer to see all raised amendments go through the modification process unless the proposer wants to see them withdrawn. We appreciate that the Panel can reject modifications that have the same impact, but we believe that some players may feel that their specific solution to a problem has enough difference to the SCR proposal to still be worthy of consideration.

Q2. Do you agree with the Working Group that Working Group Alternative Amendments cannot be split from their original Amendment Proposal?

We agree.

Q3. Do you agree with the Working Group that a consultation on the suitability of an Amendment Proposal to be included in an SCR should not be conducted for every new Amendment Proposal raised during an SCR Phase?

Yes. It would seem unnecessary to always consult.

Q4. When the Authority consents to the withdrawal of an SCR-directed Amendment Proposal, should another party be allowed to adopt that withdrawn proposal?

Yes they should be allowed to adopt it, though their chance of getting approved makes such a move unlikely.

#### **CAP 184**

Q1. Do you believe that under the Self-governance route, an Amendment Proposal could go straight to a Panel recommendation without conducting an industry consultation?

Wyre Power believes that housekeeping style modifications could go for very short consultations, but as a matter of principle all modifications should go for consultation or be notified to the community in time for comments to be fed into the Panel.

Wyre Power is extremely nervous about the self-governance proposals as smaller players, such as ourselves may face impacts from changes that larger players do not. We believe that if there is any doubt as to the impact of a proposed change it should not be subject to self governance.

#### **CAP 185**

Q1. What are your views on the appointment process for an independent Panel Chairman?

Wyre Power believes that the Panel should set up a small sub-group of The Company and two Panel members to carry out the appointment process. It is vital for participants that the selection of the Chairman is not perceived to be a stitch-up between National Grid and Ofgem and is instead seen as a transparent process that can select a truly independent chair.

Q2. What are your views on the appointment of a Deputy Panel Chairman? Should the situation arise, do you agree that a Deputy Panel Chairman should be chosen by

those present at the Panel meeting or that a senior person from National Grid should be provided by The Company?

It would be a pragmatic solution to simply have the Panel members present at the meeting to elect a deputy, when one is required, from those present at the meeting. This would maintain the continuity at the Panel and reduce the burden on The Company.

Q3. Where the Panel vote is split, do you believe the Panel Chairman should have freedom in using a casting vote for Self-governance Amendment Proposals or should they always vote for the status quo?

The Chairman should have a casting vote, but it should always be exercised to maintain the status quo. As a matter of principle, if the case for change cannot be made such that it convinces the majority of Panel members then no change should proceed. We do feel that if the Chair has to cast a vote on a self-governance modification then the modification does not meet the criteria for self governance as it will be a contentious issue that has a potential negative impact.

Wyre Power notes that the Chair cannot vote on Amendment Proposal Recommendations and our alternative modification proposal seeks to address the potential impact that a tied vote can have on such Panel votes. However, on all other changes we feel that the no change option better protects the stability of the CUSC regime and thus reduces risks.

Q4. Do you agree that the Code Administrator should not be able to raise changes to the CACOP without explicit Panel approval?

Yes. Wyre is concerned that the changes to the CACOP could be raised by code administrators that are to their benefit and not the benefit of the CUSC parties. While this may be unlikely it is not impossible. It should therefore not be in the power of the administrator to raise a change unless the Panel has agreed that such a change would be of benefit to the parties.

## **CAP 188**

Q1. Which approach to the Charging Methodology proposals do you prefer?

Wyre Power would like to see the proposals all considered together, but understands the concerns over the need to have the most legally robust process. We do not believe that TAR was a good process as it made it difficult for smaller players to participate in the multitude of meetings that were occurring. Our preference is that related amendments and charging proposals all be considered in a coordinated manner in the minimum number of meetings possible to try and increase the participation of all players.

Q2. Do you agree with the Working Group that a window for raising Charging Methodology modification proposals is unnecessary?

Yes. It would seem highly likely that anyone raising changes to charges would recognise the need for those changes to be implemented in a coordinated manner and the parties have always argued with Ofgem that aligning changes with the electricity year is usually the best way to maintain stability in the market. However, rules for charging windows would be difficult and could deter participation from those who are not clear on the window timings.



There is no reason that a change could not be raised in one year, but not implemented for two years, if for example significant changes were felt best implemented after a long notification period. It is not the raising of the changes, but the implementation that may create volatility in charging.

Q3. Do you agree with the Working Group that there should be a fixed cut-off date each year for implementation of Charging Methodology change proposals for the following charging year?

No. It is important to maintain the notification periods for changes in charges to allow the parties to manage the risks associated with charging, but the ability to make smaller changes closer to the charging changes would be more efficient.

Q4. What are your views on the Working Group's proposal that the cut-off date should be 6 months prior to 1 April every year, bearing in mind the advice from National Grid's charging team?

It would appear that a more flexible approach is needed. Could the cut off date not be set by the Panel based on advice from the charging team? So if a proposal is minor and can work on an October decision date then it is allowed to go ahead. More complicated changes would require a far longer implementation timetable, which should be facilitated, but may require an amendment is raised prior to the 6 months. If it is 6 months prior to the April date the change can still be raised later, but implementation rolled forward into the following charging year. The Panel, in discussion with the charging team, when originally deciding the process for developing a charging amendment could give an indication to the proposer and the parties that the amendment could first be implemented on X date.

If you have any questions please contact Lisa Waters on 020 8286 8677

Yours sincerely

A handwritten signature in black ink, appearing to be 'Alex Lambie', written on a light grey background.

Alex Lambie  
Chief Executive

CUSC Team

25 August 2010

### **CAP183 - Code Governance Review: Significant Code Review**

EDF Energy is pleased to respond to the above consultation.

The intention of CAP183 is to ensure compliance with the new licence conditions implemented following Ofgem's Code Governance Review (CGR). These licence conditions oblige National Grid (NG) to amend the CUSC in order to facilitate the implementation of a significant code review process. In summary, we agree that CAP 183 discharges its objectives in this respect and in doing so has merit against CUSC applicable objective (a) the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence.

The Working Group identified the following consultation questions to which we have provided our views:

#### **Q1. Should a subsumed Amendment Proposal be rejected after the end of an SCR Phase if it is similar to a directed Amendment Proposal?**

Yes. If the original Amendment Proposal raised by a Party is of substantially the same effect in the Panel's opinion, to the directed Amendment Proposal raised by the licensee at Ofgem's Direction as a result of the SCR process then it would be consistent with the tenor of the CUSC as it already is, that it should be rejected. Existing CUSC provision (8.15.4 (a)) already requires the Amendments Panel to reject Amendment Proposals with 'substantially the same effect' as a Pending Amendment Proposal.

#### **Q2. Do you agree with the Working Group that Working Group Alternative amendments cannot be split from their original Amendment Proposal? (see paragraph 4.7)**

Yes. Treatment of the original amendment and any alternatives under CAP183 should be, in processing terms, the same.

#### **Q3. Do you agree with the Working Group that a consultation on the suitability of an Amendment Proposal to be included in an SCR should not be conducted for every new Amendment Proposal raised during an SCR Phase? (see paragraph 4.12)**

Yes. EDF Energy agrees that it would be disproportionate to mandate this. It would be more appropriate for the arrangements to be flexible. Where the Panel and Ofgem disagree, or where the matter is likely to be of general controversy then it may be appropriate to consult and seek industry views.

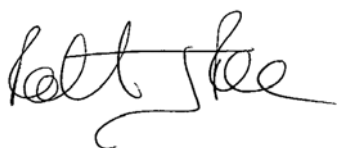
**Q4. When the Authority consents to the withdrawal of an SCR-directed Amendment Proposal, should another party be allowed to adopt that withdrawn proposal? (see paragraph 4.13)**

Whilst we accept that this provision is not an explicit requirement of the new licence conditions, it does seem a pragmatic proposal. Given that NG are required to seek the consent of Ofgem to withdraw a directed modification it would appear that the modification would need to be fundamentally flawed to the extent that it could not be developed and modified through the standard modification process. In light of this it would seem highly unlikely that a party would wish to adopt such a modification and have any potential for successfully obtaining regulatory/Panel approval.

The Working Group proposes that CAP183 should be implemented ten Business Days after an Authority decision. We agree that this is a reasonable implementation timescale.

Should you wish to discuss any of the issues raised in our response or have any queries please contact my colleague Steven Eyre on 01452 653741, or myself.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Rob Rome".

Rob Rome  
Head of Trading and Transmission Arrangements  
Corporate Policy & Regulation

## CUSC Working Group Consultation: response proforma

### CAP183

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm** on **[XX XXXX 20XX]** to **cusc.team@uk.ngrid.com**.

Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Working Group.

Any queries on the content of the consultation should be addressed to **[XXXX]** at **[XXXX]**.

These responses will be considered by the Working Group at their next meeting at which members will also consider any WG Consultation Alternative Requests. Where appropriate, the Working Group will record your response and its consideration of it within the final Working Group report which is submitted to the CUSC Amendments Panel.

<b>Respondent:</b>	<i>Esther Sutton</i>
<b>Company Name:</b>	<i>E.ON UK</i>
<b>Please express your views regarding the Working Group Consultation, including rationale.</b> <b>(Please include any issues, suggestions or queries)</b>	We support the Working Group's development of CAP183 to facilitate implementation of the Significant Code Review aspects of the licence obligations that Ofgem has applied following the Code Governance Review.
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<i>For reference, the Applicable CUSC Objectives are:</i> <i>(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and</i> <i>(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.</i>  CAP183 supports Objective (a).
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	Yes.

<b>Do you have any other comments?</b>	Following the raising of P264 under the BSC, it would seem prudent and consistent to ensure that CUSC Parties' appeal rights are also protected for decisions made regarding Proposals resulting from an Authority direction.
<b>Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?</b>	No.

**Specific questions for CAP183**

<b>Q</b>	<b>Question</b>	<b>Response</b>
	Should a subsumed Amendment Proposal be rejected after the end of an SCR Phase if it is similar to a directed Amendment Proposal?	Not automatically. In such a situation the Proposer could be expected to withdraw their modification unless there were notable differences. If it was not withdrawn the Workgroup and Panel would surely recommend rejection if they did not agree with the Proposer; they should have discretion to assess the subtleties of a previously subsumed proposal in comparison with any directed Amendment Proposal.
	2 Do you agree with the Working Group that Working Group Alternative Amendments cannot be split from their original Amendment Proposal?	By nature they will be addressing the same defect so yes.
	3 Do you agree with the Working Group that a consultation on the suitability of an Amendment Proposal to be included in an SCR should not be conducted for every new Amendment Proposal raised during an SCR Phase?	Yes, the suitability of some Amendment Proposals should be self-evident and a formal consultation unnecessary.

<b>Q</b>	<b>Question</b>	<b>Response</b>
	4 When the Authority consents to the withdrawal of an SCR-directed Amendment Proposal, should another party be allowed to adopt that withdrawn proposal?	This scenario seems unlikely. But in case there is potential to e.g. continue development of an Alternative building on work done for the original Proposal, it would seem prudent not to rule this option out.

## CUSC Working Group Consultation: response proforma

### CAP183 Code Governance Review: Significant Code Review

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 25 August 2010** to **[cusc.team@uk.ngrid.com](mailto:cusc.team@uk.ngrid.com)**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Working Group.

Any queries on the content of the consultation should be addressed to **[XXXX]** at **[XXXX]**.

These responses will be considered by the Working Group at their next meeting at which members will also consider any WG Consultation Alternative Requests. Where appropriate, the Working Group will record your response and its consideration of it within the final Working Group report which is submitted to the CUSC Amendments Panel.

<b>Respondent:</b>	Stuart Cotten 01757 612 751 <a href="mailto:stuart.cotten@draxpower.com">stuart.cotten@draxpower.com</a>
<b>Company Name:</b>	Drax Power Limited
<b>Please express your views regarding the Working Group Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	Drax is generally comfortable with the approach taken by National Grid to implement the new Licence obligations. However, Drax has raised some concerns in answer to the "Specific Questions"; please see the relevant section below.
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	Drax agrees that this Amendment Proposal better facilitates Applicable CUSC Objective (a), in that it seeks to implement the new Licence obligations imposed by Ofgem as a result of the Code Governance Review.
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	Yes; the implementation approach appears reasonable.

<b>Do you have any other comments?</b>	Please see the “Specific Questions” section below.
<b>Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?</b>	No.

**Specific questions for CAP183**

<b>Q</b>	<b>Question</b>	<b>Response</b>
1	Should a subsumed Amendment Proposal be rejected after the end of an SCR Phase if it is similar to a directed Amendment Proposal?	<p>No; it should be the company that raised the subsumed Amendment Proposal that chooses whether to withdraw the proposal or to continue its development. The decision of the proposer will be based upon the detail of the directed Amendment Proposal and its ongoing development.</p> <p>Although the two proposals could be similar at the end of the SCR Phase, the party that raised the original proposal could decide to make changes to their proposal based upon the outcome of the SCR process. Further to this, the directed Amendment Proposal would be owned by the licensee, who may make changes / additions to the directed Amendment Proposal as they see fit, which may not be acceptable to the proposer of the originally subsumed Amendment Proposal. As such, it should continue to be the right of the proposer to decide whether to withdraw their Amendment Proposal.</p> <p>One exception to this rule could be where the proposer is no longer able to provide input to the proposal (i.e. where a company is no longer a CUSC Party); there will need to be a provision that avoids “ownerless” Amendment Proposals.</p>
2	Do you agree with the Working Group that Working Group Alternative Amendments cannot be split from their original Amendment Proposal?	Yes; a Working Group Alternative Amendment only exists to address a defect that has been identified by the original Amendment Proposal. As both the original and the alternative proposals aim to address the same issue, it would appear illogical to split them.



<b>Q</b>	<b>Question</b>	<b>Response</b>
3	Do you agree with the Working Group that a consultation on the suitability of an Amendment Proposal to be included in an SCR should not be conducted for every new Amendment Proposal raised during an SCR Phase?	Yes; the CUSC Panel has been elected based upon their industry expertise, therefore they should use their judgement as to whether an Amendment Proposal requires assessment for suitability. Further to this, Ofgem will have the ability to subsume an Amendment Proposal at any time, should they disagree with the decision of the Panel not to assess its suitability.
4	When the Authority consents to the withdrawal of an SCR-directed Amendment Proposal, should another party be allowed to adopt that withdrawn proposal?	<p>Yes; it would be unfortunate if an eligible party were to believe that the withdrawn proposal was a valid alternative, but was prohibited from adopting the proposal. If a party were forced to re-raise the proposal, rather than adopt the abandoned Amendment Proposal, it would be a waste of resource for National Grid, the CUSC Panel and the industry parties involved with the associated work-stream.</p> <p>Furthermore, if a party were unable to adopt the withdrawn Amendment Proposal, the party may not be able to re-raise the withdrawn solution if the CUSC Panel considered the re-raised solution to have substantially the same effect as the new Amendment Proposal raised by the Licensee. This would effectively kill the original solution, regardless of the level of support it received from the industry.</p>

Amendments Panel Secretary  
Electricity Codes  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

**Ref** CAP183  
**Date** 10<sup>th</sup> August 2010

**Tel No.** 01355 35 2699  
**Email:** [sp\\_electricity.spoc@accenture.com](mailto:sp_electricity.spoc@accenture.com)

### **CUSC Amendment Proposal CAP183**

Thank you for the opportunity to comment on the Consultation for Amendment Proposal CAP183. This response is submitted on behalf of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.

ScottishPower support the changes to the CUSC as specified, as they bring the Code in line with statutory obligations.

In answer to specific questions raised by the working group:

1. *Should a subsumed Amendment Proposal be rejected after the end of an SCR Phase if it is similar to a directed Amendment Proposal?*

No – a subsumed Amendment Proposal should not be automatically rejected, and should be considered on its own merits.

2. *Do you agree with the Working Group that Working Group Alternative Amendments cannot be split from their original Amendment Proposal?*

Yes

3. *Do you agree with the Working Group that a consultation on the suitability of an Amendment Proposal to be included in an SCR should not be conducted for every new Amendment Proposal raised during an SCR Phase?*

Yes – consultation should only occur where there is disagreement between the Authority and the Panel, where the views of the Industry are key in feeding into that discussion.

4. *When the Authority consents to the withdrawal of an SCR-directed Amendment Proposal, should another party be allowed to adopt that withdrawn proposal?*

Yes – another Party should be allowed to take ownership of a withdrawn SCR-directed Amendment. All Amendments should be allowed to be progressed to a logical conclusion.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely  
*Gary Henderson*

For and on behalf of: ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.

**ScottishPower** Corporate Office 1 Atlantic Quay Glasgow G2 8SP  
Telephone 0141 248 8200 Fax 0141 248 8300

ScottishPower plc Registered Office 1 Atlantic Quay Glasgow G2 8SP Registered in Scotland No 193794 Vat No GB 659 3720 08

**From:** garth.graham@sse.com  
**Sent:** 25 August 2010 15:40  
**To:** .Box.Cusc.Team  
**Cc:** Virk, Bali  
**Subject:** Re: Working Group Consultation for CAP 183  
Dear Sirs,

### **CAP183 Code Governance Review: Significant Code Review**

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Airtricity Developments (Scotland) Limited, Airtricity Developments (UK) Limited, Clyde Wind Farm (Scotland) Limited, Dalswinton Wind Farm (Scotland) Limited, Greenock Wind Farm (Scotland) Limited, Griffin Wind Farm Limited, Keadby Developments Limited, Keadby Generation Limited, Medway Power Limited, Minsca Wind Farm (Scotland) Limited, Slough Energy Supplies Limited, SSE (Ireland) Limited, SSE Energy Limited and SSE Generation Limited.

In relation to the Consultation Document associated with CUSC Amendment Proposal CAP183 "Code Governance Review: Significant Code Review" (contained within your email of 4<sup>th</sup> August 2010) we provide our comments below. First, we have some general comments; second, we have answers to the four questions posed by the Working Group; and third, we provide comments on the illustrative legal text contain in Volume 2.

#### **1 General Comments**

##### **a) Please express your views regarding the Working Group Consultation, including rationale. (Please include any issues, suggestions or queries)**

We note that the CAP183 Amendment Proposal is part of a series of proposals raised by National Grid to implement the Final Proposals of the wider Code Governance Review which was initiated by Ofgem in November 2007 and taken forward for implementation via the Transmission Licence changes in July 2010.

We are also mindful that the 'Description of the Proposed Amendment' (and section 3 of the consultation document) describes a twelve stage process that will be introduced by CAP183.

We welcome the clarification, provided in paragraph 4.2, that the 'model' Working Group Terms of Reference will make clear that the deliberations, voting rights or any recommendations of a Working Group would not be fettered by an Amendment Proposal raised following a direction from the Authority subsequent to an SCR. We had concerns, prior to this clarification, that Working Group members might believe (erroneously in our view) that they were bound to, for example, recommend implementation on an SCR directed Amendment Proposal.

With respect to the comments in paragraph 4.10, we agree with the Working Group member that the wording within the illustrative legal text should directly reflect the same wording as detailed in the SCR Phase definition within the Licence modifications; in terms of both the 'start' and the 'end' of the SCR Phase.

##### **b) Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.**

Yes we believe that the CAP183 original Amendment Proposal does better achieve the Applicable CUSC Objective (a) when compared with the baseline. The reasons for this are set out in our detailed comments elsewhere in this letter.

Whilst no formal Working Group Alternative Amendment(s) is set out by the Working Group we can see, based on the information detailed in the consultation document and our detailed answers to Questions 1, 2, 3 and 4 below, that there is a potential Alternative(s) which could better achieve the Applicable CUSC Objectives (a) and (b) when compared with both the baseline and the original.

##### **c) Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.**

The proposed implementation; as set out in paragraph 7.1 of the consultation document; of ten Business Days after Authority approval seems appropriate in the circumstances.

##### **d) Do you have any other comments?**

We have no additional comments at this time.

**e) Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?**

We believe that the Working Group has considered the most appropriate potential Alternative(s) to CAP183 – which we comment on further below. Therefore we do not wish to raise a WG Consultation Alternative Request.

**2 Answers to the Questions.**

**Q1. Should a subsumed Amendment Proposal be rejected after the end of an SCR Phase if it is similar to a directed Amendment Proposal? (see paragraphs 4.3 to 4.6)**

We note the comments in paragraphs 4.3 to 4.6. We are mindful that of the three scenarios described that the second one (as outlined in paragraph 4.5) would appear, to us, to be the most preferred (of the three) as it could, potentially, permit options to be presented to the Competition Commission that might otherwise be excluded.

In this respect we are mindful that there has only been, so far, a single industry code change that has utilised the Energy Act 2004 appeal process to present a case to the Competition Commission. This was a UNC change (116) which, under that Code's governance arrangements, allowed a number of options (to address the same issue) to be presented to the Commission. This, it seems to us, has some (process) merit and therefore could be of benefit to the electricity codes (such as the CUSC).

The first scenario would appear to lead to a rush of Amendment Proposals in the short period between a notice being issued by the Authority and the start date specified (in that notice). If the second scenario existed as a realistic option then there would be little, if any, incentive for stakeholders to avail themselves of the first scenario approach.

The third scenario would appear to prevent different, but related, changes being progressed in parallel with the SCR directed Amendment Proposal(s). However, this approach could not be precluded - there will always remain the risk that stakeholders might raise a similar change to that already 'in process', hence the need for the 8.15.4(a) power. That having been said (as with the first scenario) if the second scenario approach is available then we can see the likelihood of the third scenario occurring being reduced significantly.

In light of the above, we believe that a subsumed Amendment Proposal should not be rejected by the Panel (presumably by virtue of a new power based on a variation of the existing 8.15.4(a) power?).

Notwithstanding this, we believe there would be merit, once a subsumed Amendment Proposal has emerged from the SCR 'moratorium', for a short period of time (say 2-3 weeks, during which no work would be undertaken to progress that change) to allow the Proposer an opportunity to confirm if they wish work to proceed with their (previously subsumed) Amendment Proposal. If they felt, for example, that (i) circumstances had changed (things had moved on in the intervening period since they raised the change such that it no longer, on reflection, had merit) or (ii) the SCR directed Amendment Proposal(s) adequately addressed their concerns then they would be expected to indicate that their change should be withdrawn forthwith.

In this situation the Code Administrator would write to the Proposer(s) of the subsumed Amendment Proposal(s) shortly after the SCR phase had ended asking them to confirm if they wished work to continue. If no response was received by the deadline then this would be taken as the Proposer(s) consenting to their Amendment Proposal(s) being withdrawn.

**Q2. Do you agree with the Working Group that Working Group Alternative Amendments cannot be split from their original Amendment Proposal? (see paragraph 4.7)**

Yes, we agree with the Working Group that a Working Group Alternative Amendment cannot be split from the original Amendment Proposal. To do otherwise could lead to unintended consequences. Both should proceed in parallel.

**Q3. Do you agree with the Working Group that a consultation on the suitability of an Amendment Proposal to be included in an SCR should not be conducted for every new Amendment Proposal raised during an SCR Phase? (see paragraph 4.12)**

We believe that an assessment; as to the suitability of an Amendment Proposal to be included within a particular (current) SCR; is required to be undertaken by the Panel, in conjunction with the Code Administrator (which, for example, they could discharge via the IWA submitted to the Panel), for all new Amendment Proposals.

That having been said, we agree with the Working Group that this does not require an industry consultation to be undertaken in all cases. In particular it seems to us to be inefficient (and thus run counter to Applicable Objective (a)) to undertake a consultation in the case of the (a) scenario outlined in paragraph 4.12 of the consultation document.

**Q4. When the Authority consents to the withdrawal of an SCR-directed Amendment Proposal, should another party be allowed to adopt that withdrawn proposal? (see paragraph 4.13)**

Yes. In coming to this view we are mindful of three things. First, as noted by a Working Group member, the wording at the end of 1.17.19 (“...the CUSC Modification Proposal may not be adopted by another party”) does not appear in the Licence modifications. We do not believe in the ‘gold-plating’ of regulations; whereby a rule / directive / guidance / law etc., in being transposed into an industry code is embellished with additional requirements.

Second, we do not see the need for an additional means (over and above the standard CUSC Amendments process) for dealing with SCR directed Amendment Proposals that have been withdrawn.

Third, in the (highly unlikely) event that an SCR directed Amendment Proposal is withdrawn, then another CUSC Party should be able to ‘adopt’ that withdrawn (original) Amendment Proposal if, and only if, there is one, or more, Working Group Alternative Amendment Proposal(s) present. This is on the basis that the CUSC Party wishes to ‘keep-alive’ the Alternative(s) rather than the original and, therefore, this is the most efficient way to proceed. The reason for this is that it avoids a whole new Amendment Proposal having to be raised and progressed (especially if the original Amendment Proposal has been worked up extensively – all this work would be lost if the original could not be ‘kept-alive’ by being ‘adopted’).

### **3 Illustrative Legal Text**

We have reviewed the illustrative legal text contained in Volume 2, as it relates to CAP183. We note that there are a number of typographical errors in the legal text. For example, in 1.17.9 (d) of Section 8 the word "and" appears to be missing at the end.

Yours faithfully

Garth Graham  
Electricity Market Development Manager  
SSE

CUSC Team

25 August 2010

### **CAP184 - Code Governance Review: Self Governance**

EDF Energy is pleased to respond to the above consultation.

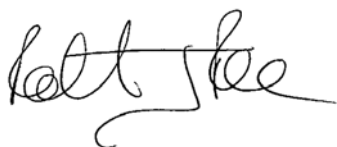
The intention of CAP184 is to ensure compliance with the new licence conditions implemented following Ofgem's Code Governance Review (CGR). These licence conditions oblige National Grid (NG) to introduce a self governance process within the CUSC. In this context we agree the proposal has merit against CUSC applicable objective (a) the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence.

In principle, the self governance arrangements implemented in the code should be flexible in order to allow for the efficient progress of all types of modification proposals. With this in mind we do not believe that all self governance modifications will need to be subject to industry consultation prior to a Panel recommendation. For example, an uncontroversial correction of a manifest drafting error which has no real commercial effect should be capable of going straight to a Panel recommendation. To routinely consult on all proposals in these occasional circumstances may be unduly burdensome on code parties.

The Working Group proposes that CAP184 should be implemented ten Business Days after an Authority decision. We agree that this is a reasonable implementation timescale.

Should you wish to discuss any of the issues raised in our response or have any queries please contact my colleague Steven Eyre on 01452 653741, or myself.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Rob Rome".

Rob Rome  
Head of Trading and Transmission Arrangements  
Corporate Policy & Regulation

## CUSC Working Group Consultation: response proforma

### CAP184

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm** on **[XX XXXX 20XX]** to **cusc.team@uk.ngrid.com**.

Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Working Group.

Any queries on the content of the consultation should be addressed to **[XXXX]** at **[XXXX]**.

These responses will be considered by the Working Group at their next meeting at which members will also consider any WG Consultation Alternative Requests. Where appropriate, the Working Group will record your response and its consideration of it within the final Working Group report which is submitted to the CUSC Amendments Panel.

<b>Respondent:</b>	<i>Esther Sutton</i>
<b>Company Name:</b>	<i>E.ON UK</i>
<b>Please express your views regarding the Working Group Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	We support the implementation of CAP184 to facilitate implementation of the Self-governance route following Ofgem's Code Governance Review Final Proposals.
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<i>For reference, the Applicable CUSC Objectives are:</i>  <i>(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and</i>  <i>(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.</i>  CAP184 supports Objective (a).
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	Yes.



<b>Do you have any other comments?</b>	No.
<b>Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?</b>	No.

**Specific questions for CAP184**

<b>Q</b>	<b>Question</b>	<b>Response</b>
	Do you believe that under the Self governance route, an Amendment Proposal could go straight to a Panel recommendation without conducting an industry consultation?	No. The definition of self-governance mods effectively restricts them to housekeeping matters which may have no impact on Parties, but there have been instances where multiple changes and corrections of errors in a Code have had a material impact. It would be best practice to consult to ensure that no potential impacts are missed and the Panel have as much information as possible when they make their decision. If there is no or little impact on Parties they will not waste much time in responding, while any delay to implementation owing to the time taken to consult should be of little consequence for such a Proposal.

## CUSC Working Group Consultation: response proforma

### CAP184 Code Governance Review: Self-governance

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 25 August 2010** to **[cusc.team@uk.ngrid.com](mailto:cusc.team@uk.ngrid.com)**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Working Group.

Any queries on the content of the consultation should be addressed to **[XXXX]** at **[XXXX]**.

These responses will be considered by the Working Group at their next meeting at which members will also consider any WG Consultation Alternative Requests. Where appropriate, the Working Group will record your response and its consideration of it within the final Working Group report which is submitted to the CUSC Amendments Panel.

<b>Respondent:</b>	Stuart Cotten 01757 612 751 <a href="mailto:stuart.cotten@draxpower.com">stuart.cotten@draxpower.com</a>
<b>Company Name:</b>	Drax Power Limited
<b>Please express your views regarding the Working Group Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	Drax is generally comfortable with the approach taken by National Grid to implement the new Licence obligations, although we have some concern over the potential for Amendment Proposals under the Self-governance route to go straight to report with no industry consultation. Please see the “Specific Questions” section below.
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	Drax agrees that this Amendment Proposal better facilitates Applicable CUSC Objective (a), in that it seeks to implement the new Licence obligations imposed by Ofgem as a result of the Code Governance Review.
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	Yes; the implementation approach appears reasonable.

<b>Do you have any other comments?</b>	Please see the “Specific Questions” below.
<b>Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?</b>	No.

**Specific questions for CAP184**

<b>Q</b>	<b>Question</b>	<b>Response</b>
1	Do you believe that under the Self-governance route, an Amendment Proposal could go straight to a Panel recommendation without conducting an industry consultation?	<p>No; all proposals should be consulted upon to ensure that the industry has a chance to put forward views on (a) the proposal itself and (b) whether they believe it would be more appropriate for a proposal to take a different route (i.e. not the Self-governance route).</p> <p>Smaller parties may consider the consultation process to be the only time that they can make their voice heard on whether an Amendment Proposal should use the Self-governance or standard modification route.</p>

Amendments Panel Secretary  
Electricity Codes  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

**Ref** CAP184  
**Date** 10<sup>th</sup> August 2010

**Tel No.** 01355 35 2699  
**Email:** [sp\\_electricity.spoc@accenture.com](mailto:sp_electricity.spoc@accenture.com)

## **CUSC Amendment Proposal CAP184**

Thank you for the opportunity to comment on the Consultation for Amendment Proposal CAP184. This response is submitted on behalf of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.

ScottishPower support the changes to the CUSC as specified, as they bring the Code in line with statutory obligations.

In answer to specific question raised by the working group:

1. *Do you believe that under the Self-governance route, an Amendment Proposal could go straight to a Panel recommendation without conducting an industry consultation?*

No – it should be for the Working Group to decide based on the complexity of the Amendment in question. While it is true that the vast majority may be insignificant, there is a chance that a small number could be of significance.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely  
*Gary Henderson*

**From:** garth.graham@sse.com  
**Sent:** 25 August 2010 15:55  
**To:** .Box.Cusc.Team  
**Cc:** Virk, Bali  
**Subject:** Re: Working Group Consultation for CAP184

Dear Sirs,

### **CAP184 Code Governance Review: Self-governance**

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Airtricity Developments (Scotland) Limited, Airtricity Developments (UK) Limited, Clyde Wind Farm (Scotland) Limited, Dalswinton Wind Farm (Scotland) Limited, Greenock Wind Farm (Scotland) Limited, Griffin Wind Farm Limited, Keadby Developments Limited, Keadby Generation Limited, Medway Power Limited, Minsca Wind Farm (Scotland) Limited, Slough Energy Supplies Limited, SSE (Ireland) Limited, SSE Energy Limited and SSE Generation Limited.

In relation to the Consultation Document associated with CUSC Amendment Proposal CAP184 "Code Governance Review: Self-governance" (contained within your email of 4<sup>th</sup> August 2010) we provide our comments below. First, we have some general comments; second, we have an answer to the question posed by the Working Group; and third, we provide comments on the illustrative legal text contain in Volume 2.

## **1 General Comments**

### **a) Please express your views regarding the Working Group Consultation, including rationale. (Please include any issues, suggestions or queries)**

We note that the CAP184 Amendment Proposal is part of a series of proposals raised by National Grid to implement the Final Proposals of the wider Code Governance Review which was initiated by Ofgem in November 2007 and taken forward for implementation via the Transmission Licence changes in July 2010.

We are also mindful that the 'Description of the Proposed Amendment' (and section 3 of the consultation document) describes an eighteen stage process that will be introduced by CAP184.

We welcome the clarification, provided in paragraph 4.1, that the Panel will have the opportunity to review their Self-governance stance (on a particular Amendment Proposal) at each Panel meeting. Furthermore, the clarification on the minimum implementation date, for a Self-governance Amendment Proposal (of 16 Business Days) is useful as well as pragmatic.

In relation to the Terms of Reference, and the Working Groups' deliberations on certain matters, we welcome the clarification provided in the consultation document, such as:-

- i) the avoidance of providing a Self-governance statement where this has been discussed / recorded in the minutes (see paragraph 4.6) - for the avoidance of doubt we believe that this should also be recorded in the Panel Headline Report;
- ii) that the Panel will assess all new Amendment Proposals against certain criteria to judge how it would progress in terms of whether it follows either the SCR, or the Self-governance or the standard CUSC change process (see paragraph 4.7); and
- iii) the appeal process with respect to Competition Commission (see paragraphs 4.8 and 4.9);

With respect to the issue of "at least one of the Applicable CUSC Objectives", as outlined in paragraph 4.10, we have concerned to ensure that the assessment, against these objectives, by (1) the Working Group and (2) the Panel (plus potentially the Authority) is robust. We have reservations on this matter. In particular we are mindful of the discussions the Working Group has had when considering CAP188 (see, in particular, paragraphs 4.5 – 4.9 in the CAP188 consultation document). We share the Working Group member's concerns regarding the potentially significant ramifications for the industry, the Licensee and the Authority if the incorrect approach to 'Applicable Objectives' is adopted.

### **b) Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.**

Yes we believe that the CAP184 original Amendment Proposal does better achieve the Applicable CUSC Objective (a) when compared with the baseline. The reasons for this are set out in our detailed comments elsewhere in this letter.

**c) Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.**

The proposed implementation; as set out in paragraph 7.1 of the consultation document; of ten Business Days after Authority approval seems appropriate in the circumstances.

**d) Do you have any other comments?**

We have no additional comments at this time.

**e) Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?**

We believe that the Working Group has identified the most appropriate way forward for CAP184. Therefore we do not wish to raise a WG Consultation Alternative Request.

## **2 Answer to the Question.**

**Q1. Do you believe that under the Self-governance route, an Amendment Proposal could go straight to a Panel recommendation without conducting an industry consultation?**

We can see arguments why it might not be appropriate to hold any industry consultation for each Amendment Proposal prior to the Panel's final vote. For example, there may be few, if any, consultation response etc., and thus some might consider that its more efficient to do away with the need for consulting.

However, on reflection, we believe its good governance practice that there is at least one industry consultation for all Self-governance Amendment Proposals prior to a Panel recommendation.

There are three reasons for this. First, and most importantly, it allows unforeseen issues, unintended consequences etc., to be clearly and transparently raised by all stakeholders (not just CUSC Parties) and brought to the attention of the Panel.

Second, given that the Panel recommendation (to reject / approve) would not be subject to the same level of Authority oversight (in the way that a standard CUSC Amendment or an SCR directed Amendment would be) its important that 'checks & balances' exist when the Panel is exercising the Self-governance power. A consultation phase would, in our view, fulfil this.

Third, as noted in paragraph 3.4, as a question would be included (in the consultation) about whether the respondents considered that the Self-governance route was applicable this would be 'lost' if no consultation was undertaken. Furthermore, given the statement (in paragraph 3.4) that any consultation responses would have to be sent to the Authority at least seven (7) calendar days before the Panel would make its final determination on the Amendment Proposal, this too would not happen (if no consultation was undertaken).

## **3 Illustrative Legal Text**

We have reviewed the illustrative legal text contained in Volume 2, as it relates to CAP184. We note that there are a number of anomalies in the legal text. For example, in 1.1.3 (b) of Section 8 the wording "slightly amended" should be replaced by "self governance" as this accurately describes the process that such a Modification Proposal would follow (if the CAP184 change were to be implemented).

Yours faithfully

Garth Graham  
Electricity Market Development Manager  
SSE

CUSC Team

25 August 2010

## **CAP185 - Code Governance Review: Role of Code Administrator and Code Administration Code of Practice**

EDF Energy is pleased to respond to the above consultation.

The intention of CAP185 is to ensure compliance with the new licence conditions implemented following Ofgem's Code Governance Review (CGR). These licence conditions oblige National Grid (NG) to amend the CUSC so as to establish an administrative body (the "code administrator") and a Code Administration Code of practice (CACOP). In this context, we agree the proposal has merit against CUSC applicable objective (a) the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence. Further, a high quality CACOP might better facilitate CUSC applicable objective (b) competition.

Our response to the specific questions raised in the consultation is as follows:

### **1. What are your views on the appointment process for the independent Panel Chairman?**

We note that views are sought on the appointment process for an independent Panel Chairman. We appreciate it might not be appropriate to include a further level of detail on the appointment of an independent Chairman within CAP185 itself beyond that which is included in this proposal. We agree with the concept that this person once selected could attend Panel meetings as an observer prior to formally starting their role as Panel Chairman on 1st October 2011. This would allow for the individual to learn about charging as well as the other longer-standing CUSC work in advance of taking on the position.

### **2. What are your views on the appointment of a Deputy Chair?**

The appointment of a Deputy Panel Chairman is also discussed within the consultation. Unlike the BSC there are no other independent members of the Amendments Panel. Consequently, we support the approach whereby in instances where the Chairman is unable to attend a Deputy Panel Chairman should be chosen by those present at the Panel meeting. We do not support the approach whereby a senior person from National Grid should automatically step up in circumstances where the usual Chairman cannot attend.

**3. Do you believe the Panel Chairman should have freedom in using a casting vote?**

In instances where the Panel vote on a self-governance amendment proposal is split, we believe the Panel Chairman should have the freedom to use a casting vote according to their independent judgement.

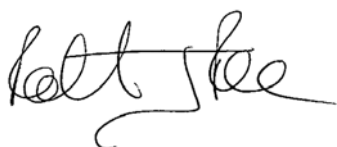
**4. Do you agree that the Code Administrator should not be able to raise changes to the CACOP without Panel approval?**

It is appropriate for the Code Administrator to seek explicit Panel approval prior to raising changes to the CACOP. This would act as a reasonable 'check & balance' on the Code Administrator in this regard. However, it is currently unclear whether this approach is consistent with the licence amendments implemented. Further consideration should be given to this approach following receipt of legal advice.

The Working Group proposes that CAP185 should be implemented ten Business Days after an Authority decision. We agree that this is a reasonable implementation timescale.

Should you wish to discuss any of the issues raised in our response or have any queries please contact my colleague Steven Eyre on 01452 653741, or myself.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rob Rome'.

Rob Rome  
Head of Trading and Transmission Arrangements  
Corporate Policy & Regulation



## CUSC Working Group Consultation: response proforma

### CAP185

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm** on **[XX XXXX 20XX]** to **cusc.team@uk.ngrid.com**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Working Group.

Any queries on the content of the consultation should be addressed to **[XXXX]** at **[XXXX]**.

These responses will be considered by the Working Group at their next meeting at which members will also consider any WG Consultation Alternative Requests. Where appropriate, the Working Group will record your response and its consideration of it within the final Working Group report which is submitted to the CUSC Amendments Panel.

<b>Respondent:</b>	<i>Esther Sutton</i>
<b>Company Name:</b>	<i>E.ON UK</i>
<b>Please express your views regarding the Working Group Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	We support the implementation of CAP185 to insert appropriate reference to the CACOP and clarification of the Code Administrator role and Proposal withdrawal rights under the CUSC.
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<i>For reference, the Applicable CUSC Objectives are:</i>  <i>(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and</i>  <i>(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.</i>  CAP185 supports Objective (a).
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	Yes.

<b>Do you have any other comments?</b>	No.
<b>Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?</b>	No.

**Specific questions for CAP185**

<b>Q</b>	<b>Question</b>	<b>Response</b>
	1 What are your views on the appointment process for an independent Panel Chairman?	Now that this is a licence requirement and must be facilitated it makes sense to tie the timescales for appointment in with those for appointment of Users' Panel members. It would be useful to see the GSG's debate around this process (the GSG webpage only seems to feature minutes from March but not the May meeting).
	2 What are your views on the appointment of a Deputy Panel Chairman? Should the situation arise, do you agree that a Deputy Panel Chairman should be chosen by those present at the Panel meeting or that a senior person from National Grid should be provided by The Company?	As the CUSC Panel Chair does not participate in recommendation votes, if a Deputy is to be appointed from those present they must not lose their vote – if their Alternate was able to attend their vote could be passed to the Alternate. However if this situation arose at short notice it might not be possible for an Alternate to attend; even if possible they would be less familiar with the arguments: it might be simpler if when a Deputy is appointed that they could retain their vote as Panel member. Appointing a senior person from National Grid would avoid such arrangements having to be made, but would also mean that such a Deputy might not be familiar with the issues.

Q	Question	Response
	<p>3 Where the Panel vote is split, do you believe the Panel Chairman should have freedom in using a casting vote for Self-governance Amendment Proposals or should they always vote for the status quo?</p>	<p>A split vote can be viewed as meaning that the case for change has not been made or that the Proposal has equal merit with the current arrangements in which case the administration involved in changing arrangements would probably make it most efficient to retain the status quo. This would also give more certainty to participants, though this should matter little when such Proposals by definition should be of little consequence. However it would seem restrictive to stifle the ability of the Chair to consider the arguments for and against and use their expert judgement and discretion to make a decision one way or another. Most of all this should be made clear in the Code; although the Report states that voting for the status quo is custom and practice in the industry, this is not always the case, as recently occurred under the BSC.</p>
4	<p>Do you agree that the Code Administrator should not be able to raise changes to the CACOP without explicit Panel approval?</p>	<p>Undoubtedly. It would be untoward for a Code Administrator to be able to raise a change to the Code of Practice that sets out how the Code Administrator themselves should operate. The CACOP has been instigated by Ofgem to promote best practice by Code Administrators thus they should not be free to raise a change to the CACOP without Panel approval. Code Administrators exist solely to administer the Code as modified in relation to Amendments Panel recommendations thus the Panel should drive any changes. Furthermore although the CACOP stipulates that the Codes take precedence in the event of a discrepancy, ultimately convergence of the Codes through working towards adherence to the CACOP can be envisaged. The Panels of the respective industry Codes should thus drive any changes to the CACOP, not Code Administrators.</p>

## CUSC Working Group Consultation: response proforma

### CAP185 Code Governance Review: Role of Code Administrator and Code Administration Code of Practice

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 25 August 2010** to **[cusc.team@uk.ngrid.com](mailto:cusc.team@uk.ngrid.com)**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Working Group.

Any queries on the content of the consultation should be addressed to **[XXXX]** at **[XXXX]**.

These responses will be considered by the Working Group at their next meeting at which members will also consider any WG Consultation Alternative Requests. Where appropriate, the Working Group will record your response and its consideration of it within the final Working Group report which is submitted to the CUSC Amendments Panel.

<b>Respondent:</b>	Stuart Cotten 01757 612 751 <a href="mailto:stuart.cotten@draxpower.com">stuart.cotten@draxpower.com</a>
<b>Company Name:</b>	Drax Power Limited
<b>Please express your views regarding the Working Group Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	Drax is generally comfortable with the approach taken by National Grid to implement the new Licence obligations. However, Drax has raised some concerns in answer to the "Specific Questions"; please see the relevant section below.
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	Drax agrees that this Amendment Proposal better facilitates Applicable CUSC Objective (a), in that it seeks to implement the new Licence obligations imposed by Ofgem as a result of the Code Governance Review.
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	Yes; the implementation approach appears reasonable.

<b>Do you have any other comments?</b>	Please see the "Specific Questions" below.
<b>Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?</b>	No.

### Specific questions for CAP185

<b>Q</b>	<b>Question</b>	<b>Response</b>
1	What are your views on the appointment process for an independent Panel Chairman?	Drax's initial view is that it would be useful to appoint the new Panel Chairman in advance of 1 <sup>st</sup> October 2011 in order to ensure a smooth handover. With regards to the actual Panel Chairman appointment process, Drax agrees that this should be determined via a separate GSG work-stream.
2	What are your views on the appointment of a Deputy Panel Chairman? Should the situation arise, do you agree that a Deputy Panel Chairman should be chosen by those present at the Panel meeting or that a senior person from National Grid should be provided by The Company?	<p>Drax believes that a senior person from National Grid should act as Deputy Panel Chairman, should the Panel Chairman be unavailable on the day of a Panel meeting. This allows all Panel Members to continue to discuss agenda items and to exercise their usual voting rights without the potential for a conflict of interest occurring (i.e. should a casting vote be required by the acting Deputy Panel Chairman).</p> <p>Drax agrees that should Panel Members be able to act as a Deputy Panel Chairman, the Panel Member should not be able to exercise their usual voting rights.</p>

Q	Question	Response
3	Where the Panel vote is split, do you believe the Panel Chairman should have freedom in using a casting vote for Self-governance Amendment Proposals or should they always vote for the status quo?	<p>If the Panel Chairman were to have a casting vote (e.g. if the Panel were unable to reach a decisive recommendation), it would appear sensible to restrict the casting vote to a vote for the status quo. This would ensure that the lack of decisive support for change is recorded in the final report.</p> <p>In terms of Panel recommendations for Amendment Proposals, the Panel Chairman's vote for the status quo (as opposed to a vote for change) would ensure that the appeal route remains open should change be approved by the Authority.</p>
4	Do you agree that the Code Administrator should not be able to raise changes to the CACOP without explicit Panel approval?	<p>Yes; the Code Administrator should not be able to raise changes to the CACOP (which, in turn, could potentially have an impact on the CUSC) without the explicit approval of the Panel. It appears reasonable to codify an appropriate check that ensures the Code Administrator's interaction with the CACOP is in the interests of the code itself.</p>

Amendments Panel Secretary  
Electricity Codes  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

**Ref** CAP185  
**Date** 10<sup>th</sup> August 2010

**Tel No.** 01355 35 2699  
**Email:** [sp\\_electricity.spoc@accenture.com](mailto:sp_electricity.spoc@accenture.com)

## **CUSC Amendment Proposal CAP185**

Thank you for the opportunity to comment on the Consultation for Amendment Proposal CAP185. This response is submitted on behalf of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.

ScottishPower support the changes to the CUSC as specified, as they bring the Code in line with statutory obligations.

In answer to specific questions raised by the working group:

1. *What are your views on the appointment process for an independent Panel Chairman?*

No Comment. We await the outcome of the discussion at GSG.

2. *What are your views on the appointment of a Deputy Panel Chairman? Should the situation arise, do you agree that a Deputy Panel Chairman should be chosen by those present at the Panel meeting or that a senior person from National Grid should be provided by The Company?*

The Deputy Panel Chairman should be familiar with the issues being discussed at the meeting. The Deputy should be chosen by the group, with his vote passed to an available Alternate. If the group were unable to choose a Deputy then National Grid could be asked to provide a suitable alternative.

3. *Where the Panel vote is split, do you believe the Panel Chairman should have freedom in using a casting vote for Self-governance Amendment Proposals or should they always vote for the status quo?*

The Panel Chairman should follow adopted custom and practice and use his casting vote in favour of the status quo. If the need for a casting vote arises, the case for change has not been made sufficiently convincingly by the proposer and the change should not be made.

4. *Do you agree that the Code Administrator should not be able to raise changes to the CACOP without explicit Panel approval?*

We believe that as a matter of good practice, the Code Administrator should discuss any proposed change to the CACOP with the CUSC Panel before formally raising it. However, we do not see the necessity for explicit approval of the change by the CUSC Panel as this would conflict with the Code Administrator's ability to propose change under principle 4 of the CACOP.

5. *Views are invited on the proposed implementation date.*

The implementation timescales are suitable,

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely  
*Gary Henderson*



For and on behalf of: ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.



**From:** garth.graham@sse.com  
**Sent:** 25 August 2010 16:51  
**To:** .Box.Cusc.Team  
**Cc:** Virk, Bali  
**Subject:** Re: Working Group Consultation for CAP185

Dear Sirs,

### **CAP185 Code Governance Review: Role of Code Administrator and Code Administrator Code of Practice**

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Airtricity Developments (Scotland) Limited, Airtricity Developments (UK) Limited, Clyde Wind Farm (Scotland) Limited, Dalswinton Wind Farm (Scotland) Limited, Greenock Wind Farm (Scotland) Limited, Griffin Wind Farm Limited, Keadby Developments Limited, Keadby Generation Limited, Medway Power Limited, Minsca Wind Farm (Scotland) Limited, Slough Energy Supplies Limited, SSE (Ireland) Limited, SSE Energy Limited and SSE Generation Limited.

In relation to the Consultation Document associated with CUSC Amendment Proposal CAP185 "Code Governance Review: Role of Code Administrator and Code Administrator Code of Practice" (contained within your email of 4<sup>th</sup> August 2010) we provide our comments below. First, we have some general comments; second, we have answers to the four questions posed by the Working Group; and third, we provide comments on the illustrative legal text contain in Volume 2.

#### **1 General Comments**

**a) Please express your views regarding the Working Group Consultation, including rationale. (Please include any issues, suggestions or queries)**

We note that the CAP185 Amendment Proposal is part of a series of proposals raised by National Grid to implement the Final Proposals of the wider Code Governance Review which was initiated by Ofgem in November 2007 and taken forward for implementation via the Transmission Licence changes in July 2010.

In regard to the improved consistency across the industry codes, as outlined in paragraph 3.5 of the consultation document, this might necessitate this CAP185 change being approved / implemented prior to the related changes (namely CAPs 183, 184, 186, 187 and 188) to ensure the terminology is aligned within the CUSC.

We welcome the clarification, provided in paragraphs 3.3 and 4.1, about the detailed work that the Governance Standing Group will be undertaking regarding the appointment process for the new Independent Panel Chairman. We think it is a very worthwhile objective to seek to appoint the new Chairman prior to them taking up their post in October 2011 (so that they can (i) 'acclimatise' and (ii) there can be a smooth hand-over between the incumbent and the new Chairman. In this regard, we wish to record our thanks and appreciation for the outstanding contribution that the current (and previous) Panel Chairman has provided to the Panel. We provide comments (under Q1 below) about the appointment process for an Independent Panel Chairman.

**b) Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.**

Yes. We believe that the CAP185 original Amendment Proposal does better achieve the Applicable CUSC Objective (a) when compared with the baseline. The reasons for this are set out in our detailed comments elsewhere in this letter.

Whilst no formal Working Group Alternative Amendment(s) is set out by the Working Group we can see, based on the information detailed in the consultation document and our detailed answers to Questions 1, 2, 3 and 4 below, that there is a potential Alternative(s) which could better achieve the Applicable CUSC Objectives (a) and (b) when compared with both the baseline and the original..

**c) Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.**

The proposed implementation; as set out in paragraph 7.1 of the consultation document; of ten Business Days after Authority approval seems appropriate in the circumstances.

**d) Do you have any other comments?**

We have no additional comments at this time.

**e) Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?**

We believe that the Working Group has considered the most appropriate potential Alternative(s) to CAP185 – which we comment on further below. Therefore we do not wish to raise a WG Consultation Alternative Request.

## 2 Answers to the Questions.

### **Q1. What are your views on the appointment process for an independent Panel Chairman? (see paragraph 4.1)**

In our view the Independent Panel Chairman should be appointed using a robust process. Ideally this should involve (i) a ‘head-hunter’ identifying suitable candidates for further consideration (and initial interview) by (ii) a Panel (‘Appointments’) sub committee made up of (a) a representative of the Code Administrator (b) a representative of the Company (which, we would suggest, in the first place, is the current Panel Chairman) and (c) two independent Panel Members (drawn only from those members appointed by virtue of 8.3.2 (a) or (b) of the CUSC) selected only by those members appointed by virtue of 8.3.2 (a) or (b).

The Panel should also be able to, if it wishes, appoint one other member to the (‘Appointments’) sub committee (as long as that person has no affiliation with either National Grid, any CUSC or BSC Party, the National Consumer Council or the Authority). The sub committee would provide a list (which, for the avoidance of doubt, can include just a single name or a number of names) of the candidate(s) that they recommend the Panel submit to the Authority for approval (in accordance with the Transmission Licence Condition C10 2(f)(i)). We hope these views will be of assistance to the GSG in its deliberations on this matter.

### **Q2. What are your views on the appointment of a Deputy Panel Chairman? Should the situation arise, do you agree that a Deputy Panel Chairman should be chosen by those present at the Panel meeting or that a senior person from National Grid should be provided by The Company? (see paragraph 4.4)**

We welcome the clarification, provided in paragraph 4.4, about the detailed work that the Governance Standing Group will be undertaking regarding the appointment process for a Deputy Panel Chairman.

Whilst we can see merit in those present at the meeting appointing a Deputy Panel Chairman, there are downsides to this approach.

In addition to the issue identified in paragraph 4.4; that those members appointed by virtue of 8.3.2 (a) or (b), if appointed Deputy Panel Chairman, would lose their right to vote on an Amendment Proposal recommendation; it could also be particularly problematic if an ‘Urgent’ Amendment Proposal is raised, given the role that the Panel Chairman takes (according to 8.21.1 of the CUSC) in determining the holding of the Panel meeting etc. Whilst this role can be carried out, according to the ‘old’ CUSC, by the Panel Secretary in these circumstances we, nevertheless, believe that where practical a Deputy Panel Chairman should be appointed (to avoid any overlap / conflict of interest with the Code Administrator in accordance with the ‘new’ CUSC).

Given this we are content that the current arrangements for appointing an ‘alternate’ (or Deputy Panel Chairman in the context of CAP185) as set out in 8.6.1 is sufficient; whereby a senior employee at the Company is appointed to the position on a temporary basis; and this is, in our view, the most pragmatic way to proceed.

### **Q3. Where the Panel vote is split, do you believe the Panel Chairman should have freedom in using a casting vote for Self-governance Amendment Proposals or should they always vote for the status quo? (see paragraph 4.5)**

There has been ‘confusion’ in the past in another industry code as to whether or not the Panel Chairman was bound to vote for the status quo, in the event of a split vote. We believe it is important that this matter of principle is clarified, one way or the other, in the context of the CUSC. We therefore welcome the Working Group member bringing this to the attention of the industry.

In our view where the Panel is equally split over an Amendment Proposal, and the Panel Chairman has a casting vote, then the principle should be that the case for change has not been made and the Panel Chairman should be bound, by the CUSC, to vote for the status quo. This, as noted in paragraph 4.5, is a commonly applied practice in similar situations outside of the industry codes themselves.

### **Q4. Do you agree that the Code Administrator should not be able to raise changes to the CACOP without explicit Panel approval? (see paragraph 4.6)**

We agree with the Working Group member that the Code Administrator, in performing its duties as Code Administrator, is only acting in accordance with the CUSC and on behalf of the Amendments Panel and should not be acting in its own right per se.

We believe that if the Code Administrator was able to raise a Code of Practice change, in its own right without recourse to explicit Panel agreement, that this would place the Code Administrator in a serious ‘conflict of interest’ situation which would run counter to the principles of good governance practice (which has, as noted in paragraph 4.6, been set out by various Parliamentary and Standards in Public Life bodies recently).

The inclusion of an explicit requirement for Panel approval would, in our view, (i) conform with good governance principles (ii) would

act as a reasonable 'check & balance' and (iii) comply with the existing principle used in the BSC (where Elexon is unable to raise, in its own name, a change to the BSC but rather requires the approval of the (BSC) Panel).

We therefore wholeheartedly agree with the general consensus of the Working Group that explicit Panel approval (to allow the Code Administrator to raise a CACOP amendment) should be codified in the CUSC.

Finally we note the comments at the end of paragraph 4.6, namely:-

“The National Grid representative agreed to consider the issue further and take legal advice on the implications of including such a requirement within the CUSC.”

It was our understanding, based on the discussion at the industry workshop held on 23<sup>rd</sup> June 2010 (at Elexon) and the clear statements from the representatives of (i) Elexon (ii) National Grid and (iii) Ofgem at that time, that the Code Administrators Code of Practice did not take precedence over the industry codes (such as the CUSC). Whist attendees at the workshop expressed scepticism about this, we took these representatives at their word.

However, the inference of National Grid seeking legal advice on the implications of including a requirement within the CUSC would appear to be that the Code of Practice does, after all (and as we had long suspected) take precedence. If this is indeed the case then this reinforces the need for the Code Administrator not being able to raise a change to the Code of Practice (without explicit Panel approval) as the change they might be seeking could materially benefit them.

### **3 Illustrative Legal Text**

We have reviewed the illustrative legal text contained in Volume 2, as it relates to CAP185 and have the following comments. We note that there are a number of anomalies in the legal text. For example, in the Section 8 there appears to be three incorrect uses of the phrase “The Company” rather than “the Code Administrator” in paragraph 8.22.11 on page 37.

Yours faithfully

Garth Graham  
Electricity Market Development Manager  
SSE

CUSC Team

25 August 2010

## **CAP188 - Code Governance Review: Governance of Charging Methodologies**

EDF Energy is pleased to respond to the above consultation, the key messages of our response are as follows:

- **We note that that CAP188 has been proposed to meet the new transmission licence conditions following Ofgem's recent Code Governance Review**
- **Our understanding of the licence amendments leads us to support the approach which requires two separate modification proposals to be raised where there might be amendments to both CUSC and the charging methodologies**
- **We agree with National Grid (NG) that a restrictive window for the raising of charging methodology modification proposals is unnecessary**
- **We agree on an indicative cut-off date for proposal completion to allow their inclusion in the following financial year's tariffs**

The intention of CAP188 is to ensure compliance with the new licence conditions implemented following Ofgem's Code Governance Review (CGR). These licence conditions oblige National Grid (NG) to amend the CUSC in order to include Use of System and Connection Charging Methodologies within the code. Once implemented, charging amendments would be subject to change via the amendment process, with CUSC Parties, BSC Parties and the National Consumer Council, all able to raise change proposals in relation to charging from 1 January 2011. We agree with the findings of the CGR that this represents an improvement against the current baseline arrangements where only NG can propose changes to charging methodologies.

We also note that the charging methodologies will be incorporated into a new and separate section of the CUSC and a new category of "materially affected party"<sup>1</sup> will be introduced allowing such parties to raise changes to the two Charging Methodologies – but not to any other part of the CUSC.

Paragraphs 4.5 to 4.9 outline two approaches to the raising and processing of charging changes. The first of these will allow parties to raise one single Amendment Proposal to the CUSC which could cover both the existing Sections of the CUSC and the two Charging Methodologies. The second approach requires two separate amendment proposals to be raised where both the charging methodologies sections and other CUSC text are affected by any proposal. The implemented licence amendments allow different groups of parties

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<sup>1</sup> In order to gain designation as a "materially affected party" for this purpose, a party would have to first prove to the Authority's satisfaction, that it is materially affected by the charging methodologies.

to raise amendments to the charging sections of the CUSC than the wider CUSC document i.e. a materially affected party who may be neither a CUSC party, BSC party nor the National Consumer Council, may only propose a change to the charging methodologies. Furthermore, the different sections of the CUSC would be assessed by the Amendments Panel against differing relevant objectives. These two considerations lead us to believe that the second approach, although less transparent, would be the appropriate way forward. However, where two modifications are required it is important that these are considered and assessed in a holistic manner in order for the industry to fully understand the impact of the changes proposed.

We agree with the Working Group that a restrictive window for raising Charging Methodology modification proposals is unnecessary. We do not see a benefit in restricting the period during which new charging related Amendment Proposals could legally be raised. However, we do have some concerns regarding the stability of charges under these arrangements and this issue is highlighted by the discussion within the consultation on the use of a 'cut-off date' by when proposals should have completed the code amendments process to potentially allow incorporation into the following financial year's tariffs subject to the regulatory decision making process undertaken by Ofgem. The consultation suggests an end of September cut-off date for the Amendment Panel to make its recommendation vote on a charging modification proposal.

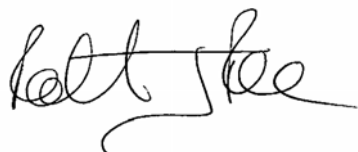
It is worth noting that the existing arrangements require a veto decision from the Authority within 4 months of the charging modification Conclusions Report being published by NG. However, the CUSC decision timescales are not consistent with this restriction so although the working group consultation uses this as an indicative decision timescale on charging modifications there is no guarantee that the modification might be included in the next year's tariffs. Consequently we would support an indicative timescale being included in the CUSC but do not believe that this should be a firm cut-off date as this may unduly restrict the regulatory decision making process undertaken by Ofgem.

CAP188 allows, pragmatically, for the continued existence of the Transmission Charging Methodologies Forum (TCMF) as a discussion body of charging issues. The currently drafted terms of reference recognise that the TCMF is not and will not be a recommendatory or formal change-processing body. We also note that that separate charging working groups under the governance of the CUSC amendments process may also be convened. The CUSC Amendments Panel will, under CAP188, take ownership of TCMF's terms of reference so that they may be evolved where necessary. We support this approach.

We do not wish to propose an alternative amendment for consideration by the Working Group in relation to CAP188.

Should you wish to discuss any of the issues raised in our response or have any queries please contact my colleague Steven Eyre on 01452 653741, or myself.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Rob Rome".

Rob Rome,  
Head of Trading and Transmission Arrangements  
Corporate Policy & Regulation

## CUSC Working Group Consultation: response proforma

### CAP188

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm** on **[XX XXXX 20XX]** to **cusc.team@uk.ngrid.com**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Working Group.

Any queries on the content of the consultation should be addressed to **[XXXX]** at **[XXXX]**.

These responses will be considered by the Working Group at their next meeting at which members will also consider any WG Consultation Alternative Requests. Where appropriate, the Working Group will record your response and its consideration of it within the final Working Group report which is submitted to the CUSC Amendments Panel.

<b>Respondent:</b>	<i>Esther Sutton</i>
<b>Company Name:</b>	<i>E.ON UK</i>
<b>Please express your views regarding the Working Group Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	We agree that CAP188 will help facilitate the licence changes resulting from the Code Governance Review Final Proposals, and result in more appropriate governance of the Charging methodologies.
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<i>For reference, the Applicable CUSC Objectives are:</i>  <i>(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and</i>  <i>(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.</i>  Like the other Code Governance Review Proposals, CAP188 supports Objective (a).
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	Yes.

Do you have any other comments?	No.
Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?	No.

### Specific questions for CAP188

Q	Question	Response
1	Which approach to the Charging Methodology proposals do you prefer?	Dependent upon the legal advice obtained by National Grid, we prefer the first approach as outlined in 4.6. This does not preclude separate amendments being raised as envisaged under the second approach if a party should wish, e.g. to minimise the risk of one single proposal failing potentially in relation to one area only. However, there are certain proposals which can only be assessed properly if the charging and related CUSC text changes are considered together by the Panel. This would be precluded by the second approach.
2	Do you agree with the Working Group that a window for raising Charging Methodology modification proposals is unnecessary?	Yes, it should be possible for relevant parties to raise such proposals anytime and there is no need to restrict this. Any such restriction would be counterproductive possibly resulting in a bottleneck of several potentially conflicting Proposals being raised at once. A window for implementation is more appropriate.
3	Do you agree with the Working Group that there should be a fixed cut-off date each year for implementation of Charging Methodology change proposals for the following charging year?	Yes, this would give the certainty the industry needs to anticipate and incorporate such changes.



<b>Q</b>	<b>Question</b>	<b>Response</b>
4	What are your views on the Working Group's proposal that the cut-off date should be 6 months prior to 1 April every year, bearing in mind the advice from National Grid's charging team?	This seems a practical approach and we do not see that it should have a negative impact on National Grid's ability to provide indicative charges.

## CUSC Working Group Consultation: response proforma

### CAP188 Code Governance Review: Governance of Charging Methodologies

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 25 August 2010** to **[cusc.team@uk.ngrid.com](mailto:cusc.team@uk.ngrid.com)**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Working Group.

Any queries on the content of the consultation should be addressed to **[XXXX]** at **[XXXX]**.

These responses will be considered by the Working Group at their next meeting at which members will also consider any WG Consultation Alternative Requests. Where appropriate, the Working Group will record your response and its consideration of it within the final Working Group report which is submitted to the CUSC Amendments Panel.

<b>Respondent:</b>	Stuart Cotten 01757 612 751 <a href="mailto:stuart.cotten@draxpower.com">stuart.cotten@draxpower.com</a>
<b>Company Name:</b>	Drax Power Limited
<b>Please express your views regarding the Working Group Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	Drax is generally comfortable with the approach taken by National Grid to implement the new Licence obligations. However, Drax has raised some concerns in answer to the "Specific Questions"; please see the relevant section below.
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	Drax agrees that this Amendment Proposal better facilitates Applicable CUSC Objective (a), in that it seeks to implement the new Licence obligations imposed by Ofgem as a result of the Code Governance Review.
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	Yes; the implementation approach appears reasonable.

<b>Do you have any other comments?</b>	Please see the “Specific Questions” below.
<b>Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?</b>	No.

**Specific questions for CAP188**

<b>Q</b>	<b>Question</b>	<b>Response</b>
1	Which approach to the Charging Methodology proposals do you prefer?	<p>Drax believes that separating the use of system and charging elements of a given modification (i.e. parties raising two separate, but related, Amendment Proposals) appears to be the most practical solution.</p> <p>Given that a “materially affected party” is only eligible to raise Charging Methodology Amendment Proposals (i.e. they are not able to raise “use of system” Amendment Proposals), it would seem logical to have a single process for all parties to follow, rather than having different processes for differing types of party.</p> <p>Furthermore, separating the differing types of proposal helps to avoid confusion over which set of applicable objectives applies to which part of the Amendment Proposal.</p>
2	Do you agree with the Working Group that a window for raising Charging Methodology modification proposals is unnecessary?	Yes. Parties should be able to raise an Amendment Proposal at any time and work should commence as soon as possible (taking into account the Panel's role in prioritising such proposals). It is the timing of implementation that is more important (see answer to Question 3).

<b>Q</b>	<b>Question</b>	<b>Response</b>
3	Do you agree with the Working Group that there should be a fixed cutoff date each year for implementation of Charging Methodology change proposals for the following charging year?	Yes. Amendment Proposals that seek to change the charges that parties face should be implemented in a way that causes minimal impact to such parties (i.e. at the start of a charging year). As such, this appears to be a sensible approach; Amendment Proposals that relate to the Charging Methodologies should reach a certain point in their development by a fixed cutoff date if they are to be implemented in the following charging year.
4	What are your views on the Working Group's suggestion that the cutoff date should be 6 months prior to 1 April every year, bearing in mind the advice from National Grid's charging team?	Drax believes that the introduction of a six month cutoff date, as suggested by the Working Group, would be a sensible approach. It would be necessary for the Panel to take into consideration the time required to implement more complex charging Amendment Proposals as and when they arise; parties should be made aware that meeting the six month cutoff date does not guarantee implementation in the following charging year where complex system changes are required.

Amendments Panel Secretary  
Electricity Codes  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

**Ref** CAP188  
**Date** 10<sup>th</sup> August 2010

**Tel No.** 01355 35 2699  
**Email:** [sp\\_electricity.spoc@accenture.com](mailto:sp_electricity.spoc@accenture.com)

## **CUSC Amendment Proposal CAP188**

Thank you for the opportunity to comment on the Consultation for Amendment Proposal CAP188. This response is submitted on behalf of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.

ScottishPower support the changes to the CUSC as specified, as they bring the Code in line with statutory obligations.

In answer to specific questions raised by the working group:

1. *Which approach to the Charging Methodology proposals do you prefer?*

The second proposal, with separate CUSC and Charging Amendments would seem to give more flexibility to Parties in raising changes, and assessing them against the appropriate Objectives.

2. *Do you agree with the Working Group that a window for raising Charging Methodology modification proposals is unnecessary?*

Yes – there should not be a restriction on when a change can be raised. The Panel are able to prioritise and manage the flow of change to these areas as they currently do for the rest of the CUSC.

3. *Do you agree with the Working Group that there should be a fixed cut-off date each year for implementation of Charging Methodology change proposals for the following charging year?*

Yes – this gives more certainty to the Industry as a whole and having a standard implementation date is the way forward. Parties raising changes will know the complexity of their individual change, and National Grid can advise on adjusting the timetable for a particular change.

4. *What are your views on the Working Group's suggestion that the cut-off date should be 6 months prior to 1 April every year, bearing in mind the advice from National Grid's charging team?*

The notional six month cut-off point is a good starting point for the majority of changes. The Proposer would hopefully be able to gauge from National Grid how long a change might take and adjust their timetable accordingly.

5. *Views are invited on the proposed implementation date.*

The implementation timescales are suitable.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely  
*Gary Henderson*



For and on behalf of: ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.

**From:** garth.graham@sse.com  
**Sent:** 25 August 2010 17:09  
**To:** .Box.Cusc.Team  
**Cc:** Virk, Bali  
**Subject:** Re: Working Group Consultation for CAP 188

Dear Sirs,

## **CAP188 Code Governance Review: Governance of Charging Methodologies**

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Airtricity Developments (Scotland) Limited, Airtricity Developments (UK) Limited, Clyde Wind Farm (Scotland) Limited, Dalswinton Wind Farm (Scotland) Limited, Greenock Wind Farm (Scotland) Limited, Griffin Wind Farm Limited, Keadby Developments Limited, Keadby Generation Limited, Medway Power Limited, Minsca Wind Farm (Scotland) Limited, Slough Energy Supplies Limited, SSE (Ireland) Limited, SSE Energy Limited and SSE Generation Limited.

In relation to the Consultation Document associated with CUSC Amendment Proposal CAP188 "Code Governance Review: Governance of Charging Methodologies" (contained within your email of 4<sup>th</sup> August 2010) we provide our comments below. First, we have some general comments; second, we have answers to the four questions posed by the Working Group; and third, we provide comments on the illustrative legal text contain in Volume 2.

### **1 General Comments**

#### **a) Please express your views regarding the Working Group Consultation, including rationale. (Please include any issues, suggestions or queries)**

We note that the CAP188 Amendment Proposal is part of a series of proposals raised by National Grid to implement the Final Proposals of the wider Code Governance Review which was initiated by Ofgem in November 2007 and taken forward for implementation via the Transmission Licence changes in July 2010.

We welcome the inclusion of the two Charging Methodologies within the CUSC. This is a major step forward in terms of opening up the charging arrangements for Transmission to industry inspired change.

We note the comments in paragraph 3.2, namely that "once the two methodologies are included within the CUSC, they would be subject to the CUSC governance arrangements in force, as amended from time to time". We are mindful that the changes being put forward by CAP188 (as well as the suite of related Code Governance Review changes from CAPs 183, 184, 185, 186 and 187) are intended to codify the minimum changes necessary to implement the July 2010 Transmission Licence changes. However, in light of this 'minimum' approach there may need to be additional consideration given to some additional governance changes (over and above the 'minimum') to successful embedded, over the longer term, the charging methodologies within the CUSC governance arrangements. For example, as alluded to in paragraph 3.4, the issues associated with a 'Charging Standing Group' could be considered and taken forward separately to CAP188.

We note the comments in paragraph 3.4 regarding the TCMF. We support the formal 'adoption' of the Transmission Charging Methodologies Forum by the CUSC Panel and welcome the principle of the future setting of the group's Terms of Reference (from time to time) by the Panel.

#### **b) Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.**

Yes. We believe that the CAP188 original Amendment Proposal does better achieve the Applicable CUSC Objective (a) when compared with the baseline. The reasons for this are set out in our detailed comments elsewhere in this letter.

Whilst no formal Working Group Alternative Amendment(s) is set out by the Working Group we can see, based on the information detailed in the consultation document and our detailed answers to Questions 1, 2, 3 and 4 below, that there is a potential Alternative(s) which could better achieve the Applicable CUSC Objectives (a) and (b) when compared with both the baseline and the original.

#### **c) Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.**

The proposed transitional implementation arrangement; as set out in paragraphs 7.1 and 7.2; appears pragmatic. In terms of the textual changes to the CUSC, the proposed implementation; as set out in paragraph 7.3 of the consultation document; of ten Business Days after Authority approval seems appropriate in the circumstances.

**d) Do you have any other comments?**

We have no additional comments at this time.

**e) Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?**

We believe that the Working Group has identified the most appropriate Alternative(s) to CAP188 – which we comment on further below. Therefore we do not wish to raise a WG Consultation Alternative Request.

**2 Answers to the Questions.****Q1. Which approach to the Charging Methodology proposals do you prefer? (see paragraphs 4.5 to 4.9)**

Whilst we can appreciate the benefits of the single Amendment Proposal route (covering both the CUSC and Charging Methodology changes - the ‘first approach’ set out in paragraph 4.6) in terms of transparency, efficiency and simplicity we have concluded, at this stage (pending clear legal advice to the contrary) that the multiple Amendment Proposal route (each covering, separately, the CUSC and Charging Methodology changes - the ‘second approach’ set out in paragraph 4.7) is the most appropriate, and robust, way to proceed with respect to CAP188.

In coming to this view we have been mindful of (amongst other things) (i) the potential issue of unduly discriminating against “materially affected parties” (as outlined in paragraph 4.7) (ii) that this was the approach adopted (as required by the governance rules at that time) for the suite of Transmission Access Review changes in 2008-9 and (iii) the potential legal uncertainty if the single Amendment Proposal route (the ‘first approach’) is followed when (a) the Working Group (b) the Panel and (c) the Authority consider the suite of Applicable Objectives.

If it can be determined that the ‘first approach’ process is legally robust then there maybe a case for going down that route; however, we are not convinced, at this stage, that this ‘first approach’ is legally robust.

We have serious reservations that, as noted in paragraph 4.9, “there could potentially be significant ramifications for the industry, the Licensee and the Authority” if the incorrect approach is adopted and, subsequently, it turns out to be incorrect as this would call into question the legality not only of the change(s) that was the subject of legal challenge but all other changes agreed, to that date, via the new arrangements.

Given this uncertainty (and the reservations that arise from this) we believe that the ‘precautionary principle’ should be applied in this case, and the ‘second approach’ (of multiple Amendment Proposals) introduced with respect to the CAP188 change.

**Q2. Do you agree with the Working Group that a window for raising Charging Methodology modification proposals is unnecessary? (see paragraphs 4.10 to 4.12)**

We concur with the conclusions reached with respect to there being no ‘window’ by which parties will need to raise (in a particular year) a Charging Methodology change proposal.

**Q3. Do you agree with the Working Group that there should be a fixed cutoff date each year for implementation of Charging Methodology change proposals for the following charging year? (see paragraphs 4.12 to 4.17)**

Yes. We are mindful that parties require certainty that from a known date (each year) the charges for the forthcoming charging year (1<sup>st</sup> April to 31<sup>st</sup> March) will be set. This is what happens today, with National Grid providing indicative and final tariffs to parties (as set out in paragraph 4.13). This allows (a) suppliers and (b) generators to prepare (i) their customer tariffs / contracts and / or (ii) their plant operational and commercial arrangements (respectively) for the forthcoming charging year in good time to reflect this into their commercial arrangements.

If there is not an implementation cutoff date set out then parties will have to put an amount into (i) their customer tariffs / contracts and / or (ii) their plant operational and commercial arrangements to take account of the risk factor of the charges altering, perhaps significantly, at a later date. This could have a destabilising effect on market participants and might be especially burdensome on smaller parties (to the point where it could act as a barrier to entry).

**Q4. What are your views on the Working Group's suggestion that the cutoff date should be 6 months prior to 1 April every**



**year, bearing in mind the advice from National Grid's charging team? (see paragraphs 4.12 to 4.17).**

In view of our comments under Q3 above, it follows that there needs to be a cutoff date set. In our view, mindful of the deliberations of the Working Group (as set out in paragraphs 4.12 to 4.17) it appears that a deadline of the September CUSC Panel (for the final Panel vote) is both appropriate and pragmatic.

We note, in particular, the comments in paragraph 4.14 that "...the onus would be on the Proposer raising their Charging Methodology Amendment Proposal in sufficient time for it to have progressed (depending upon the complexity etc., of the change) through a Working Group, industry consultation etc., in accordance with the change process set out in Section 8 of the CUSC, such that it was able to be presented, at the very latest, to the September Panel meeting for a recommendation vote".

As the Working Group went on to note "...National Grid, as Code Administrator, could act as a 'critical friend' to the Proposer and advise on the potential timescales for taking their particular change through the CUSC change process, so that the Proposer could still meet the September Panel deadline".

Parties, in seeking to raise, in particular, a change to the Charging Methodologies need to be mindful of the issue of implementation in the next Charging Year. The sooner a party raises the change the more likely they are to meet the September Panel cutoff (or, if another date is chosen, that other date). With the 'right' to raise a Charging Methodology change comes the 'responsibility' of doing so with sufficient time for that change to be practically implemented.

We note the comments, in paragraph 4.16, from National Grid's Transmission charging experts. Taking each of the three point listed in turn:-

"Implementation timescales for a Charging Methodology proposal will vary depending on the complexity and significance of the change proposed. Some changes are relatively straight forward and therefore a September cut-off date may be earlier than necessary, whilst others would require a cut-off date earlier than September"

As noted by the Working Group, "...National Grid, as Code Administrator, could act as a 'critical friend' to the Proposer and advise on the potential timescales for taking their particular change through the CUSC change process, so that the Proposer could still meet the September Panel deadline". Thus straightforward changes might come forward in the early summer, whilst more complex changes might come forward in the late autumn or early winter.

"A September cut-off date may leave insufficient time to implement a significant Use of System Charging Methodology change that required significant changes to our systems, such as the transport or tariff models"

We recognise this maybe a risk and, in these exceptional cases, we believe the pragmatic approach would be for the CUSC Panel; on the advise of (a) National Grid (b) the Working Group and (c) industry stakeholders; to seek Authority approval for an extension to the implementation date from the following April to a subsequent April (or indeed beyond that, if that was what was required). We note that such situations are likely to be related to the need for substantial IS changes (on the part of, potentially, both National Grid and also CUSC parties). We further note that there is a precedent already set (with the TAR related charging changes) whereby the Authority can approve National Grid commencing work on the IS changes prior to the change proposals being approved.

"A September cut-off date may impact National Grid's ability to provide indicative TNUoS tariffs or connection charges<sup>1</sup> prior to publishing the actual charges. For example there may be insufficient time to collate data (e.g. precise maintenance data at every substation) and/or change our calculation processes to accommodate proposed changes"

We are perplexed by this. National Grid currently has cutoff dates for data etc., that it uses to calculate the indicative tariffs in December. For example, it utilities User TEC figures as at October. Whilst there might be a number of 'scenarios'; in terms of which change proposals (as at the September Panel vote) may, or may not, be approved by the Authority; this is no different, in principle, to today – where National Grid has a number of charging changes in process some of which may (i) be withdrawn (ii) be vetoed by the Authority or (iii) not be vetoed by the Authority. If National Grid can undertake this for itself, but not for other industry parties could additional resources be provided in order to avoid any suggestion of them acting in a discriminatory manner (and thus counter to their Licence obligations).

### **3 Illustrative Legal Text**

We have reviewed the illustrative legal text contained in Volume 2, as it relates to CAP188 and have the following comments.

We note that there are a number of anomalies in the legal text. For example, in Section 11 Interpretations and Definitions there is a definition for "Bid" (which refers to the BSC definition) whilst the definition of "Offer" is inconsistent with this (as it does not refer to the BSC definition). There are a number of typos within the legal text, such as in Part B The Statement of the Connection Charging Methodology Chapter 1 paragraph 1.6 (b) where "disconnecter" is replaced with "disconnect or" ... and then followed by "or".

Yours faithfully

Garth Graham  
Electricity Market Development Manager  
SSE

## **PART 2 - REPRESENTATIONS RECEIVED DURING THE COMPANY CONSULTATION**

Part 2 of Volume 2 includes copies of representations received to the Company Consultation (published 27/09/2010, closed 11/10/2010).

Representations were received from the following parties:

<b>No</b>	<b>Company</b>	<b>CAP183 File Number</b>	<b>CAP184 File Number</b>	<b>CAP185 File Number</b>	<b>CAP188 File Number</b>
1	Scottish and Southern Energy (SSE)	CAP183- CR-01	CAP184- CR-01	CAP185- CR-01	CAP188- CR-01
2	EDF	CAP183- CR-02	CAP184- CR-02	CAP185- CR-02	CAP188- CR-02
3	EON	CAP183- CR-03	CAP184- CR-03	CAP185- CR-03	CAP188- CR-03
4	Scottish Power (SP)	CAP183- CR-04	CAP184- CR-04	CAP185- CR-04	CAP188- CR-04



CUSC Secretary  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6 DA

**E.ON UK plc**  
Westwood Way  
Westwood Business Park  
Coventry  
West Midlands  
CV4 8LG  
eon-uk.com

Esther Sutton  
T 024 76183440  
esther.sutton@eon-  
uk.com

11/10/2010

**CAP183 - Code Governance Review: Significant Code Review**  
**CAP184 - Code Governance Review: Self-governance**  
**CAP185 - Code Governance Review: Role of Code Administrator  
and Code Administration Code of Practice**  
**CAP188 - Code Governance Review: Governance of Charging  
Methodologies**

#### **Response from E.ON UK**

Thank you for the opportunity to comment on the Consultations for CAP183, CAP184, CAP185 and CAP188. This response is made on behalf of E.ON UK plc. Many of our comments on these Amendment Proposals have already been made in our responses to the Working Group consultations of 04/08/10, as included within the combined 'Working Group Report Volume 2'. However, these proformas should be read in conjunction with this letter. As a general observation, for all of these proposals we are disturbed by the proposer's justification with reference to the Applicable CUSC objectives. It is disappointing that the only objective quoted by the proposer for all four proposals is *(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence*; no effort has been made to justify them in terms of the other objectives. Thus although on the face of it CAPs 183-8 support objective (a), this alone cannot be used as justification to recommend implementation of these Amendment Proposals. Obligations have been placed on National Grid because National Grid consented to certain licence changes; other CUSC parties did not have a formal right to object or appeal these licence changes. In our view the CUSC Panel must have the right to make a recommendation based purely on the merits of the proposal: if the Panel were required to 'rubber-stamp' an Ofgem-originated proposal because it happened to be set out in National Grid's licence, then a potential merits based appeal by affected parties would be precluded under the statutory Energy Code Modification appeals process. If the Panel is prevented from making an unfettered

E.ON UK plc  
Registered in  
England and Wales  
No 2366970

Registered Office:  
Westwood Way  
Westwood Business Park  
Coventry CV4 8LG

judgement on the merits of a proposal it can no longer exercise its responsibility to make impartial recommendations which is vested in it by this statutory process.

### **CAP183 - Code Governance Review: Significant Code Review**

While CAP183 would facilitate implementation of the Significant Code Review aspects of the licence obligations and thus Applicable Objective (a), negative impacts under (b) mean that on balance we do not consider that this proposal better facilitates the Applicable CUSC Objectives, and E.ON UK does not support its implementation.

While there may be merit in undertaking a thorough review of an area before a Modification is raised, and with the right safeguards an Ofgem led 'Significant Code Review' process could potentially offer benefits in terms of more transparent and efficient decision making for public policy issues, it increases regulatory uncertainty and poses a great risk to the market if the process were to be used to drive inappropriate interventions. If parties view changes to industry arrangements as desirable they can raise proposal(s) when appropriate; whereas any such review, especially one potentially lasting 12 months+, would affect companies' ability to plan ahead. Thus, SCRs seem likely to have a negative effect on competition, deterring both new entrants and further investment by existing market participants, for whom the costs of managing such risks will increase. Any change to a market framework such as the Codes that provides a mechanism for possibly unwarranted regulatory interventions and the risk of frequent changes in policy, increases market uncertainty. Markets that are subject to such uncertainty are less likely to encourage new entrants and thus facilitate competition.

Any review undertaken without closer industry involvement and a lack of appropriate checks and balances also means the Authority would be acting as both judge and jury and risks producing an impractical, unworkable solution. For the Authority to direct the Licensee to raise a modification to perform a certain function or to impose a particular mechanism risks enforcing a solution, which may have unforeseen negative effects for market participants. This may be a particular problem when concerning an area on which the Licensee has no expert knowledge.

If the SCR process was to result instead in a report highlighting issues and providing an overview of options from which the industry could develop a solution, this would be more practical. Development by an industry workgroup in consultation with UNC Parties is the most effective process for uncovering potential impacts and developing the most appropriate solution. As it is, the proposed process not only calls into question the independence of the Licensee, but will also stifle timely development of alternative options by industry by 'subsuming' proposals raised during the SCR phase. Preventing industry development of other solutions is inefficient, anti-competitive and risks poorer quality decision-making through limiting the options on the table when a direction is made. In our view, the lack of adequate checks and balances in this proposal also increases regulatory uncertainty.

Our view might change in favour of CAP183 if:

- a) A higher threshold of support was required for the CUSC Panel to recommend implementation of a proposal that effectively originates from an SCR (such as that set out in CAP190 "Two-Thirds Majority Voting requirement for CUSC Panel recommendations on Amendments arising from Licence obligations, Authority requests or obligations"
- b) There was a limit introduced on the time that work on an industry proposal could be suspended during an SCR.

It is important to acknowledge that in suggesting these safeguards, we are not in any way seeking to question the competence of the decision makers, but it is nevertheless important to ensure that those entrusted to make decisions are incentivised to make timely decisions of the highest quality. The new powers for Ofgem to effectively originate modification proposals under SCRs means that the process for arriving at a Panel Recommendation needs to change in response, to maintain the efficacy of the statutory Energy Code Modification appeals process as envisaged by Parliament.

In addition an industry proposer's right to progress a modification under the normal modification rules should not be unduly delayed because of an SCR. If the suspension of industry work on such proposals was limited to say 12 months from the commencement of the relevant SCR,

this would provide an incentive on Ofgem to progress its SCR in a timely fashion. Again we would not expect this or the appeals safeguard would need to be used very often, but the existence of such procedural checks and balances will help assure the quality of regulatory decisions.

### **CAP184 - Code Governance Review: Self-governance**

E.ON UK supports the implementation of CAP184 to facilitate implementation of the Self-governance route following Ofgem's Code Governance Review Final Proposals. Self governance seems the most efficient route for minor modifications, such as those raised for 'housekeeping' purposes. We are pleased that the Working Group supported the majority of previous consultation respondents and confirmed that industry should be consulted when the Panel believe that Self-governance is appropriate to progress a proposal. As there have been instances where multiple changes and corrections of errors in a Code have had a material impact on parties it would be best practice to consult to ensure that no potential impacts are missed.

### **CAP185 - Code Governance Review: Role of Code Administrator and Code Administration Code of Practice**

On balance, E.ON UK supports implementation of this proposal to insert appropriate references to the CACOP and clarification of the Code Administrator role and Proposal withdrawal rights under the CUSC, but believes that the benefits of implementation would be marginal. We welcome clarification that assistance will be provided by the Code Administrator in its 'Critical Friend' role to all with an interest in Code modification process and not only 'small parties'; such support should be offered to all users. In relation to the WGAA to force the Chair to use their casting vote when the Panel is split on a Self-governance proposal, but with the freedom to cast this as they judge best, not by default for the status quo, we are conscious of the benefits both of continuing the status quo but also of not fettering the Chair's judgement. On balance whereas a proposal going through the 'standard' process could see a split Panel view fed through to the Authority, and under such circumstances the Authority decision either way would be appealable to the Competition Commission, for self-governance, we note that Ofgem's Final Proposals emphasized that lack of a majority Panel determination 'could result in deadlock and impede effective governance', implying that a majority via a casting vote if necessary is required. In such

circumstances it would give greatest certainty to participants if the Chair vote when required was for the status quo. This would be on the basis that the case for change has not been made or that the Proposal may have equal merit with current arrangements in which case the administration involved in changing the Code would make it most efficient to retain the status quo. When such Proposals by definition should be of little consequence for parties, any costs might also be expected to be minimal should the Chair have the freedom to vote for the proposal if they believe it better than the baseline. However we accept the argument that if the Panel is split the issue potentially should not have been a Self-Governance proposal and it would protect the stability of the CUSC to retain the status quo.

Concerning the legal text, we find the distinction between the text to update 8.11.4 for the Proposed and WGAA does not seem clear and it is unfortunate that the question of how the Chair should cast their vote is not made clearer in the Code for participants' understanding.

### **CAP188 - Code Governance Review: Governance of Charging Methodologies**

E.ON UK supports implementation of this proposal to incorporate the Charging Methodologies in the CUSC, making them subject to the usual CUSC governance arrangements, and clarify the role of the TCMF versus a potential Charging Standing Group. We believe it is correct that Code signatories and materially affected parties should have the opportunity to raise proposals to change the Charging Methodologies. We would have preferred the 'single proposal' approach but note that the legal advice on the viability of this approach was not conclusive.

We agree that the CAP188 WGAA is also better than the baseline. Versus the Proposed, generators and suppliers need certainty of forthcoming charges by a known date each year. Removing the fixed cut-off date of the last business day in September for the Panel to decide changes to be implemented by the following 01/04 might seem more efficient for smaller changes than delaying these for 18 months. However it would probably be more beneficial to parties to have certainty and even smaller changes would require sufficient notice to be given to parties prior to a 01/04 implementation. We anticipate that parties raising any major changes should be sure to allow enough time for them to progress through the usual timescales; however if the WGAA





was to be approved the CUSC Panel would have to consider whether enough notice could be provided to Parties for any change reaching it after September.

I hope the above comments prove helpful.

Yours sincerely

Esther Sutton  
Trading Arrangements

**Lam, Steven**

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**From:** garth.graham@sse.com  
**Sent:** 11 October 2010 11:27  
**To:** Lam, Steven  
**Cc:** .Box.Cusc.Team  
**Subject:** CAP183 Code Governance Review: Significant Code Review

Dear Sirs,

**CAP183 Code Governance Review: Significant Code Review**

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Airtricity Developments (Scotland) Limited, Airtricity Developments (UK) Limited, Clyde Wind Farm (Scotland) Limited, Dalswinton Wind Farm (Scotland) Limited, Greenock Wind Farm (Scotland) Limited, Griffin Wind Farm Limited, Keadby Developments Limited, Keadby Generation Limited, Medway Power Limited, Minsca Wind Farm (Scotland) Limited, Slough Energy Supplies Limited, SSE (Ireland) Limited, SSE Energy Limited and SSE Generation Limited.

In relation to the Consultation Document associated with CUSC Amendment Proposal CAP183 "Code Governance Review: Significant Code Review" (contained within your email of 27th September 2010) we provide our comments below. These comments should be read in conjunction with our more substantive comments, submitted on 25th August 2010 (as contained in Volume 2 of this consultation).

We note that the CAP183 Amendment Proposal is part of a series of proposals raised by National Grid to implement the Final Proposals of the wider Code Governance Review which was initiated by Ofgem in November 2007 and taken forward for implementation via the Transmission Licence changes in July 2010.

We believe that the CAP183 original Amendment Proposal does better achieve the Applicable CUSC Objective (a) when compared with the baseline. The reasons for this are set out in our detailed comments submitted on 25th August 2010 (as contained in Volume 2 of this consultation).

We support the proposed implementation; as set out in paragraphs 7.1-7.4 of the consultation document; of ten Business Days after Authority approval as this seems appropriate in the circumstances, with no retrospective application (in other words Amendment Proposals raised prior to the implementation of CAP183 et al will follow the 'old' process whilst those Amendment Proposals raised after the CAP183 et al implementation will follow the 'new' process).

We have reviewed the legal text contained in Volume 2, as it relates to CAP183. We note that when the suite of changes associated with Ofgem's Code Governance Review, like CAP183 (plus CAPs 184, 185, 186, 187 and 188) are implemented that a number of anomalies may, inadvertently, arise. We welcome the suggestion that the Governance Standing Group should review Sections 8 and 11 of the CUSC early in 2011 to ensure they remain 'fit for purpose' in light of the recent substantive changes.

Yours faithfully

Garth Graham  
 Electricity Market Development Manager  
 SSE

From: "Lam, Steven" <steven.lam@uk.ngrid.com>  
 To: "Abid Sheikh" <Abid.Sheikh@ofgem.gov.uk>, <bvest@aepuk.com>, "Clark, Emma" <emma.clark@uk.ngrid.com>, <fiona.navesey@centrica.com>, <garth.graham@scottish-southern.co.uk>, "Hynes, Patrick" <patrick.hynes@uk.ngrid.com>, <industrycodes@consumerfocus.org.uk>, <Jonathan.Dixon@ofgem.gov.uk>, <Kathryn.Coffin@elexon.co.uk>, "Kay, Alison" <alison.kay@uk.ngrid.com>, "Lam, Steven" <steven.lam@uk.ngrid.com>, <Mark.Cox@ofgem.gov.uk>, "Ofgem"

14/10/2010

<industrycodes@ofgem.gov.uk>, <paul.jones@eon-uk.com>, <Paul.Mott@edfenergy.com>, "Richard Hall"  
<Richard.Hall@consumerfocus.org.uk>, "Ripley, Mark G" <mark.g.ripley@uk.ngrid.com>, <robert.brown14@tiscali.co.uk>,  
<slord@fhc.co.uk>, "Smith, David M" <David.M.Smith@uk.ngrid.com>, "Thomason, Alex" <alex.thomason@uk.ngrid.com>

Date: 27/09/2010 17:25

Subject: CAP183, 184, 185, 188 Consultation Documents

Dear Amendments Panel Members,

Please note the following consultation documents will be available later today at  
<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/currentamendmentproposals/>

- CAP183 – Significant Code Review
- CAP184 – Self Governance
- CAP185 – Role of Code Administrator and Code Administration Code of Practice
- CAP188 – Governance of Charging Methodologies

Kind regards,

**Steve Lam**  
 Commercial Analyst  
 UK Transmission  
 National Grid  
[Steven.Lam@uk.ngrid.com](mailto:Steven.Lam@uk.ngrid.com)  
 Tel: 07970 846993

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\*\*\*\*\*  
The information in this e-mail is confidential and may be legally privileged. It :

Scottish and Southern Energy plc, Inveralmond House, 200 Dunkeld Road, Perth, Per  
\*\*\*\*\*

11 October 2010

Dear CUSC Team,

**CUSC Amendment Proposal CAP183  
Code Governance Review: Significant Code Review**

EDF Energy welcomes the opportunity to respond to the above consultation.

In summary, we agree that CAP183 better (than baseline) supports CUSC applicable Objective (a). This is because CAP183 has its roots in a transmission licence modification that has already been made. National Grid is mandated by the new Licence obligations to make the changes and additions to the CUSC that are set out within CAP183. Therefore, CAP183 would facilitate the achievement of Objective (a).

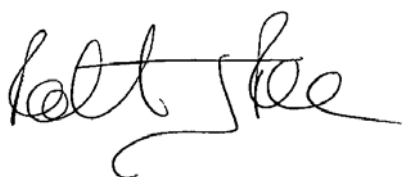
There is a mistake in the consultation document in paragraph 1.7, where a reference is made to CAP184 in place of CAP183. For clarity, we are reading it as if it read CAP183.

On reflection, we do not feel that subsumed proposals that are perceived by some commentators or parties to have substantially the same effect as a directed (by Ofgem at the end of an SCR Phase, as a result of that SCR) modification should be automatically rejected at the end of the SCR Phase. The panel should make its recommendation on these modifications in the usual manner. It would be likely that where they had substantially the same effect as a directed amendment, it would reject them, but this should not be mandated in the CAP183 legal text.

We do support the proposed implementation approach.

If you have any queries on this response, please do not hesitate to contact me directly, or my colleague Paul Mott on 0203 126 2314.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob Rome".

**Rob Rome**  
**Head of Transmission and Trading Arrangements**  
**Corporate Policy and Regulation**

## CUSC Working Group Consultation

### CAP183 - Code Governance Review: Significant Code Review (SCR)

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 11<sup>th</sup> October 2010** to **cusc.team@uk.ngrid.com**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Working Group.

Any queries on the content of the consultation should be addressed to **Steven Lam** at  
**Commercial**  
**National Grid**  
**National Grid House**  
**Warwick Technology Park**  
**Gallows Hill**  
**Warwick**  
**CV34 6DA.**

These responses will be considered by the Working Group at their next meeting at which members will also consider any WG Consultation Alternative Requests. Where appropriate, the Working Group will record your response and its consideration of it within the final Working Group report which is submitted to the CUSC Amendments Panel.

<b>Respondent:</b>	<i>Martin McDonald</i>  <i>T: 01355 35 2760</i>  <i>E: sp_electricity.spoc@accenture.com</i>
<b>Company Name:</b>	<i>Accenture Ltd on behalf of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.</i>
<b>Please express your views regarding the Working Group Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	<i>The Working Group has sufficiently addressed the issues within CAP183.</i>
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<i>For reference, the Applicable CUSC Objectives are:</i>  <i>(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and</i>  <i>(b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith)</i>

	<p><i>facilitating such competition in the sale, distribution and purchase of electricity.</i></p> <p><i>ScottishPower agrees with the Working Group that the proposed amendment better facilitates Applicable CUSC Objective (a) as National Grid is mandated by the new Licence obligations to make the changes and additions to the CUSC as set out within the CAP183 proposal and that it 'demonstrably facilitates' the achievement of the Applicable CUSC Objective.</i></p> <p><i>ScottishPower is similarly neutral on whether CAP183 better facilitated the achievement of Applicable Objective (b).</i></p>
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	<i>ScottishPower agrees with the Working Group's proposal that CAP183 should be implemented 10 Business Days after an Authority decision.</i>
<b>Do you have any other comments?</b>	<i>No.</i>
<b>Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?</b>	<i>No.</i>

### Specific questions for CAP183

<b>Q</b>	<b>Question</b>	<b>Response</b>
1	Should a subsumed Amendment Proposal be rejected after the end of an SCR Phase if it is similar to a directed Amendment Proposal?	<i>No – a subsumed Amendment Proposal should not be automatically rejected, and should be considered on its own merits.</i>
2	Do you agree with the Working Group that Working Group Alternative Amendments cannot be split from their original Amendment Proposal?	<i>Yes</i>
3	Do you agree with the Working Group that a consultation on the suitability of an Amendment Proposal to be included in an SCR should not be conducted for every new Amendment Proposal raised during an SCR Phase?	<i>Yes – consultation should only occur where there is disagreement between the Authority and the Panel, where the views of the Industry are key in feeding into that discussion.</i>

<b>Q</b>	<b>Question</b>	<b>Response</b>
4	When the Authority consents to the withdrawal of an SCR-directed Amendment Proposal, should another party be allowed to adopt that withdrawn proposal?	<i>Yes – another Party should be allowed to take ownership of a withdrawn SCR-directed Amendment. All Amendments should be allowed to be progressed to a logical conclusion.</i>



**Lam, Steven**

---

**From:** garth.graham@sse.com  
**Sent:** 11 October 2010 11:27  
**To:** Lam, Steven  
**Cc:** .Box.Cusc.Team  
**Subject:** CAP184 Code Governance Review: Self-governance

Dear Sirs,

**CAP184 Code Governance Review: Self-governance**

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Airtricity Developments (Scotland) Limited, Airtricity Developments (UK) Limited, Clyde Wind Farm (Scotland) Limited, Dalswinton Wind Farm (Scotland) Limited, Greenock Wind Farm (Scotland) Limited, Griffin Wind Farm Limited, Keadby Developments Limited, Keadby Generation Limited, Medway Power Limited, Minsca Wind Farm (Scotland) Limited, Slough Energy Supplies Limited, SSE (Ireland) Limited, SSE Energy Limited and SSE Generation Limited.

In relation to the Consultation Document associated with CUSC Amendment Proposal CAP184 "Code Governance Review: Self-governance" (contained within your email of 27th September 2010) we provide our comments below. These comments should be read in conjunction with our more substantive comments, submitted on 25th August 2010 (as contained in Volume 2 of this consultation).

We note that the CAP184 Amendment Proposal is part of a series of proposals raised by National Grid to implement the Final Proposals of the wider Code Governance Review which was initiated by Ofgem in November 2007 and taken forward for implementation via the Transmission Licence changes in July 2010.

We believe that the CAP184 original Amendment Proposal does better achieve the Applicable CUSC Objective (a) when compared with the baseline. The reasons for this are set out in our detailed comments submitted on 25th August 2010 (as contained in Volume 2 of this consultation).

We support the proposed implementation; as set out in paragraphs 7.1-7.4 of the consultation document; of ten Business Days after Authority approval as this seems appropriate in the circumstances, with no retrospective application (in other words Amendment Proposals raised prior to the implementation of CAP184 et al will follow the 'old' process whilst those Amendment Proposals raised after the CAP184 et al implementation will follow the 'new' process).

We have reviewed the legal text contained in Volume 2, as it relates to CAP184. We note that when the suite of changes associated with Ofgem's Code Governance Review, like CAP184 (plus CAPs 183, 185, 186, 187 and 188) are implemented that a number of anomalies may, inadvertently, arise. We welcome the suggestion that the Governance Standing Group should review Sections 8 and 11 of the CUSC early in 2011 to ensure they remain 'fit for purpose' in light of the recent substantive changes.

Yours faithfully

Garth Graham  
 Electricity Market Development Manager  
 SSE

From: "Lam, Steven" <steven.lam@uk.ngrid.com>  
 To: "Abid Sheikh" <Abid.Sheikh@ofgem.gov.uk>, <bvest@aepuk.com>, "Clark, Emma" <emma.clark@uk.ngrid.com>, <fiona.navesey@centrica.com>, <garth.graham@scottish-southern.co.uk>, "Hynes, Patrick" <patrick.hynes@uk.ngrid.com>, <industrycodes@consumerfocus.org.uk>, <Jonathan.Dixon@ofgem.gov.uk>, <Kathryn.Coffin@elexon.co.uk>, "Kay, Alison" <alison.kay@uk.ngrid.com>, "Lam, Steven" <steven.lam@uk.ngrid.com>, <Mark.Cox@ofgem.gov.uk>, "Ofgem"

14/10/2010

<industrycodes@ofgem.gov.uk>, <paul.jones@eon-uk.com>, <Paul.Mott@edfenergy.com>, "Richard Hall"  
<Richard.Hall@consumerfocus.org.uk>, "Ripley, Mark G" <mark.g.ripley@uk.ngrid.com>, <robert.brown14@tiscali.co.uk>,  
<slord@fhc.co.uk>, "Smith, David M" <David.M.Smith@uk.ngrid.com>, "Thomason, Alex" <alex.thomason@uk.ngrid.com>

Date: 27/09/2010 17:25

Subject: CAP183, 184, 185, 188 Consultation Documents

Dear Amendments Panel Members,

Please note the following consultation documents will be available later today at  
<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/currentamendmentproposals/>

- CAP183 – Significant Code Review
- CAP184 – Self Governance
- CAP185 – Role of Code Administrator and Code Administration Code of Practice
- CAP188 – Governance of Charging Methodologies

Kind regards,

**Steve Lam**  
 Commercial Analyst  
 UK Transmission  
 National Grid  
[Steven.Lam@uk.ngrid.com](mailto:Steven.Lam@uk.ngrid.com)  
 Tel: 07970 846993

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<http://www.nationalgrid.com/corporate/legal/registeredoffices.htm>

\*\*\*\*\*  
The information in this e-mail is confidential and may be legally privileged. It :

Scottish and Southern Energy plc, Inveralmond House, 200 Dunkeld Road, Perth, Per  
\*\*\*\*\*

11 October 2010

Dear CUSC Team,

### **CUSC Amendment Proposal CAP184 - Code Governance Review: Self-governance**

EDF Energy welcomes the opportunity to respond to the above consultation.

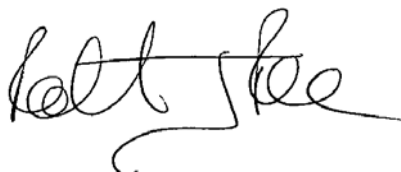
In summary, we agree that CAP184 better (than baseline) supports CUSC applicable Objective (a). This is because CAP184 has its roots in a transmission licence modification that has already been made. National Grid is mandated by the new Licence obligations to make the changes and additions to the CUSC that are set out within CAP184. Therefore, CAP184 would facilitate the achievement of Objective (a).

We believe that under the self-governance route there are circumstances where an Amendment proposal could go straight to Panel recommendation without conducting an industry consultation. For example, for trivial modifications of clear and universally-undisputed benefit, consultation for its own sake does not seem necessary. However, this process should not be automatic, but at the discretion of the Panel and, where relevant, its working group.

We do support the proposed implementation approach. The implementation date for Self-governance Amendment Proposals is proposed under CAP184 to be a minimum of sixteen Business Days after the Panel publishes their final determination under the Self-governance route. This does make sense, as the appeals window allows parties to raise an appeal up to and including fifteen Business Days after the final Panel determination. Therefore, the implementation would, as a minimum, be the next Business Day after the appeals window closes.

If you have any queries on this response, please do not hesitate to contact me directly, or my colleague Paul Mott on 0203 126 2314.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob Rome".

**Rob Rome**  
**Head of Transmission and Trading Arrangements**  
**Corporate Policy and Regulation**

## CUSC Working Group Consultation

### CAP184 - Code Governance Review: Self-governance

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm** on **11<sup>th</sup> October 2010** to **cusc.team@uk.ngrid.com**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Working Group.

Any queries on the content of the consultation should be addressed to **Steven Lam** at  
**Commercial**  
**National Grid**  
**National Grid House**  
**Warwick Technology Park**  
**Gallows Hill**  
**Warwick**  
**CV34 6DA.**

These responses will be considered by the Working Group at their next meeting at which members will also consider any WG Consultation Alternative Requests. Where appropriate, the Working Group will record your response and its consideration of it within the final Working Group report which is submitted to the CUSC Amendments Panel.

<b>Respondent:</b>	<i>Martin McDonald</i>  <i>T: 01355 35 2760</i>  <i>E: sp_electricity.spoc@accenture.com</i>
<b>Company Name:</b>	<i>Accenture Ltd on behalf of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.</i>
<b>Please express your views regarding the Working Group Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	<i>ScottishPower support the changes to the CUSC as specified, as they bring the Code in line with statutory obligations.</i>
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<i>For reference, the Applicable CUSC Objectives are:</i>  <i>(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and</i>  <i>(b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith)</i>

	<p><i>facilitating such competition in the sale, distribution and purchase of electricity.</i></p> <p><i>ScottishPower agrees with the Working Group that the proposed amendment better facilitates Applicable CUSC Objective (a) as National Grid is mandated by the new Licence obligations to make the changes and additions to the CUSC as set out within the CAP184 proposal and that it 'demonstrably facilitates' the achievement of the Applicable CUSC objective.</i></p> <p><i>ScottishPower is similarly neutral on whether CAP184 better facilitated the achievement of Applicable Objective (b).</i></p>
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	<i>ScottishPower agree with the Working Group's proposal that CAP184 should be implemented 10 Business Days after an Authority decision.</i>
<b>Do you have any other comments?</b>	<i>No.</i>
<b>Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?</b>	<i>No.</i>

#### **Specific questions for CAP184**

<b>Q</b>	<b>Question</b>	<b>Response</b>
1	Do you believe that under the Self-governance route, an Amendment Proposal could go straight to a Panel recommendation without conducting an industry consultation?	<i>No – it should be for the Working Group to decide based on the complexity of the Amendment in question. While it is true that the vast majority may be insignificant, there is a chance that a small number could be of significance.</i>

**Lam, Steven**

---

**From:** garth.graham@sse.com  
**Sent:** 11 October 2010 11:27  
**To:** Lam, Steven  
**Cc:** .Box.Cusc.Team  
**Subject:** CAP185 Code Governance Review: Role of Code Administrator and Code Administrator Code of Practice

Dear Sirs,

**CAP185 Code Governance Review: Role of Code Administrator and Code Administrator Code of Practice**

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Airtricity Developments (Scotland) Limited, Airtricity Developments (UK) Limited, Clyde Wind Farm (Scotland) Limited, Dalswinton Wind Farm (Scotland) Limited, Greenock Wind Farm (Scotland) Limited, Griffin Wind Farm Limited, Keadby Developments Limited, Keadby Generation Limited, Medway Power Limited, Minsca Wind Farm (Scotland) Limited, Slough Energy Supplies Limited, SSE (Ireland) Limited, SSE Energy Limited and SSE Generation Limited.

In relation to the Consultation Document associated with CUSC Amendment Proposal CAP185 "Code Governance Review: Role of Code Administrator and Code Administrator Code of Practice" (contained within your email of 27th September 2010) we provide our comments below. These comments should be read in conjunction with our more substantive comments, submitted on 25th August 2010 (as contained in Volume 2 of this consultation).

We note that the CAP185 Amendment Proposal is part of a series of proposals raised by National Grid to implement the Final Proposals of the wider Code Governance Review which was initiated by Ofgem in November 2007 and taken forward for implementation via the Transmission Licence changes in July 2010.

We believe that the CAP185 original Amendment Proposal does better achieve the Applicable CUSC Objective (a) when compared with the baseline. The reasons for this are set out in our detailed comments submitted on 25th August 2010 (as contained in Volume 2 of this consultation).

We do not believe that the CAP185 alternative Amendment Proposal does better achieve the Applicable CUSC Objective (a) when compared with the original. We do believe that the alternative is better than the baseline but when compared with the original it is not better and the original is 'best' in our view.

Our rationale for coming to this view, with respect to the alternative, is that there has been 'confusion' in the past in another industry code as to whether or not the Panel Chairman was bound to vote for the status quo, in the event of a split vote. We believe it is important that this matter of principle is clarified, one way or the other, in the context of the CUSC. We therefore welcome the Working Group member bringing this to the attention of the industry.

In our view where the Panel is equally split over an Amendment Proposal, and the Panel Chairman has a casting vote, then the principle should be that the case for change has not been made and the Panel Chairman should be bound, by the CUSC, to vote for the status quo. This, as noted in paragraph 4.5, is a commonly applied practice in similar situations outside of the industry codes themselves.

We support the proposed implementation; as set out in paragraphs 7.1-7.4 of the consultation document; of ten Business Days after Authority approval as this seems appropriate in the circumstances, with no retrospective application (in other words Amendment Proposals raised prior to the implementation of CAP185 et al will follow the 'old' process whilst those Amendment Proposals raised after the CAP185 et al implementation will follow the 'new' process).

We have reviewed the legal text contained in Volume 2, as it relates to CAP185. We note that when the suite of changes associated with Ofgem's Code Governance Review, like CAP185 (plus CAPs 183, 184, 186, 187 and 188) are implemented that a number of anomalies may, inadvertently, arise. We welcome the suggestion that the Governance Standing Group should review Sections 8 and 11 of the CUSC early in 2011 to ensure they remain 'fit for purpose' in light of the recent substantive changes.

14/10/2010

We also welcome the suggestion that the Governance Standing Group will consider further the process for the appointment of the Panel Chairman and come forward with views for industry consideration in due course.

Yours faithfully

Garth Graham  
Electricity Market Development Manager  
SSE

From: "Lam, Steven" <steven.lam@uk.ngrid.com>  
To: "Abid Sheikh" <Abid.Sheikh@ofgem.gov.uk>, <bvest@aepuk.com>, "Clark, Emma" <emma.clark@uk.ngrid.com>, <fiona.navesey@centrica.com>, <garth.graham@scottish-southern.co.uk>, "Hynes, Patrick" <patrick.hynes@uk.ngrid.com>, <industrycodes@consumerfocus.org.uk>, <Jonathan.Dixon@ofgem.gov.uk>, <Kathryn.Coffin@elexon.co.uk>, "Kay, Alison" <alison.kay@uk.ngrid.com>, "Lam, Steven" <steven.lam@uk.ngrid.com>, <Mark.Cox@ofgem.gov.uk>, "Ofgem" <industrycodes@ofgem.gov.uk>, <paul.jones@eon-uk.com>, <Paul.Mott@edfenergy.com>, "Richard Hall" <Richard.Hall@consumerfocus.org.uk>, "Ripley, Mark G" <mark.g.ripley@uk.ngrid.com>, <robert.brown14@tiscali.co.uk>, <slord@fhc.co.uk>, "Smith, David M" <David.M.Smith@uk.ngrid.com>, "Thomason, Alex" <alex.thomason@uk.ngrid.com>  
Date: 27/09/2010 17:25  
Subject: CAP183, 184, 185, 188 Consultation Documents

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Dear Amendments Panel Members,

Please note the following consultation documents will be available later today at <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/currentamendmentproposals/>

CAP183 – Significant Code Review  
CAP184 – Self Governance  
CAP185 – Role of Code Administrator and Code Administration Code of Practice  
CAP188 – Governance of Charging Methodologies

Kind regards,

**Steve Lam**  
Commercial Analyst  
UK Transmission  
National Grid  
[Steven.Lam@uk.ngrid.com](mailto:Steven.Lam@uk.ngrid.com)  
Tel: 07970 846993

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\*\*\*\*\*

11 October 2010

Dear CUSC Team,

**CUSC Amendment Proposal CAP185: Code Governance Review: Role of Code Administrator and Code Administration Code of Practice**

EDF Energy welcomes the opportunity to respond to the above consultation.

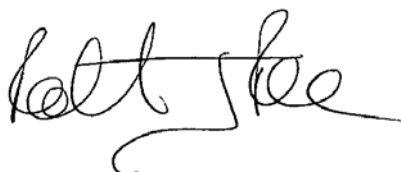
In summary, we agree that CAP185 better (than baseline) supports CUSC applicable Objective (a). This is because CAP185 has its roots in a transmission licence modification that has already been made. National Grid is mandated by the new Licence obligations to make the changes and additions to the CUSC that are set out within CAP185. Therefore, CAP185 would facilitate the achievement of Objective (a).

We suggest that a Working Group Alternative Amendment be raised, as discussed by the working group, to make it absolutely clear that the Panel Chairman should have freedom in using a casting vote for Self-governance Amendment Proposals.

We support the proposed implementation approach and respond to your questions in the attachment to this letter.

If you have any queries on this response, please do not hesitate to contact me directly, or my colleague Paul Mott on 0203 126 2314.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob Rome".

**Rob Rome**  
**Head of Transmission and Trading Arrangements**  
**Corporate Policy and Regulation**

## Attachment

### **CUSC Amendment Proposal CAP185: Code Governance Review: Role of Code Administrator and Code Administration Code of Practice**

#### **EDF Energy responses to your questions**

#### **Q1. Do you have any views on the appointment process for an independent Panel Chairman?**

CAP185 does not specify the detailed process for this appointment. It is a matter of some importance and the proposer's intent (and the Authority's and Code Administrator's intent) in this matter was initially somewhat unclear. We are pleased that the Code Administrator has accepted that the detailed process should not be imposed on the Panel and CUSC Parties, but rather, discussed by the Governance Standing Group (GSG). It is appropriate that this has been added to the GSG Terms of Reference.

#### **Q2. What are your views on the appointment of a Deputy Panel Chairman? Should the situation arise, do you agree that a Deputy Panel Chairman should be chosen by those present at the Panel meeting or that a senior person from National Grid should be provided by The Company?**

The appointment process for the Deputy Panel Chairman would be a valid matter for discussion by the aforementioned GSG. It would be ideal for Panellists to choose the deputy from among their own number when the usual independent chairman is unable to attend. The deputy, whilst acting in this role, would pass his normal panellist's vote to an alternate of his choosing for that meeting. Failing this, as an absolute last resort, it could be a valid model for National Grid to provide the Deputy Panel Chairman, as the majority of meetings would be chaired by the new Independent Panel Chairman or in his absence by a deputy appointed from knowledgeable and experienced panellists as noted above – the maintenance of two chairmen (main, and deputy) in a state of knowledgeable readiness, both outwith Grid, would seem to be disproportionate and unnecessary.

#### **Q3. Where the Panel vote is split, do you believe the Panel Chairman should have freedom in using a casting vote for Self-governance Amendment Proposals or should they always vote for the status quo?**

We believe that it is better and more natural, notwithstanding the practice in some other places, that the independent Panel Chairman should be able to use his casting vote as he sees fit. This better facilitates independence (of the Panel, and of the status quo) and the unconstrained, free thinking that the spirit, meaning and intent of independence would seem to naturally entail. In a split Panel vote (in absence of the independent chairman), there is absolutely no point in having an independent, free-thinking chairman if his role is to always support the status quo. In essence, he can never exercise any independent judgement and alter the outcome of a Panel recommendatory vote at all under this (status

quo) model, unless he should do so quite indirectly in the manner in which he chairs and schedules the debate.

We suggest that a Working Group Alternative Amendment be raised, as discussed by the working group and now consulted on, to make it absolutely clear that the Panel Chairman is allowed a free casting vote.

**Q4. Do you agree that the Code Administrator should not be able to raise changes to the CACOP without explicit Panel approval?**

Yes. We agree that this would avoid the Code Administrator being placed in a conflict of interest situation where it thought of an amendment to the CACOP which some might perceive to be of a material benefit to itself. Explicit Panel approval would act as a reasonable check and balance on the Code Administrator when considering CACOP changes which might have been the Code Administrator's idea.

**EDF Energy**  
**October 2010**

## CUSC Working Group Consultation

### CAP185 - Code Governance Review: Role of Code Administrator and Code Administration Code of Practice

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 11<sup>th</sup> October 2010** to **cusc.team@uk.ngrid.com**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Working Group.

Any queries on the content of the consultation should be addressed to **Steven Lam** at  
**Commercial**  
**National Grid**  
**National Grid House**  
**Warwick Technology Park**  
**Gallows Hill**  
**Warwick**  
**CV34 6DA.**

These responses will be considered by the Working Group at their next meeting at which members will also consider any WG Consultation Alternative Requests. Where appropriate, the Working Group will record your response and its consideration of it within the final Working Group report which is submitted to the CUSC Amendments Panel.

<b>Respondent:</b>	<i>Martin McDonald</i>  <i>T: 01355 35 2760</i>  <i>E: sp_electricity.spoc@accenture.com</i>
<b>Company Name:</b>	<i>Accenture Ltd on behalf of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.</i>
<b>Please express your views regarding the Working Group Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	<i>ScottishPower support the changes to the CUSC as specified, as they bring the Code in line with statutory obligations.</i>
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<i>For reference, the Applicable CUSC Objectives are:</i>  <i>(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and</i>  <i>(b) facilitating effective competition in the generation and</i>

	<p><i>supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.</i></p> <p><i>ScottishPower agrees with the Working Group that the proposed amendment better facilitates Applicable CUSC Objective (a) as National Grid is mandated by the new Licence obligations to make the changes and additions to the CUSC as set out within the CAP185 proposal and that it 'demonstrably facilitates' the achievement of the applicable CUSC objective.</i></p> <p><i>ScottishPower is similarly neutral on whether CAP185 better facilitated the achievement of Applicable Objective (b).</i></p>
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	<i>Agree with the Working Group's proposal that CAP185 should be implemented 10 Business Days after an Authority decision.</i>
<b>Do you have any other comments?</b>	<i>Concerning the election of a Deputy Panel Chairman from those present at the Panel meeting and their resultant loss of voting rights (paragraph 4.4 of the Working Group Report Volume 1, 16<sup>th</sup> September 2010), it is unclear how the process of the elected deputy passing their vote to an alternate Panel Member would work. For example, would the alternate Panel Member's "additional vote" be directed by the Deputy Panel Chairman and if so then the Deputy Panel Chairman has effectively not lost their vote.</i>
<b>Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?</b>	<i>No.</i>

### Specific questions for CAP185

<b>Q</b>	<b>Question</b>	<b>Response</b>
1	What are your views on the appointment process for an independent Panel Chairman?	<i>No Comment. We await the outcome of the discussion at the Governance Standing Group (GSG).</i>

Q	Question	Response
2	What are your views on the appointment of a Deputy Panel Chairman? Should the situation arise, do you agree that a Deputy Panel Chairman should be chosen by those present at the Panel meeting or that a senior person from National Grid should be provided by The Company?	<i>The Deputy Panel Chairman should be familiar with the issues being discussed at the meeting. The Deputy should be chosen by the group, with their vote passed to an available Alternate. If the group were unable to choose a Deputy then National Grid could be asked to provide a suitable alternative.</i>
3	Where the Panel vote is split, do you believe the Panel Chairman should have freedom in using a casting vote for Self-governance Amendment Proposals or should they always vote for the status quo?	<i>The Panel Chairman should follow adopted custom and practice and use their casting vote in favour of the status quo. If the need for a casting vote arises, the case for change has not been made sufficiently convincingly by the Proposer and hence this change should not be made.</i>
4	Do you agree that the Code Administrator should not be able to raise changes to the CACOP without explicit Panel approval?	<i>We believe that as a matter of good practice, the Code Administrator should discuss any proposed change to the CACOP with the CUSC Panel before formally raising it. However, we do not see the necessity for explicit approval of the change by the CUSC Panel as this would conflict with the Code Administrator's ability to propose change under principle 4 of the CACOP.</i>
5	Views are invited on the proposed implementation date.	<i>Agree with the implementation date of 10 Working Days after the Authority decision.</i>

**Lam, Steven**

---

**From:** garth.graham@sse.com  
**Sent:** 11 October 2010 11:27  
**To:** Lam, Steven  
**Cc:** .Box.Cusc.Team  
**Subject:** CAP188 Code Governance Review: Governance of Charging Methodologies

Dear Sirs,

**CAP188 Code Governance Review: Governance of Charging Methodologies**

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Airtricity Developments (Scotland) Limited, Airtricity Developments (UK) Limited, Clyde Wind Farm (Scotland) Limited, Dalswinton Wind Farm (Scotland) Limited, Greenock Wind Farm (Scotland) Limited, Griffin Wind Farm Limited, Keadby Developments Limited, Keadby Generation Limited, Medway Power Limited, Minsca Wind Farm (Scotland) Limited, Slough Energy Supplies Limited, SSE (Ireland) Limited, SSE Energy Limited and SSE Generation Limited.

In relation to the Consultation Document associated with CUSC Amendment Proposal CAP188 "Code Governance Review: Governance of Charging Methodologies" (contained within your email of 27th September 2010) we provide our comments below. These comments should be read in conjunction with our more substantive comments, submitted on 25th August 2010 (as contained in Volume 2 of this consultation).

We note that the CAP188 Amendment Proposal is part of a series of proposals raised by National Grid to implement the Final Proposals of the wider Code Governance Review which was initiated by Ofgem in November 2007 and taken forward for implementation via the Transmission Licence changes in July 2010.

We believe that the CAP188 original Amendment Proposal does better achieve the Applicable CUSC Objective (a) when compared with the baseline. The reasons for this are set out in our detailed comments submitted on 25th August 2010 (as contained in Volume 2 of this consultation).

We do not believe that the CAP188 alternative Amendment Proposal does better achieve the Applicable CUSC Objective (a) when compared with the original. We do believe that the alternative is better than the baseline but when compared with the original it is not better and the original is 'best' in our view. Furthermore, whilst, in our view, the original is neutral with respect to Applicable CUSC Objective (b) the alternative is detrimental to this objective.

Our rationale for coming to this view, with respect to the alternative, is that we are mindful that parties require certainty that from a known date (each year) the charges for the forthcoming charging year (1<sup>st</sup> April to 31<sup>st</sup> March) will be set. This is what happens today, with National Grid providing indicative and final tariffs to parties (as set out in paragraph 4.13). This allows (1) suppliers and (2) generators to prepare (i) their customer tariffs / contracts and / or (ii) their plant operational and commercial arrangements (respectively) for the forthcoming charging year in good time to reflect this into their commercial arrangements.

If there is not an implementation cut-off date set out then parties will have to put an amount into (i) their customer tariffs / contracts and / or (ii) their plant operational and commercial arrangements to take account of the risk factor of the charges altering, perhaps significantly, at a later date. This could have a destabilising effect on market participants and might be especially burdensome on smaller parties (to the point where it could act as a barrier to entry). This, in our view, is detrimental to Applicable CUSC Objective (b).

In addition, when considering the CAP188 alternative we have been mindful of the comments we made in response to Question 4 of the Working Group consultation which we submitted on 25th August 2010 (as contained in Volume 2 of this consultation).

We support the proposed implementation; as set out in paragraphs 7.1-7.2 of the consultation document; of ten Business Days after Authority approval as this seems appropriate in the circumstances, with three areas of transitional implementation with respect to Charging Methodologies and existing proposals.

14/10/2010



We have reviewed the legal text contained in Volume 2, as it relates to CAP188. We note that when the suite of changes associated with Ofgem's Code Governance Review, like CAP188 (plus CAPs 183, 184, 185, 186 and 187) are implemented that a number of anomalies may, inadvertently, arise. We welcome the suggestion that the Governance Standing Group should review Sections 8 and 11 of the CUSC early in 2011 to ensure they remain 'fit for purpose' in light of the recent substantive changes.

Yours faithfully

Garth Graham  
Electricity Market Development Manager  
SSE

From: "Lam, Steven" <steven.lam@uk.ngrid.com>  
To: "Abid Sheikh" <Abid.Sheikh@ofgem.gov.uk>, <bvest@aepuk.com>, "Clark, Emma" <emma.clark@uk.ngrid.com>, <fiona.navesey@centrica.com>, <garth.graham@scottish-southern.co.uk>, "Hynes, Patrick" <patrick.hynes@uk.ngrid.com>, <industrycodes@consumerfocus.org.uk>, <Jonathan.Dixon@ofgem.gov.uk>, <Kathryn.Coffin@elexon.co.uk>, "Kay, Alison" <alison.kay@uk.ngrid.com>, "Lam, Steven" <steven.lam@uk.ngrid.com>, <Mark.Cox@ofgem.gov.uk>, "Ofgem" <industrycodes@ofgem.gov.uk>, <paul.jones@eon-uk.com>, <Paul.Mott@edfenergy.com>, "Richard Hall" <Richard.Hall@consumerfocus.org.uk>, "Ripley, Mark G" <mark.g.ripley@uk.ngrid.com>, <robert.brown14@tiscali.co.uk>, <slord@fhc.co.uk>, "Smith, David M" <David.M.Smith@uk.ngrid.com>, "Thomason, Alex" <alex.thomason@uk.ngrid.com>  
Date: 27/09/2010 17:25  
Subject: CAP183, 184, 185, 188 Consultation Documents

---

Dear Amendments Panel Members,

Please note the following consultation documents will be available later today at <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/currentamendmentproposals/>

CAP183 – Significant Code Review  
CAP184 – Self Governance  
CAP185 – Role of Code Administrator and Code Administration Code of Practice  
CAP188 – Governance of Charging Methodologies

Kind regards,

**Steve Lam**  
Commercial Analyst  
UK Transmission  
National Grid  
[Steven.Lam@uk.ngrid.com](mailto:Steven.Lam@uk.ngrid.com)  
Tel: 07970 846993

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11 October 2010

Dear CUSC Team,

### **CUSC Amendment Proposal CAP188 : Code Governance Review : Governance of Charging Methodologies**

EDF Energy welcomes the opportunity to respond to the above consultation. The key points of our response are as follows:

- We agree that CAP188 better supports CUSC applicable Objective (a).
- We do not believe that the working group alternative amendment better facilitates the CUSC applicable Objectives, as compared to baseline, to the same extent as CAP188 original.
- We agree with the proposed transitional implementation arrangements.

As we have stated above, we agree that CAP188 better (than baseline) supports CUSC applicable Objective (a). This is because CAP188 has its roots in a transmission licence modification that has already been made. National Grid is mandated by the new Licence obligations to make the changes and additions to the CUSC that are set out within CAP188. Therefore, CAP188 would facilitate the achievement of Objective (a).

We do not believe that the working group alternative amendment better facilitates the CUSC applicable Objectives, as compared to baseline, to the same extent as CAP188 original, as the working group alternative amendment introduces some uncertainties. We discuss below our views on this potential for uncertainty.

We support the fixed cut-off date, and agree that this should be six months prior to first April, so that the September Panel can make a recommendation Vote on a charging Amendment Proposal if it is the proposer's intent that it be in effect from April the next year. We agree that the choice of this six month lead on the cut-off date will need to be reviewed after implementation to ensure it is proving workable for all but exceptional charging-related amendment proposals.

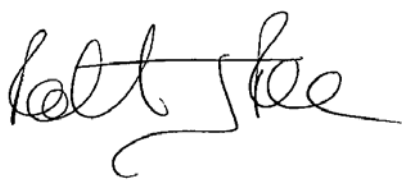
We note that National Grid has expressed a concern that this fixed cut-off date, if prescribed within the CUSC, could prevent minor changes being made closer to the following Charging Year. National Grid has therefore proposed a working group alternative amendment which does not feature the cut-off date. We however, share the working group's concern that if there is no certainty of a cut-off date to the industry for achieving implementation of a charging-related Amendment Proposal in the following Charging Year, the raisers of such Amendment Proposals may seek to try and pressurise the Panel to progress such Amendment Proposals in shorter timescales.

We therefore do not consider that the WGAA better facilitates Applicable CUSC Objective (a) than the "original" CAP188 solution. It reduces the level of certainty that is inherent in the Original. Lack of certainty does not better facilitate competition.

We note that the transitional implementation arrangements proposed in CAP188 are that any change proposal which is sent to the Authority before 30 December 2010 will follow the existing "non-veto" decision making process. Any Amendment Proposal for the charging methodologies made after 31 December 2010 will follow the CUSC Amendment Proposal decision making process and will require an Authority decision. We agree with these transitional implementation arrangements.

If you have any queries on this response, please do not hesitate to contact me directly, or my colleague Paul Mott on 0203 126 2314.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob Rome".

**Rob Rome**  
**Head of Transmission and Trading Arrangements**  
**Corporate Policy and Regulation**

## CUSC Working Group Consultation

### CAP188 - Code Governance Review: Governance of Charging Methodologies

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 11<sup>th</sup> October 2010** to **cusc.team@uk.ngrid.com**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Working Group.

Any queries on the content of the consultation should be addressed to **Steven Lam** at  
**Commercial**  
**National Grid**  
**National Grid House**  
**Warwick Technology Park**  
**Gallows Hill**  
**Warwick**  
**CV34 6DA.**

These responses will be considered by the Working Group at their next meeting at which members will also consider any WG Consultation Alternative Requests. Where appropriate, the Working Group will record your response and its consideration of it within the final Working Group report which is submitted to the CUSC Amendments Panel.

<b>Respondent:</b>	<i>Martin McDonald</i>  <i>T: 01355 35 2760</i>  <i>E: <a href="mailto:sp_electricity.spoc@accenture.com">sp_electricity.spoc@accenture.com</a></i>
<b>Company Name:</b>	<i>Accenture Ltd on behalf of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.</i>
<b>Please express your views regarding the Working Group Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	<i>ScottishPower support the changes to the CUSC as specified, as they bring the Code in line with statutory obligations.</i>
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<i>For reference, the Applicable CUSC Objectives are:</i>  <i>(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and</i>  <i>(b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith)</i>

	<p><i>facilitating such competition in the sale, distribution and purchase of electricity.</i></p> <p><i>ScottishPower agrees with the Working Group that the proposed amendment better facilitates Applicable CUSC Objective (a) as National Grid is mandated by the new Licence obligations to make the changes and additions to the CUSC as set out within the CAP188 proposal and that it 'demonstrably facilitates' the achievement of the Applicable CUSC.</i></p> <p><i>ScottishPower is similarly neutral on whether CAP188 better facilitated the achievement of Applicable Objective (b).</i></p>
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	<i>Agree with the Working Group's proposal that CAP188 should be implemented 10 Business Days after an Authority decision.</i>
<b>Do you have any other comments?</b>	<i>No.</i>
<b>Do you wish to raise a WG Consultation Alternative Request for the Working Group to consider?</b>	<i>No.</i>

### Specific questions for CAP188

<b>Q</b>	<b>Question</b>	<b>Response</b>
1	Which approach to the Charging Methodology proposals do you prefer?	<i>The second proposal, with separate CUSC and Charging Amendments would seem to give more flexibility to Parties in raising changes, and assessing them against the appropriate Objectives.</i>
2	Do you agree with the Working Group that a window for raising Charging Methodology modification proposals is unnecessary?	<i>Yes – there should not be a restriction on when a change can be raised. The Panel are able to prioritise and manage the flow of change to these areas as they currently do for the rest of the CUSC.</i>

Q	Question	Response
3	Do you agree with the Working Group that there should be a fixed cut-off date each year for implementation of Charging Methodology change proposals for the following charging year?	<i>Yes – this gives more certainty to the Industry as a whole and having a standard implementation date is the way forward. Parties raising changes will know the complexity of their individual change, and National Grid can advise on adjusting the timetable for a particular change.</i>
4	What are your views on the Working Group's suggestion that the cut-off date should be 6 months prior to 1 April every year, bearing in mind the advice from National Grid's charging team?	<i>The notional six month cut-off point is a good starting point for the majority of changes. The Proposer would hopefully be able to gauge from discussion with National Grid how long a change might take and adjust their timetable accordingly.</i>
5	Views are invited on the proposed implementation date.	<i>Agree with the implementation date of 10 Working Days after the Authority decision.</i>

**PART 3 – PROPOSED LEGAL TEXT: CUSC SECTION 8 (CHANGE MARKED)**

Part 3 of Volume 2 includes the proposed consolidated changes to CUSC Section 8 arising from CAPs 183, 184, 185 and 188. The text has been change marked from the baseline version of the CUSC Section 8 (version 1.16 – 30<sup>th</sup> June 2010).



## CUSC - SECTION 8

### CUSC AMENDMENT MODIFICATION

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## CUSC - SECTION 8

### CUSC AMENDMENT/MODIFICATION

8.

#### Part A

#### 8.1 INTRODUCTION

- 8.1.1 This section of the **CUSC** sets out how the **CUSC** is to be amended and the procedures set out in this section, to the extent that they are dealt with in the Code Administration Code of Practice, are consistent with the principles contained in the Code Administration Code of Practice. Where inconsistencies or conflicts exist between the **CUSC** and the **Code Administration Code of Practice**, the **CUSC** shall take precedence. A ~~an amendment~~ modification to the **CUSC** may necessitate an ~~an amendment~~ modification to relevant **Bilateral Agreements** and/or to the **Mandatory Services Agreements** (and/or in certain circumstances the relevant **Construction Agreement**) and in those circumstances those agreements contain provisions for such alterations to be effected to those agreements.
- 8.1.2 There is a need to bring proposed amendments to the attention of **CUSC Parties** and others, to discuss such proposals and to report on them to the **Authority** and in furtherance of this, Section 8 provides for the establishment of an ~~an Amendments~~ CUSC Modifications Panel, ~~Working Group~~ Workgroups and **Standing Groups** and for consultation by **The Company**.

#### Change Routes

#### 8.1.3

- (a) A CUSC Modification Proposal may either proceed directly along the standard CUSC Modification Process, or it may be subject to additional process steps, if raised during a Significant Code Review.
- (b) If a CUSC Modification Proposal is deemed by the CUSC Modifications Panel to meet the Self-Governance Criteria, it will be subject to a slightly different process.

#### Significant Code Review

- 8.1.4 A Significant Code Review is a high level code review process initiated and led by the Authority, on one of a number of potential triggers. The Authority will launch a Significant Code Review on publication of a notice setting out

matters such as the scope of the review, reasons for it and announcing the start date.

- 8.1.5 A **Significant Code Review Phase** begins on the start date set out in the **Authority's** notice, during which time **CUSC Modification Proposals** that relate to the subject matter of the review are restricted, to ensure the process is as efficient as possible. Once the Authority has published its Significant Code Review conclusions, the **Authority** may direct **The Company** to raise **CUSC Modification Proposals** to put into effect the results of the **Significant Code Review**.
- 8.1.6 A process is set out in this Section 8 for analysing and consulting on **CUSC Modification Proposals** with a view to referring to the **Authority** those that may be subsumed into a **Significant Code Review**. Subject to Paragraph 8.1.7, those **CUSC Modification Proposals** that are not so subsumed proceed along the standard **CUSC Modification Process** of consultation with the industry followed by approval or non-approval by the **Authority**.

#### Self-Governance

- 8.1.7 In addition, **Self-Governance Criteria** are set out against which **CUSC Modification Proposals** must also be evaluated and consulted upon. If a proposal meets the criteria, it may proceed without **Authority** approval, and the **CUSC Modifications Panel** may consult on and determine itself whether to implement the **CUSC Modification Proposal**.

### PART B

#### 8.2 CODE ADMINISTRATOR

- 8.2.1 **The Company** shall establish and maintain a **Code Administrator** function, which shall carry out the roles referred to in Paragraph 8.2.2. **The Company** shall ensure the functions are consistent with the **Code Administration Code of Practice**.
- 8.2.2 The **Code Administrator** shall in conjunction with other code administrators, maintain, publish, review and (where appropriate) amend from time to time the **Code Administration Code of Practice** approved by the **Authority** provided that any amendments to the **Code Administration Code of Practice** proposed by the **Code Administrator** are approved by the **CUSC Modifications Panel** prior to being raised by the **Code Administrator**, and any amendments to be made to the **Code Administration Code of Practice** are approved by the **Authority**.<sup>1</sup>

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<sup>1</sup> Condition 10, paragraph 2(e)

### 8.28.3 THE AMENDMENTS CUSC MODIFICATIONS PANEL

#### 8.2.18.3.1 Establishment and Composition

- (a) ~~8.2.1.1~~ The ~~Company~~ shall establish and maintain the **Amendments CUSC Modifications Panel**, which shall be the standing body to carry out the functions referred to in Paragraph ~~8.32.3~~.
- (b) ~~8.2.1.2~~ The **Amendments CUSC Modifications Panel** shall comprise the following members:
- (i) ~~the person appointed as the chairman of the~~ **Amendments CUSC Modifications Panel** (the “**Panel Chairman**”) ~~by The Company~~ in accordance with Paragraph ~~8.43.1~~, who shall (subject to Paragraph ~~8.101.4~~) be a non-voting member;
  - (b)(ii) ~~not more than seven persons appointed by Users~~ in accordance with Paragraph ~~8.34.2~~;
  - (c)(iii) ~~two persons appointed by The Company~~ in accordance with Paragraph ~~8.34.2~~;
  - (d)(iv) ~~not more than one person appointed by the National Consumer Council~~ representing all categories of customers, appointed in accordance with Paragraph ~~8.34.2~~; and<sup>2</sup>
  - (e)(v) ~~the person appointed (if the Authority so decides) by the Authority~~ in accordance with Paragraph ~~8.34.3~~.
- (c) ~~8.2.1.3~~ The **Amendments CUSC Modifications Panel** shall be assisted by a secretary (“**Panel Secretary**”), who shall be a person appointed and provided by ~~The Company~~ the **Code Administrator** and who shall be responsible for the administration of the **Amendments CUSC Modifications Panel** and **Amendment CUSC Modification Proposals**.

#### 8.2.28.3.2 Authority’s Representative

A representative of the **Authority** shall be entitled to attend **Amendments CUSC Modifications Panel** meetings as an observer and may speak at any meeting. The **Authority** shall from time to time notify the **Panel Secretary** of the identity of the observer.

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<sup>2</sup> Condition 10, paragraph 2(f)(ii)

~~8.2.38.3.3~~ Functions of the **AmendmentsCUSC Modifications Panel** and **The Company the Code Administrator**'s Role

~~(a)~~ 8.2.3.1 ~~The **AmendmentsCUSC Modifications Panel** shall have the functions assigned to it in this Section 8.~~

~~(b)~~ 8.2.3.2 ~~Without prejudice to Paragraph 8.2.3.13.3(a) and to the further provisions of this Section 8, the **AmendmentsCUSC Modifications Panel** shall endeavour at all times to operate:~~

~~(a)(i)~~  ~~in an efficient, economical and expeditious manner, taking account of the complexity, importance and urgency of particular **AmendmentCUSC Modification Proposals**; and~~

~~(b)(ii)~~  ~~with a view to ensuring that the **CUSC** facilitates achievement of the **Applicable CUSC Objectives**.~~

~~8.2.3.3(c)~~ **The Company** shall be responsible for implementing or supervising the implementation of **Approved AmendmentsCUSC Modifications** in accordance with the provisions of the **CUSC** which shall reflect the production of the revised **CUSC**. ~~**The Code Administrator** and **The Company** shall be responsible for implementing and supervising the implementation of—and any amendments to—the **Code AdministratorThe Company's** their **respective** systems and processes necessary for the implementation of the **Approved AmendmentCUSC Modification**. However, it will not include the implementation of **Users'** systems and processes. **The Code AdministratorThe Company** will carry out its role in an efficient, economical and expeditious manner and (subject to any extension granted by the **Authority** where **The Companythe Code Administrator** has applied for one) in accordance with the **Implementation Date**.~~

~~8.2.3.4(d)~~ Subject to notifying **Users**, ~~**the Code AdministratorThe Company** will, with the **Authority's** approval, apply to the **Authority** for a revision or revisions to the **Implementation Date** where **the Code AdministratorThe Company** becomes aware of any circumstances which is likely to mean that the **Implementation Date** is unachievable, which shall include as a result of a **Legal Challenge**, at any point following the approval of the **AmendmentCUSC Modification Proposal**.~~

~~8.2.3.5(e)~~ In the event that the **Authority's** decision to approve or not to approve an **AmendmentCUSC Modification Proposal** is subject of **Legal Challenge** (and the party raising such **Legal Challenge** has received from the relevant authority the necessary permission to proceed) then **the Code AdministratorThe Company** will, with the **Authority's** approval, apply to the **Authority** for a revision or revisions to the **Proposed Implementation Date** in the

~~Amendment~~**CUSC Modification Report** in respect of such ~~Amendment~~**CUSC Modification Proposal** as necessary such that if such ~~Amendment~~**CUSC Modification Proposal** were to be approved following such **Legal Challenge** the **Proposed Implementation Date** would be achievable.

~~8.2.3.6(f)~~ Prior to making any request to the **Authority** for any revision pursuant to Paragraphs ~~8.2.3.4~~**3.3(d)** (where it is necessary as a result of a **Legal Challenge**) or ~~8.2.3.5~~**3.3(e)** **the Code Administrator**~~The Company~~ shall consult on the revision with **CUSC Parties** and such other person who may properly be considered to have an appropriate interest in it in accordance with Paragraphs ~~8.19~~**23.2** and ~~8.19~~**23.5**. The request to the **Authority** shall contain copies of (and a summary of) all written representations or objections made by consultees during the consultation period.

#### ~~8.2.48.3.4~~ Duties of Panel Members

~~(a)~~ ~~8.2.4.1~~—A person appointed as a **Panel Member**, or an **Alternate Member**, by **Users** under Paragraph ~~8.23~~**1** or ~~8.67~~**2**, by the **Authority** under Paragraph ~~8.34~~**3** and the person appointed as **Panel Chairman** under Paragraph ~~8.34~~**1**, and each of their alternates when acting in that capacity:

~~(i)~~ ~~(a)~~—shall act impartially and in accordance with the requirements of the **CUSC**; and

~~(ii)~~ ~~(b)~~—shall not be representative of, and shall act without undue regard to the particular interests of the persons or body of persons by whom he was appointed as **Panel Member** and any **Related Person** from time to time.

~~(iii)~~ the persons or body of persons by whom he was appointed as **Panel Member**; and

~~(ii)~~ any **Related Person** from time to time.

~~(b)~~ ~~8.2.4.2~~—Such a person shall not be appointed as a **Panel Member** or an **Alternate Member** (as the case may be) unless he shall have first:

~~(i)~~ ~~(a)~~—confirmed in writing to **the Code Administrator**~~The Company~~ for the benefit of all **CUSC Parties** that he agrees to act as a **Panel Member** or **Alternate Member** in accordance with the **CUSC** and acknowledges the requirements of Paragraphs ~~8.2.4.1~~**3.4(a)** and ~~8.2.4.3~~**3.4(c)**;

~~(ii)~~ ~~(b)~~—where that person is employed, provided to the **Panel Secretary** a letter from his employer agreeing that he

may act as **Panel Member** or **Alternate Member**, and that the requirement in Paragraph 8.2.4.1(b)3.4(a)(ii) shall prevail over his duties as an employee.

(c) ~~8.2.4.3~~—A **Panel Member** or **Alternate Member** shall, at the time of appointment and upon any change in such interests, disclose (in writing) to the **Panel Secretary** any such interests (in relation to the **CUSC**) as are referred to in Paragraph 8.2.4.1(b)3.4(a)(ii).

(d) ~~8.2.4.4~~—Upon a change in employment of a **Panel Member** or **Alternate Member**, he shall so notify the **Panel Secretary** and shall endeavour to obtain from his new employer and provide to the **Panel Secretary** a letter in the terms required in Paragraph 8.2.4.2(b)3.4(b)(ii); and he shall be removed from office if he does not do so within a period of 60 days after such change in employment.

#### **8.38.4 APPOINTMENT OF PANEL MEMBERS**

##### **8.3.18.4.1 Panel Chairman**

- (a) The **Panel Chairman** shall be an executive director (or other senior employee) of **The Company** until 30 September 2011. Thereafter ~~the~~ **Panel Chairman** shall be a person appointed (or re-appointed) by **The Company**, having particular regard to the views of the **CUSC Modifications Panel**, and shall be ~~an executive director (or other senior employee)~~ independent of **The Company**.
- (b) A person shall be appointed or re-appointed as the **Panel Chairman** where ~~the~~ **Authority** has approved such appointment or re-appointment and **The Company** has given notice to the **Panel Secretary** of such appointment, with effect from the date of such notice or (if later) with effect from the date specified in such notice.

~~(c) The term of office of the **Panel Chairman** appointed after 30 September 2011 shall be a period expiring on 30 March every 3<sup>rd</sup> year following the **CUSC Implementation Date**. The **Panel Chairman** shall be eligible for reappointment on expiry of his term of office.~~

##### **8.3.28.4.2 Other Panel Members**

- (a) **Users** may appoint **Panel Members** (and **Alternate Members**) by election in accordance with Annex 8A.



- (b) The **National Consumer Council** may appoint one person as a **Panel Member** representing customers by giving notice of such appointment to the **Panel Secretary**, and may remove and re-appoint by notice.
- (c) **The Company** may appoint two persons as **Panel Members** by giving notice of such appointment to the **Panel Secretary**, and may remove and re-appoint by notice.

8.3.38.4.3 **Appointment of Further Member**

- (a) If in the opinion of the **Authority** there is a class or category of person (whether or not a **CUSC Party** or a **BSC Party**) who have interests in respect of the **CUSC** but whose interests:
  - (i) are not reflected in the composition of **Panel Members** for the time being appointed; but
  - (ii) would be so reflected if a particular person was appointed as an additional **Panel Member**,

then the **Authority** may at any time appoint (or re-appoint) that person as a **Panel Member** by giving notice of such appointment to the **Panel Secretary** but in no event shall the **Authority** be able to appoint more than one person so that there could be more than one such **Panel Member**.

- (b) A person appointed as a **Panel Member** pursuant to this Paragraph 8.43.3 shall remain appointed, subject to Paragraphs 8.45 and 8.56, notwithstanding that the conditions by virtue of which he was appointed (for example that the interests he reflects are otherwise reflected) may cease to be satisfied.

8.3.48.4.4 **Natural Person**

No person other than an individual shall be appointed a **Panel Member** or his alternate.

8.48.5 **TERM OF OFFICE**

The term of office of a **Panel Member**, ~~(other than the **Panel Chairman**)~~ and **Alternate Members** shall be a period expiring on 30 September every second year following the **CUSC Implementation Date**. A **Panel Member**, ~~the **Panel Chairman**~~ and **Alternate Member** shall be eligible for reappointment on expiry of his term of office.

## **8.58.6 REMOVAL FROM OFFICE**

~~8.5.18.6.1~~ A person shall cease to hold office as the Panel Chairman, a **Panel Member** or an **Alternate Member**:

- (a) upon expiry of his term of office unless re-appointed;
- (b) if he:
  - (i) resigns from office by notice delivered to the **Panel Secretary**;
  - (ii) becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) is or may be suffering from mental disorder and either is admitted to hospital in pursuance of an application under the Mental Health Act 1983 or the Mental Health (Scotland) Act 1960 or an order is made by a court having jurisdiction in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person with respect to his property or affairs;
  - (iv) becomes prohibited by law from being a director of a company under the Companies Act 1985;
  - (v) dies; or
  - (vi) is convicted on an indictable offence; or
- (c) as provided for in Paragraph ~~8.2.4.3.4(d)~~;
- (d) if the ~~Amendments~~**CUSC Modifications Panel** resolves (and the **Authority** does not veto such resolution by notice in writing to the **Panel Secretary** within 15 **Business Days**) that he should cease to hold office on grounds of his serious misconduct;
- (e) if the ~~Amendments~~**CUSC Modifications Panel** resolves (and the **Authority** does not veto such resolution by notice in writing to the **Panel Secretary** within 15 **Business Days**) that he should cease to hold office due to a change in employer notwithstanding compliance with Paragraph ~~8.2.4.3.4(d)~~.

~~8.5.28.6.2~~ A ~~Panel~~ **AmendmentsCUSC Modifications Panel** resolution under Paragraph ~~8.56.1(d)~~ or (e) shall, notwithstanding any other paragraph, require the vote in favour of at least all **Panel Members** less one (other than the **Panel Member** or **Alternate Member** who is the subject of such resolution) and for these purposes an abstention shall count as a vote cast in favour of

the resolution. A copy of any such resolution shall forthwith be sent to the **Authority** by the **Panel Secretary**.

8.5.38.6.3 A person shall not qualify for appointment as a **Panel Member** or **Alternate Member** if at the time of the proposed appointment he would be required by the above paragraph to cease to hold that office.

8.5.48.6.4 The **Panel Secretary** shall give prompt notice to all **Panel Members**, all **CUSC Parties** and the **Authority** of the appointment or re-appointment of any **Panel Member** or **Alternate Member** or of any **Panel Member** or **Alternate Member** ceasing to hold office and publication on ~~The Company Website~~ the Website and (where relevant details are supplied to the **Panel Secretary**) despatch by electronic mail shall fulfil this obligation.

## 8.68.7 ALTERNATES

### 8.6.18.7.1 Alternate: Panel Chairman

The **Panel Chairman** shall preside at every meeting of the ~~Amendments~~CUSC Modifications **Panel** at which he is present. If he is unable to be present at a meeting, he may appoint an alternate (who shall be a senior employee of **The Company**) to act as the **Panel Chairman**, who may or may not be a **Panel Member**. If neither the **Panel Chairman** nor his alternate is present at the meeting within half an hour of the time appointed for holding the meeting, the **Panel Members** present may appoint one of their number to be the chairman of the meeting.

### 8.6.28.7.2 Alternate(s): Users Panel Members

- (a) At the same time that **Users** appoint **Panel Members** under Paragraph 8.~~34~~.2, they shall appoint up to five (5) alternate members for **Users' Panel Members** ("**Alternate Members**") by election in accordance with Annex 8A.
- (b) Such **Alternate Members** will form a group from which **Panel Members** appointed by **Users** may select a person to act as their alternate under this Paragraph 8.~~67~~.
- (c) A **Panel Member** appointed by **Users** may appoint such an **Alternate Member** to be his alternate for any one ~~Amendments~~CUSC Modifications **Panel** meeting, and may remove a person so appointed as alternate, by giving notice of such appointment or removal to the **Panel Secretary**. A **Panel Member** must chose an **Alternate Member** who has not been already chosen by another **Panel Member** for that **Panel Meeting**. If there are no **Alternate Members** left who have not already been so chosen by another **Panel Member**, the **Panel Member** may chose as his alternate any **Alternate Member** or other **Panel Member** who is not already acting as alternate for more than one **Panel Member**.

- (d) All information to be sent by the **Panel Secretary** to **Panel Members** pursuant to this Section 8 shall also be sent by the **Panel Secretary** to each **Alternate Member** (whether or not currently selected as an alternate for a **Panel Member**) by electronic mail (where relevant details shall have been provided by each **Alternate Member**).

8.6.38.7.3 Alternates: Other Panel Members

A **Panel Member** other than those appointed by **Users** may appoint a person (whether or not a **Panel Member**) to be his alternate, and may remove a person so appointed as alternate, by giving notice of such appointment or removal to the **Panel Secretary**.

8.6.48.7.4 Alternates: General Provisions

- (a) The appointment or removal by a **Panel Member** of an alternate shall be effective from the time when such notice is given to the **Panel Secretary** or (if later) the time specified in such notice.
- (b) The **Panel Secretary** shall promptly notify all **Panel Members** and **CUSC Parties** of appointment or removal by any **Panel Member** of any alternate and publication on ~~The Company Website~~ the Website and (where relevant details have been provided to the **Panel Secretary**) despatch by electronic mail shall fulfil this obligation.
- (c) In accordance with Paragraph 8.67.2, an alternate may act as alternate for more than one **Panel Member**.

8.6.58.7.5 Alternates: Rights, Cessation and References

- (a) Where the **Panel Chairman** or a **Panel Member** has appointed an alternate:
- (i) the alternate shall be entitled:
- (aa) unless the appointing **Panel Member** shall otherwise notify the **Panel Secretary**, to receive notices of meetings of the ~~Amendments~~ CUSC Modifications **Panel**;
- (bb) to attend, speak and vote at any meeting of the ~~Amendments~~ CUSC Modifications **Panel** at which the **Panel Member** by whom he was appointed is not present, and at such meeting to exercise and discharge all of the functions, duties and powers of such **Panel Member**;

- (ii) the alternate shall cast one vote for each **Panel Member** by whom he was appointed, in addition (where he is a **Panel Member** himself) to his own vote;
  - (iii) Paragraphs ~~8.7,~~ 8.8, 8.9, 8.10, 8.11 and ~~8.11-12~~ shall apply to the alternate as if he were the appointing **Panel Member** and a reference to a **Panel Member** elsewhere in the **CUSC** shall, unless the context otherwise requires, include his duly appointed alternate.
  - (iv) for the avoidance of doubt, the appointing **Panel Member** shall not enjoy any of the rights transferred to the alternate at any meeting at which, or in relation to any matter on which, the alternate acts on his behalf.
- (b) A person appointed as an alternate shall automatically cease to be such alternate:
- (i) if the appointing **Panel Member** ceases to be a **Panel Member**;
  - (ii) if any of the circumstances in Paragraph ~~8.56.1~~(b) applies in relation to such person,

but, in the case of an **Alternate Member**, shall continue to be an **Alternate Member** available for appointment under paragraph ~~8.67.2~~.

## 8.78.8 MEETINGS

~~8.7.18.8.1~~ Meetings of the ~~Amendments~~CUSC Modifications **Panel** shall be held at regular intervals and at least every month at such time and such place as the ~~Amendments~~CUSC Modifications **Panel** shall decide.

~~8.7.28.8.2~~ A regular meeting of the ~~Amendments~~CUSC Modifications **Panel** may be cancelled if:

- (a) the **Panel Chairman** considers, having due regard to the lack of business in the agenda, that there is insufficient business for the ~~Amendments~~CUSC Modifications **Panel** to conduct and requests the **Panel Secretary** to cancel the meeting;
- (b) the **Panel Secretary** notifies all **Panel Members**, not less than 5 **Business Days** before the date for which the meeting is to be convened, of the proposal to cancel the meeting; and
- (c) by the time 3 **Business Days** before the date for which the meeting is or is to be convened, no **Panel Member** has notified the **Panel Secretary** that he objects to such cancellation.

~~8.7.38.8.3~~ If any **Panel Member** wishes, acting reasonably, to hold a special meeting (in addition to regular meetings under Paragraph 8.78.1) of the **AmendmentsCUSC Modifications Panel**:

- (a) he shall request the **Panel Secretary** to convene such a meeting and inform the **Panel Secretary** of the matters to be discussed at the meeting;
- (b) the **Panel Secretary** shall promptly convene the special meeting for a day as soon as practicable but not less than 5 **Business Days** after such request.

~~8.7.48.8.4~~ Any meeting of the **AmendmentsCUSC Modifications Panel** shall be convened by the **Panel Secretary** by notice (which will be given by electronic mail if the relevant details are supplied to the **Panel Secretary**) to each **Panel Member** (and to the **Authority**):

- (a) setting out the date, time and place of the meeting and (unless the **AmendmentsCUSC Modifications Panel** has otherwise decided) given at least five (5) **Business Days** before the date of the meeting;
- (b) accompanied by an agenda of the matters for consideration at the meeting and any supporting papers available to the **Panel Secretary** at the time the notice is given (and the **Panel Secretary** shall circulate to **Panel Members** any late papers as and when they are received by him).

~~8.7.58.8.5~~ The **Panel Secretary** shall send a copy of the notice convening a meeting of the **AmendmentsCUSC Modifications Panel**, and the agenda and papers accompanying the notice, to each **CUSC Party** and each **BSC Party** at the same time at which notice is given to the **Panel Members**, and publication on ~~The Company Website~~the **Website** and despatch by electronic mail (if the relevant details are supplied to the **Panel Secretary**) shall fulfil this obligation.

~~8.7.68.8.6~~ Any **Panel Member** (or, at the **Panel Member's** request, the **Panel Secretary**) may notify matters for consideration at a meeting of the **AmendmentsCUSC Modifications Panel** in addition to those notified by the **Panel Secretary** under Paragraph 8.78.4 by notice to all **Panel Members** and persons entitled to receive notice under Paragraph 8.78.5, not less than three (3) **Business Days** before the date of the meeting.

~~8.7.78.8.7~~ The proceedings of a meeting of the **AmendmentsCUSC Modifications Panel** shall not be invalidated by the accidental omission to give or send notice of the meeting or a copy thereof or any of the accompanying agenda or papers to, or failure to receive the same by, any person entitled to receive such notice, copy, agenda or paper.

8.7.88.8.8 A meeting of the **AmendmentsCUSC Modifications Panel** may consist of a conference between **Panel Members** who are not all in one place (although at least one must be at the venue in the notice of meeting) but who are able (by telephone or otherwise) to speak to each of the others and to be heard by each of the others simultaneously.

8.7.98.8.9 With the consent of all **Panel Members** (whether obtained before, at or after any such meeting) the requirements of this Paragraph 8.7.8 as to the manner in and notice on which a meeting of the **AmendmentsCUSC Modifications Panel** is convened may be waived or modified provided that no meeting of the **AmendmentsCUSC Modifications Panel** shall be held unless notice of the meeting and its agenda has been sent to the persons entitled to receive the same under Paragraph 8.7.8.5 at least 24 hours before the time of the meeting.

8.7.108.8.10 Subject to Paragraph 8.7.8.11, no matter shall be resolved at a meeting of the **AmendmentsCUSC Modifications Panel** unless such matter was contained in the agenda accompanying the **Panel Secretary's** notice under Paragraph 8.7.8.4 or was notified in accordance with Paragraph 8.7.8.6.

8.7.118.8.11 Where:

- (a) any matter (not contained in the agenda and not notified pursuant to Paragraph 8.7.8.6) is put before a meeting of the **AmendmentsCUSC Modifications Panel**, and
- (b) in the opinion of the **AmendmentsCUSC Modifications Panel** it is necessary (in view of the urgency of the matter) that the **AmendmentsCUSC Modifications Panel** resolve upon such matter at the meeting,

the **AmendmentsCUSC Modifications Panel** may so resolve upon such matter, and the **AmendmentsCUSC Modifications Panel** shall also determine at such meeting whether the decision of the **AmendmentsCUSC Modifications Panel** in relation to such matter should stand until the following meeting of the **AmendmentsCUSC Modifications Panel**, in which case (at such following meeting) the decision shall be reviewed and confirmed or (but not with effect earlier than that meeting, and only so far as the consequences of such revocation do not make implementation of the **CUSC** or compliance by **CUSC Parties** with it impracticable) revoked.

## 8.88.9 PROCEEDINGS AT MEETINGS

8.8.18.9.1 Subject as provided in the **CUSC**, the **AmendmentsCUSC Modifications Panel** may regulate the conduct of and adjourn and reconvene its meetings as it sees fit.

8.8.28.9.2 Meetings of the **AmendmentsCUSC Modifications Panel** shall be open to attendance by a representative of any **CUSC Party**, any **BSC Party** or

the **National Consumer Council** and any person invited by the **Panel Chairman** and/or any other **Panel Member**.

~~8.8.38.9.3~~ The **Panel Chairman** and any other **Panel Member** may invite any person invited by them under Paragraph 8.89.2, and/or any attending representative of a **CUSC Party**, to speak at the meeting (but such person shall have no vote).

~~8.8.48.9.4~~ As soon as practicable after each meeting of the ~~Amendments~~**CUSC Modifications Panel**, the **Panel Secretary** shall prepare and send (by electronic mail or otherwise) to **Panel Members** the minutes of such meeting, which shall be (subject to Paragraph 8.89.5) approved (or amended and approved) at the next meeting of the ~~Amendments~~**CUSC Modifications Panel** after they were so sent, and when approved (excluding any matter which the ~~Amendments~~**CUSC Modifications Panel** decided was not appropriate for such publication) shall be placed on ~~The Company Website~~**the Website**.

~~8.8.58.9.5~~ If, following the circulation of minutes (as referred to in Paragraph 8.8.4), the meeting of the ~~Amendments~~**CUSC Modifications Panel** at which they were to be approved is cancelled pursuant to Paragraph 8.78.2, such minutes (including any proposed changes thereto which have already been received) shall be re-circulated with the notification of the cancellation of the meeting of the ~~Amendments~~**CUSC Modifications Panel**. **Panel Members** shall confirm their approval of such minutes to the **Panel Secretary** (by electronic mail) no later than 5 **Business Days** following such minutes being re-circulated. If no suggested amendments are received within such 5 **Business Days** period, the minutes will be deemed to have been approved. If the minutes are approved, or deemed to have been approved, (excluding any matter which the ~~Amendments~~**CUSC Modifications Panel** decided was not appropriate for such publication) they shall be placed on ~~The Company Website~~**the Website**. If suggested amendments are received within such 5 **Business Days** period, the minutes shall remain unapproved and the process for approval (or amendment and approval) of such minutes at the next meeting of the ~~Amendments~~**CUSC Modifications Panel**, as described in Paragraph 8.8.4, shall be followed.

## 8.98.10 QUORUM

~~8.9.18.10.1~~ No business shall be transacted at any meeting of the ~~Amendments~~**CUSC Modifications Panel** unless a quorum is present throughout the meeting.

~~8.9.28.10.2~~ Subject to Paragraph 8.910.3, a quorum shall be 6 **Panel Members** who have a vote present (subject to 8.78.8) in person or by their alternates, of whom at least one shall be appointed by **The Company**.



~~8.9.38.10.3~~ If within half an hour after the time for which the meeting of the ~~AmendmentsCUSC Modifications~~ **Panel** has been convened a quorum is not present (and provided the **Panel Secretary** has not been notified by **Panel Members** that they have been delayed and are expected to arrive within a reasonable time):

- (a) the meeting shall be adjourned to the same day in the following week (or, if that day is not a **Business Day** the next **Business Day** following such day) at the same time;
- (b) the **Panel Secretary** shall give notice of the adjourned meeting as far as practicable in accordance with Paragraph 8.78.

~~8.9.48.10.4~~ If at the adjourned meeting there is not a quorum present within half an hour after the time for which the meeting was convened, those present shall be a quorum.

## 8.108.11 **VOTING**

~~8.10.18.11.1~~ At any meeting of the ~~AmendmentsCUSC Modifications~~ **Panel** any matter to be decided which shall include the ~~AmendmentsCUSC Modifications~~ **Panel Recommendation Vote** shall be put to a vote of **Panel Members** upon the request of the **Panel Chairman** or any **Panel Member**.

~~8.10.28.11.2~~ Subject to Paragraphs 8.67.5, 8.101.4 and 8.1011.5, in deciding any matter at any meeting of the ~~AmendmentsCUSC Modifications~~ **Panel** each **Panel Member** other than the **Panel Chairman** shall cast one vote.

~~8.10.38.11.3~~ Except as otherwise expressly provided in the **CUSC**, and in particular Paragraph 8.56.2, any matter to be decided at any meeting of the ~~AmendmentsCUSC Modifications~~ **Panel** shall be decided by simple majority of the votes cast at the meeting (an abstention shall not be counted as a cast vote).

~~8.10.48.11.4~~ The **Panel Chairman** shall not cast a vote as a **Panel Member** but shall have a casting vote on any matter (except in a **CUSC Modifications Panel Recommendation Vote**) other than in the ~~Amendments Panel Recommendation Vote~~ where votes are otherwise cast equally in favour of and against the relevant motion including, for the avoidance of doubt, in the **CUSC Modifications Panel Self-Governance Vote**, but where any person other than the actual **Panel Chairman** or his alternate is acting as chairman he shall not have a casting vote.

~~8.10.58.11.5~~ The two **Panel Members** appointed by **The Company** pursuant to Paragraph 8.23.1-2(eb)(iii) shall together have one vote in relation to each matter which shall be cast jointly by agreement between them or, where only one of **The Company Panel Members** is present at a meeting, by that **The Company Panel Member**.

~~8.10.68.11.6~~ Any resolution in writing signed by or on behalf of all **Panel Members** shall be valid and effectual as if it had been passed at a duly convened and quorate meeting of the ~~Amendments~~**CUSC Modifications Panel**. Such a resolution may consist of several instruments in like form signed by or on behalf of one or more **Panel Members**.

## 8.118.12 **PROTECTIONS FOR PANEL MEMBERS**

~~8.11.18.12.1~~ Subject to Paragraph ~~8.11.12.2~~ all **CUSC Parties** shall jointly and severally indemnify and keep indemnified each **Panel Member**, the **Panel Secretary** and each member of a ~~Working Group~~**Workgroup** and **Standing Group** (“**Indemnified Persons**”) in respect of all costs (including legal costs), expenses, damages and other liabilities properly incurred or suffered by such **Indemnified Persons** when acting in or in connection with his office under the **CUSC**, or in what he in good faith believes to be the proper exercise and discharge of the powers, duties, functions and discretions of that office in accordance with the **CUSC**, and all claims, demands and proceedings in connection therewith other than any such costs, expenses, damages or other liabilities incurred or suffered as a result of the wilful default or bad faith of such **Indemnified Person**.

~~8.11.28.12.2~~ The indemnity provided in Paragraph ~~8.11.12.1~~ shall not extend to costs and expenses incurred in the ordinary conduct of being a **Panel Member** or **Panel Secretary**, or member of a ~~Working Group~~**Workgroup** or **Standing Group** including, without limitation, accommodation costs and travel costs or any remuneration for their services to the ~~Amendments~~**CUSC Modifications Panel** or ~~Working Group~~**Workgroup** or **Standing Group**.

~~8.11.38.12.3~~ The **CUSC Parties** agree that no **Indemnified Person** shall be liable for anything done when acting properly in or in connection with his office under the **CUSC**, or anything done in what he in good faith believes to be the proper exercise and discharge of the powers, duties, functions and discretions of that office in accordance with the **CUSC**. Each **CUSC Party** hereby irrevocably and unconditionally waives any such liability of any **Indemnified Person** and any rights, remedies and claims against any **Indemnified Person** in respect thereof.

~~8.11.48.12.4~~ Without prejudice to Paragraph ~~8.11.12.2~~, nothing in Paragraph ~~8.11.12.3~~ shall exclude or limit the liability of an **Indemnified Person** for death or personal injury resulting from the negligence of such **Indemnified Person**.

## PART C

### 8.128.13 **AMENDMENT CUSC MODIFICATION REGISTER**

~~8.12.18.13.1~~ **The Code Administrator**~~The Company~~ shall establish and maintain a register (“~~Amendment~~**CUSC Modification Register**”) which shall record the matters set out in Paragraph ~~8.12.13.3~~.

~~8.12.28.13.2~~ The purpose of the AmendmentCUSC Modification Register shall be to assist the AmendmentsCUSC Modifications Panel and to enable the AmendmentsCUSC Modifications Panel, **CUSC Parties** and any other persons who may be interested to be reasonably informed of the progress of AmendmentCUSC Modification Proposals and **Approved AmendmentsCUSC Modifications** from time to time.

~~8.12.38.13.3~~ The AmendmentCUSC Modification Register shall record in respect of current outstanding AmendmentsCUSC Modifications Panel business:

- (a) details of each AmendmentCUSC Modification Proposal (including the name of the **Proposer**, the date of the AmendmentCUSC Modification Proposal and a brief description of the AmendmentCUSC Modification Proposal);
- (b) whether such AmendmentCUSC Modification Proposal is an **Urgent AmendmentCUSC Modification Proposal**;
- (c) the current status and progress of each AmendmentCUSC Modification Proposal, if appropriate the anticipated date for reporting to the **Authority** in respect thereof, and whether it has been withdrawn, rejected or implemented for a period of three (3) months after such withdrawal, rejection or implementation or such longer period as the **Authority** may determine;
- (d) the current status and progress of each **Approved AmendmentCUSC Modification**; and
- (e) such other matters as the AmendmentsCUSC Modifications Panel may consider appropriate from time to time to achieve the purpose of Paragraph ~~8.42~~13.2.

~~8.12.48.13.4~~ The AmendmentCUSC Modification Register (as updated from time to time and indicating the revisions since the previous issue) shall be published on ~~The Company Website~~the Website or (in the absence, for whatever reason, of ~~The Company Website~~the Website) in such other manner and with such frequency (being not less than once per month) as the Code Administrator~~The Company~~ may decide in order to bring it to the attention of the AmendmentsCUSC Modifications Panel, **CUSC Parties** and other persons who may be interested.

## 8.138.14 **PROGRESS REPORT**

~~8.13.18.14.1~~ The Code Administrator~~The Company~~ shall prepare and submit to the **Authority** each month (or such less often period if there is no material matter arising to report) a progress report ("**Progress Report**") setting out the matters referred to in Paragraph ~~8.43~~14.2 in respect of the preceding month and send a copy of the **Progress Report** to each **Panel Member**.

~~8.13.28.14.2~~ The **Progress Report** shall contain:

- (a) details of any proposal which has been refused pursuant to Paragraph ~~8.15.16.3~~ or Paragraph ~~8.15.16.4~~;
- (b) the current version of the **AmendmentCUSC Modification Register**;
- (c) details of:
  - (i) the priority proposed to be accorded or that is accorded to each **AmendmentCUSC Modification Proposal** in the **AmendmentCUSC Modification Register** (in accordance with Paragraph ~~8.16.419.1~~);
  - (ii) the scheduling and timetable for consideration of each **AmendmentCUSC Modification Proposal** and completion of the **AmendmentCUSC Modification Report** in respect thereof in the context of all other current **AmendmentCUSC Modification Proposals**;
  - (iii) the impact of the priority accorded to each **AmendmentCUSC Modification Proposal** by reference to each other pending **AmendmentCUSC Modification Proposal**;
- (d) details of any decision to amalgamate **AmendmentCUSC Modification Proposals** in accordance with Paragraph ~~8.16.620.2~~;
- (e) details of any circumstances which lead **The Company** and/or the **AmendmentsCUSC Modifications Panel** to believe that the implementation date for an **Approved AmendmentCUSC Modification** is unlikely to be met and, if so, why;
- (f) such other matters as the **Authority** may request to be included from time to time; and
- (g) the basis for each of the decisions referred to above.

~~8.13.38.14.3~~ If, following discussion with the **AmendmentsCUSC Modifications Panel**, the **Authority** issues a notice to the **Panel Secretary** requesting **the Code Administrator**~~The~~ **Company** and the **AmendmentsCUSC Modifications Panel** (in relation to developments and changes highlighted in the monthly **Progress Report**):

- (a) not to reject an **AmendmentCUSC Modification Proposal** which does not satisfy Paragraph ~~8.156.2~~; and/or
- (b) not to amalgamate **AmendmentCUSC Modification Proposals** as set out in the monthly **Progress Report**; and/or

- (c) to accord a different priority to particular **AmendmentCUSC Modification Proposals** from that set out in the monthly **Progress Report**; and/or
- (d) to amend the timetable for an **AmendmentCUSC Modification Proposal**,

the **Panel Secretary** shall send a copy of the notice to each **Panel Member** and **Alternate Member**. The **AmendmentsCUSC Modifications Panel** and the **Code Administrator**~~The Company~~ shall comply with such notice.

~~8.13.48.14.4~~ 8.14.18.14.4 The **Panel Secretary** shall publish each **Progress Report** on ~~The Company Website~~the **Website** within 7 **Business Days** after it is sent to the **Authority**, provided that the **Panel Secretary** shall exclude therefrom any matters in respect of which the **Authority** issues a notice to the **Panel Secretary** for the purpose of this Paragraph ~~8.13.14.4~~ 8.14.14.4. Copies shall be sent to those **Panel Members**, **Alternate Members** and **CUSC Parties** who have provided electronic mail addresses to **the Code Administrator**~~The Company~~.

#### 8.148.15 **CHANGE CO-ORDINATION**

~~8.14.18.15.1~~ 8.14.18.15.1 **The Code Administrator**~~The Company~~ shall establish (and, where appropriate, revise from time to time) joint working arrangements for change co-ordination with each **Core Industry Document Owner** and with the **STC** committee to facilitate the identification, co-ordination, making and implementation of change to **Core Industry Documents** and the **STC** consequent on an **AmendmentCUSC Modification**, including, but not limited to, changes that are appropriate in order to avoid conflict or inconsistency as between the **CUSC** and any **Core Industry Document** and the **STC**, in a full and timely manner.

~~8.14.28.15.2~~ 8.14.28.15.2 The working arrangements referred to in Paragraph ~~8.14.15.1~~ 8.14.15.1 shall be such as enable the consideration, development and evaluation of **AmendmentCUSC Modification Proposals**, and the implementation of **Approved AmendmentsCUSC Modifications**, to proceed in a full and timely manner and enable changes to **Core Industry Documents** and the **STC** consequent on an amendment to be made and given effect wherever possible (subject to any necessary consent of the **Authority**) at the same time as such **AmendmentCUSC Modification** is made and given effect.

#### 8.158.16 **AMENDMENT CUSC MODIFICATION PROPOSALS**

8.16.1 A proposal to modify:

- (a) the **CUSC** may be made:
  - (i) by a **CUSC Party**, by the **National Consumer Council** or by a **BSC Party**; or

~~(ii) under Paragraph 8.28.5, by the **CUSC Modifications Panel** or by a **Relevant Transmission Licensee** in relation to Exhibit O Part IB and Exhibit O Part IIB only.~~

~~(b) A proposal to modify the **Charging Methodologies** may be made:~~

~~(i) by a **CUSC Party**, by the **National Consumer Council** or by a **BSC Party**; or~~

~~(ii) under Paragraph 8.28.5, by the **CUSC Modifications Panel** or by a **Relevant Transmission Licensee** in relation to Exhibit O Part IB and Exhibit O Part IIB only; or~~

~~(iii) by a **Materially Affected Party** in respect of the Charging Methodologies only, by a **Materially Affected Party**, unless otherwise permitted by the **Authority**.~~

~~8.16.2 A **Standard CUSC Modification Proposal** shall follow the procedure set out in Paragraphs 8.18 to 8.23.~~

~~8.16.3 A proposal to modify the **Charging Methodologies** must be made by means of a **CUSC Modification Proposal**, which may not contain any proposal to modify any other section of the **CUSC**. When making a **CUSC Modification Proposal** in respect of the **Charging Methodologies**, the **Proposer** may make specific reference to any link with another **CUSC Modification Proposal**.~~

~~\_\_\_\_\_ A proposal to modify the **CUSC** may be made by a **CUSC Party**, by the **National Consumer Council** or by a **BSC Party** or, under Paragraphs 8.21.8 and 8.23.5, by the **Amendments Panel** or by a **Relevant Transmission Licensee** in relation to Exhibit O Part IB and Exhibit O Part IIB only.~~

~~8.16.4 8.15.2 A **CUSC Modification Proposal** made pursuant to Paragraph 8.15.1 shall be submitted in writing and shall contain the following information in relation to such proposal:~~

~~(a) the name of the **Proposer**;~~

~~(b) the name of the representative of the **Proposer** (and his alternate) who shall represent the **Proposer** in person for the purposes of this Paragraph 8.15.16;~~

~~(c) a description (in reasonable but not excessive detail) of the issue or defect which the proposed modification ~~amendment~~ seeks to address;~~

~~(d) a description (in reasonable but not excessive detail) of the proposed amendment modification and of its nature and purpose;~~

- (e) where possible, an indication of those parts of the **CUSC** which would require amendment in order to give effect to (and/or would otherwise be affected by) the proposed ~~modification amendment~~ and an indication of the nature of those amendments or effects;
- (f) the reasons why the **Proposer** believes that the proposed ~~modification amendment~~ would better facilitate achievement of the **Applicable CUSC Objectives** as compared with the current version of the **CUSC** together with background information in support thereof;
- ~~(g)~~ the reasoned opinion of the **Proposer** as to ~~whether~~why the proposed modification should not fall within a current **Significant Code Review**, whether the proposed modification meets the Self-Governance Criteria or whether the proposed modification should proceed along the Standard CUSC Modification Proposal route;
- (h) the reasoned opinion of the **Proposer** as to whether the proposed modification would have a material and quantifiable impact on greenhouse gas emissions, assessed in accordance with such current guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the **Authority** from time to time;
- ~~(g)~~(i) where possible, an indication of the impact of the proposed ~~modification amendment~~ on **Core Industry Documents** and the **STC**;
- ~~(h)~~(i) where possible, an indication of the impact of the proposed ~~modification amendment~~ on relevant computer systems and processes used by **CUSC Parties**; and
- ~~(i)~~(k) a statement to the effect that the **Proposer** acknowledges that on acceptance of the proposal for consideration by the ~~Amendments~~CUSC Modifications **Panel** a **Proposer** which is not a **CUSC Party** shall grant a licence in accordance with Paragraph 8.15.7.

~~8.16.5~~ ~~8.15.3~~—if a proposal fails in any material respect to provide the information in Paragraph ~~8.15.2-4~~ (excluding Paragraphs (e), ~~(g)~~(i) and ~~(h)~~(i) thereof), the **Panel Secretary** may, subject to Paragraph ~~8.14.3(a)~~, reject such proposal provided that:

- (a) the **Panel Secretary** shall furnish the **Proposer** with the reasons for such rejection;
- (b) the **Panel Secretary** shall report such rejection to the ~~Amendments~~CUSC Modifications **Panel** at the next ~~Amendments~~CUSC Modifications **Panel** meeting, with details of the reasons;



- (c) if the **AmendmentsCUSC Modifications Panel** decides to reverse the **Panel Secretary's** decision to refuse the submission, the **Panel Secretary** shall notify the **Proposer** accordingly and the proposal shall be dealt with in accordance with this Section 8;
- (d) nothing in this Section 8 shall prevent a **Proposer** from submitting a revised proposal in compliance with the requirements of Paragraph 8.15.2-3 in respect of the same subject-matter.

~~8.16.6~~ ~~8.15.4~~—Without prejudice to the development of a **Working Group** **Workgroup Alternative AmendmentCUSC Modification** pursuant to Paragraph 8.2023.2, the **AmendmentsCUSC Modifications Panel** shall direct in the case of (a), and may direct in the case of (b), the **Panel Secretary** to reject a proposal pursuant to Paragraph 8.16, other than a proposal submitted by **The Company** pursuant to a direction issued by the **Authority** following a **Significant Code Review** in accordance with Paragraph 8.17.185, pursuant to Paragraph 8.15, if and to the extent that such proposal has, in the opinion of the **AmendmentsCUSC Modifications Panel**, substantially the same effect as:

- (a) a **Pending AmendmentCUSC Modification Proposal**; or
- (b) a **Rejected AmendmentCUSC Modification Proposal**, where such proposal is made at any time within two (2) months after the decision of the **Authority** not to direct **The Company** to modify the **CUSC** pursuant to the **Transmission Licence** in the manner set out in such **AmendmentCUSC Modification Proposal**,

and the **Panel Secretary** shall notify the **Proposer** accordingly.

~~8.16.7~~ ~~8.15.5~~—Promptly upon receipt of an **AmendmentCUSC Modification Proposal**, the **Panel Secretary** shall:

- (a) allocate a unique reference number to the **AmendmentCUSC Modification Proposal**;
- (b) enter details of the **AmendmentCUSC Modification Proposal** on the **AmendmentCUSC Modification Register**.

~~8.16.8~~ ~~8.15.6~~—Subject to Paragraph 8.78.6, where the **AmendmentCUSC Modification Proposal** is received more than five (5) **Business Days** prior to the next **AmendmentsCUSC Modifications Panel** meeting, the **Panel Secretary** shall place the **AmendmentCUSC Modification Proposal** on the agenda of the next **AmendmentsCUSC Modifications Panel** meeting and otherwise shall place it on the agenda of the next succeeding **AmendmentsCUSC Modifications Panel** meeting.

~~8.16.9~~ ~~8.15.7~~—It shall be a condition to the right to make a proposal to modify the **CUSC** under this Paragraph 8.15-16 that the **Proposer**:



- (a) grants a non-exclusive royalty free licence to all **CUSC Parties** who request the same covering all present and future rights, **IPRs** and moral rights it may have in such proposal (as regards use or application in Great Britain); and
- (b) warrants that, to the best of its knowledge, information and belief, no other person has asserted to the **Proposer** that such person has any **IPRs** or normal rights or rights of confidence in such proposal,

and, in making a proposal, a **Proposer** which is a **CUSC Party** shall be deemed to have granted the licence and given the warranty in (a) and (b) above.

The provisions of this Paragraph 8.15.7-9 shall also apply to any **WG Consultation Alternative Request**, and for these purposes the term **Proposer** shall include any person making such a **WG Consultation Alternative Request**.

~~8.16.10~~ ~~8.15.8~~—Subject to Paragraph 8.17.196, which deals with the withdrawal of a **CUSC Modification Proposal** made pursuant to a direction following a **Significant Code Review**, ~~A~~ **Proposer** may withdraw his support for ~~the~~ **AmendmentStandard CUSC Modification Proposal** ~~on~~ ~~by~~ notice to the **Panel Secretary** at any time prior to the CUSC Modifications Panel Recommendation Vote undertaken in relation to that **Standard CUSC Modification Proposal** pursuant to Paragraph 8.23.4, and a **Proposer** may withdraw his support for a **CUSC Modification Proposal** that meets the **Self-Governance Criteria** by notice to the **Panel Secretary** at any time prior to the **CUSC Modifications Panel Self-Governance Vote** undertaken in relation to that **CUSC Modification Proposal** pursuant to Paragraph 8.25.9, in which case the **Panel Secretary** shall forthwith:

- (a) notify ~~CUSC Parties~~ those parties specified in Paragraph 8.16.1 as relevant in relation to the **CUSC Modification Proposal** in question (a “**Relevant Party**”) that he has been notified of the withdrawal of support by the **Proposer** by publication on ~~The Company Website~~ the Website and (where relevant details are supplied) by electronic mail. A ~~CUSC Party~~ **Relevant Party** may within five (5) **Business Days** notify the **Panel Secretary** that it is prepared to support the ~~Amendment~~**CUSC Modification Proposal** in place of the original **Proposer**. If such notice is received, the name of such ~~CUSC Relevant Party~~ shall replace that of the original **Proposer** as the **Proposer**, and the ~~Amendment~~**CUSC Modification Proposal** shall continue. If more than one notice is received, the first received shall be utilised;
- (b) if no notice of support is received under (a), the matter shall be discussed at the next ~~Amendments~~**CUSC Modifications Panel** meeting. If the ~~Amendments~~**CUSC Modifications Panel** so agrees, it may notify ~~CUSC Relevant Parties~~ that the ~~Amendment~~**CUSC Modification Proposal** is to be withdrawn, and a further period of

five (5) **Business Days** shall be given for support to be indicated by way of notice;

- (c) if no notice of support is received under (a) or (b), the ~~Amendment~~**CUSC Modification Proposal** shall be marked as withdrawn on the ~~Amendment~~**CUSC Modification Register**;

#### Code Administrator as Critical Friend

8.16.11 The **Code Administrator** shall provide assistance insofar as is reasonably practicable and on reasonable request to parties with an interest in the **CUSC Modification Process** (including, in particular, **Small Participants** and consumer representatives) that request it in relation to the **CUSC**, as provided for in the **Code Administration Code of Practice**, including, but not limited to, assistance with:

- (a) Drafting a **CUSC Modification Proposal** including, in relation to **Materially Affected Parties**, drafting a **CUSC Modification Proposal** in respect of the **Charging Methodologies**;
- (b) Understanding the operation of the **CUSC**;
- (c) Their involvement in, and representation during, the **CUSC Modification Process** (including but not limited to **CUSC Modifications Panel**, and/or **Workgroup** meetings) as required or as described in the **Code Administration Code of Practice**; and
- (d) Accessing information relating to the **Charging Statements**, and any amendment, revision or notice of proposed amendment to the **Charging Statements**, **CUSC Modification Proposals** and/or **CUSC Modifications Proposals** that have been implemented, subject to any charge made by **The Company** to cover its reasonable costs of providing such information.<sup>3</sup>

### **8.17 SIGNIFICANT CODE REVIEW**

#### Significant Code Review Phase

8.17.1 If any party specified under Paragraph 8.16.1 makes a **CUSC Modification Proposal** during a **Significant Code Review Phase**, unless exempted by the **Authority**, the **CUSC Modifications Panel** shall assess the suitability of that **CUSC Modification Proposal** for inclusion within the **Significant Code Review** and shall notify the **Authority** of its assessment, its reasons for that assessment and any representations received in relation to it as soon as practicable.

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<sup>3</sup> Condition 10, paragraph 6(ad)

~~8.17.1 If any party specified under Paragraph 8.16.1 makes a **CUSC Modification Proposal** during a **Significant Code Review Phase**, the **CUSC Modifications Panel** shall evaluate the suitability of that **CUSC Modification Proposal** for inclusion within the **Significant Code Review**.<sup>4</sup>~~

8.17.2 The **CUSC Modifications Panel** shall proceed with the **CUSC Modification Proposal** submitted during a **Significant Code Review Phase** in accordance with Paragraph 8.18 (notwithstanding any consultation undertaken pursuant to Paragraph 8.17.4 and its outcome), unless directed otherwise by the **Authority** pursuant to Paragraph 8.17.3.

8.17.3 If the **Authority** at any time directs that the **CUSC Modification Proposal** submitted during a **Significant Code Review Phase** is suitable for inclusion within the **Significant Code Review**, the **CUSC Modifications Panel** will not proceed with that **CUSC Modification Proposal**, and the **Proposer** shall decide whether the **CUSC Modification Proposal** shall be withdrawn or suspended until the end of the **Significant Code Review Phase**. If the **Proposer** fails to indicate its decision whether to withdraw or suspend the **CUSC Modification Proposal** within twenty-eight (28) days of the **Authority's** direction, it shall be deemed to be suspended. If the **CUSC Modification Proposal** is suspended, it shall be open to the **Proposer** at the end of the **Significant Code Review Phase** to indicate to the **CUSC Modifications Panel** that it wishes that **CUSC Modification Proposal** to proceed, and it shall be considered and taken forward in the manner decided upon by the **CUSC Modifications Panel** at the next meeting, and it is open to the **CUSC Modifications Panel** to take into account any work previously undertaken in respect of that **CUSC Modification Proposal**. If the **Proposer** makes no indication to the **CUSC Modifications Panel** within twenty-eight (28) days of the end of the **Significant Code Review Phase** as to whether or not it wishes the **CUSC Modification Proposal** to proceed, it shall be deemed to be withdrawn.

~~If the **CUSC Modifications Panel** and the **Authority** agree that a **CUSC Modification Proposal** is not suitable for inclusion within the **Significant Code Review**, the **CUSC Modifications Panel** shall comply with Paragraph 8.17.16.~~

~~1.17.4 Subject to Paragraph 8.17.4, if the **CUSC Modifications Panel** and the **Authority** agree that a **CUSC Modification Proposal** is suitable for inclusion within the **Significant Code Review**, the **CUSC Modifications Panel** shall comply with Paragraph 8.17.17.~~

~~8.17.4 The **Authority** may grant an exemption to the **CUSC Modifications Panel** from its obligation under Paragraph 8.17.3 to comply with Paragraph 8.17.17.<sup>5</sup> If the **Authority** does not specify whether or not a **CUSC Modification Proposal** is exempt within twenty-eight (28) days of receipt of the **CUSC Modification Proposal** by the~~

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<sup>4</sup> Condition 10, paragraph 6.b.(iiA)

<sup>5</sup> Condition 10, paragraph 6B (to 8.21.15)

~~CUSC Modifications Panel~~, then it shall be deemed exempted by the ~~Authority~~. If an exemption is granted or deemed to be granted by the ~~Authority~~, ~~The Company~~ shall instead comply with the standard ~~CUSC Modification Process~~ set out in Paragraphs 8.18 to 8.23.

~~1.17.5 If the CUSC Modifications Panel and the Authority do not agree as to the suitability of a CUSC Modification Proposal submitted during a Significant Code Review Phase for inclusion within the Significant Code Review, the CUSC Modifications Panel may consult on it prior to any direction being issued by the Authority, with:~~

~~(a) CUSC Parties; and~~

~~(b) such other persons who may properly be considered by the CUSC Modifications Panel to have an appropriate interest in it (including consumer representatives and Small Participants)<sup>6</sup>.~~

**8.17.4** Where a direction under 8.17.3 has not been issued and the **CUSC Modifications Panel** considers that a **CUSC Modification Proposal** submitted during a **Significant Code Review phase** may be suitable for inclusion within the **Significant Code Review**, the **CUSC Modifications Panel** may consult on its suitability as part of the Standard **CUSC Modification Proposal** route set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.

~~1.17.6 The consultation will be undertaken by issuing a Consultation Paper (and its provision in electronic form on the Website and in electronic mails to CUSC Parties and such other persons, who have supplied relevant details, shall meet this requirement).~~

~~1.17.7 The Consultation Paper will contain an outline of the CUSC Modification Proposal and will incorporate The Company's and the CUSC Modifications Panel's initial views on the suitability of that CUSC Modification Proposal for inclusion within the Significant Code Review.~~

~~1.17.8 Subject to the consultation having been completed, the CUSC Modifications Panel shall prepare and submit to the Authority a report (the "SCR Report") in accordance with this Paragraph 8.17 for each CUSC Modification Proposal which is not withdrawn.~~

~~1.17.9 The matters to be included in a SCR Report shall be the following (in respect of the CUSC Modification Proposal):<sup>7</sup>~~

~~(a) the CUSC Modification Proposal;~~

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<sup>6</sup> Condition 10, paragraph 6B and 6(b)

<sup>7</sup> Condition 10, paragraph 6(6B)

~~(b)the recommendation of the **CUSC Modifications Panel** as to whether or not the **CUSC Modification Proposal** should be included within the **Significant Code Review**;~~

~~(c)a summary (agreed by the **CUSC Modifications Panel**) of the views (including any recommendations) from **Panel Members** made during the consultation in respect of the **CUSC Modification Proposal** and its inclusion within the **Significant Code Review** together with a summary of representations in relation to such matters;~~

~~(d)copies of (and a summary of) all written representations or objections made by consultees during the consultation in respect of the **CUSC Modification Proposal** and subsequently maintained;~~

~~(e)details of the outcome of the **CUSC Modifications Panel Assessment Vote**.~~

~~1.17.10A draft of the **SCR Report** will be circulated by the **Code Administrator** to **CUSC Parties** and **Panel Members** (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties** and **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made thereon. Any unresolved comments made shall be reflected in the final **SCR Report**.~~

~~1.17.11A draft of the **SCR Report** shall be tabled at the **Panel Meeting** prior to submission of that **SCR Report** to the **Authority** as set in accordance with the timetable at which the **Panel Chairman** will undertake the **CUSC Modifications Panel Assessment Vote**.~~

~~1.17.12A draft of the **SCR Report** following the **CUSC Modifications Panel Assessment Vote** will be circulated by the **Code Administrator** to **Panel Members** (and in electronic mails to **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made on the **CUSC Modifications Panel Assessment Vote**. Any unresolved comments made shall be reflected in the final **SCR Report**.~~

~~8.17.13Each **SCR Report** shall be addressed and furnished to the **Authority** and none of the facts, opinions or statements contained in such **CUSC Modification Report** may be relied upon by any other person.~~

~~8.17.14The **CUSC Modifications Panel** shall not proceed with a **CUSC Modification Proposal** until the **Authority** has given written notice of its decision as to whether a **CUSC Modification Proposal** should be removed from the **CUSC Modification**~~

~~Process~~ and considered by the ~~Authority~~ as part of the ~~Significant Code Review~~, or whether it should proceed, in accordance with the ~~Transmission Licence~~.<sup>8</sup>

~~1.17.13~~The ~~Code Administrator~~ shall copy (by electronic mail to those persons who have supplied relevant details to the ~~Code Administrator~~) the ~~SCR Report~~ to:

- ~~(i) — each CUSC Party;~~
- ~~(ii) — each Panel Member; and~~
- ~~(iii) — any person who may request a copy,~~

~~and shall place a copy on the Website.~~

~~1.17.14~~If a ~~CUSC Modification Proposal~~ is deemed not suitable for inclusion within the ~~Significant Code Review~~, the ~~Code Administrator~~ and the ~~CUSC Modifications Panel~~ shall follow the procedure set out in Paragraph 8.18.

~~1.17.15~~If a ~~CUSC Modification Proposal~~ is deemed suitable for inclusion within the ~~Significant Code Review~~, the ~~CUSC Modifications Panel~~ will not proceed with the ~~CUSC Modification Proposal~~, and the ~~Proposer~~ shall decide whether the ~~CUSC Modification Proposal~~ shall be withdrawn or suspended until the end of the ~~Significant Code Review Phase~~. If the ~~CUSC Modification Proposal~~ is suspended, it shall be open to the ~~Proposer~~ at the end of the ~~Significant Code Review Phase~~ to indicate to the ~~CUSC Modifications Panel~~ that it wishes the ~~CUSC Modification Proposal~~ to proceed, and:

~~(a)if the CUSC Modifications Panel considers the CUSC Modification Proposal to be sufficiently different to any CUSC Modification Proposal raised by The Company pursuant to a direction by the Authority pursuant to Paragraph 8.17.18, it shall be deemed to be a CUSC Modification Proposal that has just been received by the CUSC Modifications Panel pursuant to Paragraph 8.16 and shall be assessed as such, but it is open to the CUSC Modifications Panel to take into account any work previously undertaken in respect of that CUSC Modification Proposal; or~~

~~(b)if the CUSC Modifications Panel considers that the CUSC Modification Proposal is not sufficiently different to any CUSC Modification Proposal raised by The Company pursuant to a direction by the Authority pursuant to Paragraph 8.17.18, the Panel Secretary shall reject it.~~

If the ~~Proposer~~ makes no indication to the ~~CUSC Modifications Panel~~ within twenty-eight (28) days of the end of the ~~Significant Code Review Phase~~ as to whether or not

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<sup>8</sup> Final Proposals Appendix 2 pg 49

~~it wishes the **CUSC Modification Proposal** to proceed, it shall be deemed to be withdrawn.~~End of Significant Code Review Phase

~~8.17.188.17.5~~ If within twenty-eight (28) days after the **Authority** has published its **Significant Code Review** conclusions, the **Authority** issues to **The Company** directions, including directions to **The Company** to make **CUSC Modification Proposals**, then **The Company** shall comply with those directions and the **Significant Code Review Phase** shall be deemed to have ended on the date on which **The Company** makes a **CUSC Modification Proposal** in accordance with the **Authority's** directions.<sup>9</sup> Such conclusions and directions shall not fetter the voting rights of the **Panel Members** or any recommendation it makes in relation to any **CUSC Modification Proposal**.<sup>10</sup>

8.17.6 **The Company** may not, without the prior consent of the **Authority**, withdraw a **CUSC Modification Proposal** made pursuant to a direction issued by the **Authority** pursuant to Paragraph 8.17.5.<sup>11</sup>

8.17.7 If within twenty-eight (28) days after the **Authority** has published its **Significant Code Review** conclusions, the **Authority** issues to **The Company** a statement that no directions will be issued in relation to the **CUSC**, then the **Significant Code Review Phase** shall be deemed to have ended on the date of such statement.

8.17.8 If up to and including twenty-eight (28) days from the **Authority's** publication of its **Significant Code Review** conclusions, the **Authority** has issued to **The Company** neither directions pursuant to Paragraph 8.17.5, nor a statement pursuant to Paragraph 8.17.7, then the **Significant Code Review Phase** will be deemed to have ended.

## 8.168.18 PANEL PROCEEDINGSCUSC MODIFICATION PROPOSAL EVALUATION

~~8.16.18.18.1~~ This Paragraph ~~8.16-18~~ is subject to the **Urgent CUSC Amendment Modification Proposals** procedures and the ~~Housekeeping Amendment procedures~~ set out in Paragraph ~~8.21~~24 and the **Significant Code Review** procedures set out in Paragraph 8.17.

~~8.16.28.18.2~~ An ~~Amendment~~CUSC Modification Proposal made pursuant to Paragraph ~~8.15~~ shall, subject to Paragraph ~~8.15~~16.68, be discussed by the ~~Amendments~~CUSC Modifications Panel at the next following ~~Amendments~~CUSC Modifications Panel meeting convened.

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<sup>9</sup> Condition 10, paragraph 6.aa and 14

<sup>10</sup> Condition 10, paragraph 6C (to 8.21.20)

<sup>11</sup> Final Proposals Appendix 2, pg 52.



~~8.16.38.18.3~~ The **Proposer's** representative shall attend such ~~Amendments~~**CUSC Modifications Panel** meeting and the ~~Amendments~~**CUSC Modifications Panel** may invite the **Proposer's** representative to present his ~~Amendment~~**CUSC Modification Proposal** to the ~~Amendments~~**CUSC Modifications Panel**.

8.18.4 The **CUSC Modifications Panel** shall evaluate each **CUSC Modification Proposal** against the **Self-Governance Criteria**. The **CUSC Modifications Panel** shall follow the procedure set out in Paragraph 8.25 in respect of any **CUSC Modification Proposal** deemed by the **CUSC Modifications Panel** to fall within the **Self-Governance Criteria**.<sup>12</sup>

8.18.5 Unless the **Authority** determines otherwise, a **CUSC Modification Proposal** deemed by the **CUSC Modifications Panel** not to fall within the **Self-Governance Criteria** shall be a **Standard CUSC Modification Proposal** and shall follow the procedure set out in Paragraphs 8.19 to 8.23.

## 8.19 PANEL PROCEEDINGS

8.19.1 ~~8.16.4~~ (a) The ~~Company~~**Code Administrator** and the ~~Amendments~~**CUSC Modifications Panel** shall together establish a timetable to apply for the ~~Amendment~~**CUSC Modification Process**.

(b) The ~~Amendments~~**CUSC Modifications Panel** shall establish the part of the timetable for the consideration by the ~~Amendments~~**CUSC Modifications Panel** and by a ~~Working Group~~**Workgroup** (if any) which shall be no longer than four months unless in any case the particular circumstances of the ~~Amendment~~**CUSC Modification Proposal** (taking due account of its complexity, importance and urgency) justify an extension of such timetable, and provided the ~~Authority~~**Authority**, after receiving notice, does not object, taking into account all those issues

~~\_\_\_\_\_~~ (c) The ~~Company~~**Code Administrator** shall establish the part of the timetable for the consultation to be undertaken by ~~the Company~~**Code Administrator** under this Section 8 and separately the preparation of a ~~an~~ **Amendment****CUSC Modification Report** to the **Authority**. Where the particular circumstances of the ~~Amendment~~**CUSC Modification Proposal** (taking due account of its complexity, importance and urgency) justify an extension of such timescales and provided the **Authority**, after receiving notice, does not object, taking into account all those issues, ~~the Company~~**Code Administrator** may revise such part of the timetable.

(d) In setting such a timetable, the ~~Amendments~~**CUSC Modifications Panel** and ~~the Company~~**Code Administrator** shall exercise their

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<sup>12</sup> Condition 10, paragraph 6.b.(iiA)



respective discretions such that, in respect of each **AmendmentCUSC Modification Proposal**, an **AmendmentCUSC Modification Report** may be submitted to the **Authority** as soon after the **AmendmentCUSC Modification Proposal** is made as is consistent with the proper evaluation of such **AmendmentCUSC Modification Proposal**, taking due account of its complexity, importance and urgency.

- (e) Having regard to the complexity, importance and urgency of particular **AmendmentCUSC Modification Proposals**, the **AmendmentsCUSC Modifications Panel** may determine the priority of **AmendmentCUSC Modification Proposals** and may (subject to any objection from the **Authority** taking into account all those issues) adjust the priority of the relevant **AmendmentCUSC Modification Proposal** accordingly.

8.19.2 ~~8.16.5~~—In relation to each **AmendmentCUSC Modification Proposal**, the **AmendmentsCUSC Modifications Panel** shall determine at any meeting of the **AmendmentsCUSC Modifications Panel** whether to:

- (a) amalgamate the **AmendmentCUSC Modification Proposal** with any other **AmendmentCUSC Modification Proposal**;
- (b) establish a ~~Working Group~~**Workgroup** of the **AmendmentsCUSC Modifications Panel**, to consider the ~~Proposed~~ **AmendmentCUSC Modification Proposal**;
- (c) **review the evaluation made pursuant to Paragraph 8.18.4, taking into account any new information received; or**
- ~~(d)~~ **proceed directly to wider consultation by The Company.**

8.19.3 ~~8.16.6~~—The **AmendmentsCUSC Modifications Panel** may decide to amalgamate an **AmendmentCUSC Modification Proposal** with one or more other **AmendmentCUSC Modification Proposals** where the subject-matter of such **AmendmentCUSC Modification Proposals** is sufficiently proximate to justify amalgamation on the grounds of efficiency and/or where such **AmendmentCUSC Modification Proposals** are logically dependent on each other.

8.19.4 ~~8.16.7~~—Where **AmendmentCUSC Modification Proposals** are amalgamated pursuant to Paragraph ~~8.16.6~~19.3:

- (a) such **AmendmentCUSC Modification Proposals** shall be treated as a single **AmendmentCUSC Modification Proposal**;
- (b) references in this Section 8 to an **AmendmentCUSC Modification Proposal** shall include and apply to a group of two or more **AmendmentCUSC Modification Proposals** so amalgamated;

- (c) the **Proposers** of each such **AmendmentCUSC Modification Proposal** shall co-operate in deciding which of them is to provide a representative for any **Working GroupWorkgroup** in respect of the amalgamated **AmendmentCUSC Modification Proposal** and, in default of agreement, the **Panel Chairman** shall nominate one of the **Proposers** for that purpose.

~~8.20.78.19.5~~ In respect of any **CUSC Modification Amendment Proposal** that the **CUSC Modifications Amendments Panel** determines to proceed directly to wider consultation ~~by The Company~~ in accordance with Paragraph ~~8.16.519.2~~, the **CUSC Modifications Amendments Panel**, may at any time prior to the **CUSC Modifications Amendments Panel Recommendation Vote** having taken place decide to establish a **Working Group** of the **CUSC Modifications Amendments Panel** and the provisions of Paragraph ~~8.17-20~~ shall apply. In such case the **CUSC Modifications Amendments Panel** shall be entitled to adjust the timetable referred to at Paragraph ~~8.16.419.1(b)~~ and ~~the Company Code Administrator~~ shall be entitled to adjust the timetable referred to at Paragraph ~~8.16.419.1(c)~~, provided that the **Authority**, ~~after receiving notice~~, does not object.

## ~~8.178.20~~ **WORKING GROUPS**

~~8.17.18.20.1~~ If the **AmendmentsCUSC Modifications Panel** has decided not to proceed directly to wider consultation ~~by The Company~~ (or where the provisions of Paragraph ~~8.16.819.5~~ ~~applies~~ apply), a **Working GroupWorkgroup** will be established, or an existing **Standing Group** identified and actioned, by the **AmendmentsCUSC Modifications Panel** to assist the **AmendmentsCUSC Modifications Panel** in evaluating whether an **AmendmentCUSC Modification Proposal** better facilitates achieving the **Applicable CUSC Objectives** and whether a **Working GroupWorkgroup Alternative AmendmentCUSC Modification** would, as compared with the **AmendmentCUSC Modification Proposal**, better facilitate achieving the **Applicable CUSC Objectives** in relation to the issue or defect identified in the **AmendmentCUSC Modification Proposal**. Where a **Standing Group** is identified and actioned in relation to an **AmendmentCUSC Modification Proposal**, a reference to **Working GroupWorkgroup** in this Section 8 shall, in relation to that **AmendmentCUSC Modification Proposal**, be deemed to be a reference to that **Standing Group** acting in that capacity. Unless specifically appointed pursuant to this Paragraph or permitted pursuant to Paragraph ~~8.1922~~, a **Standing Group** shall not comment upon any **AmendmentCUSC Modification Proposal**.

~~8.17.28.20.2~~ A single **Working GroupWorkgroup** may be responsible for the evaluation of more than one **AmendmentCUSC Modification Proposal** at the same time, but need not be so responsible.

~~8.17.38.20.3~~ A **Working GroupWorkgroup** shall comprise at least five (5) persons (who may be **Panel Members**) selected by the **AmendmentsCUSC Modifications Panel** from those nominated by **CUSC Parties, BSC Parties**

or the **National Consumer Council** for their relevant experience and/or expertise in the areas forming the subject-matter of the **AmendmentCUSC Modification Proposal(s)** to be considered by such **Working GroupWorkgroup** (and the **AmendmentsCUSC Modifications Panel** shall ensure, as far as possible, that an appropriate cross-section of representation, experience and expertise is represented on such **Working GroupWorkgroup**) provided that there shall always be at least one member representing **The Company** and if, and only if, the **AmendmentsCUSC Modifications Panel** is of the view that an **AmendmentCUSC Modification Proposal** is likely to have an impact on the **STC**, the **AmendmentsCUSC Modifications Panel** may invite the **STC** committee to appoint a representative to become a member of the **Working GroupWorkgroup**. A representative of the **Authority** may attend any meeting of a **Working GroupWorkgroup** as an observer and may speak at such meeting.

8.17.48.20.4 The **Company Code Administrator** shall in consultation with the **AmendmentsCUSC Modifications Panel** appoint the chairman of the **Working GroupWorkgroup** who shall act impartially and as an independent chairman.

8.17.58.20.5 The **AmendmentsCUSC Modifications Panel** may add further members or the **Working GroupWorkgroup** chairman may add or vary members to a **Working GroupWorkgroup**.

8.17.68.20.6 The **AmendmentsCUSC Modifications Panel** may (but shall not be obliged to) replace any member or observer of a **Working GroupWorkgroup** appointed pursuant to Paragraph 8.17.20.3 at any time if such member is unwilling or unable for whatever reason to fulfil that function and/or is deliberately and persistently disrupting or frustrating the work of the **Working GroupWorkgroup**.

8.17.78.20.7 The **AmendmentsCUSC Modifications Panel** shall determine the terms of reference of each **Working GroupWorkgroup** and may change those terms of reference from time to time as it sees fit.

8.17.88.20.8 The terms of reference of a **Working GroupWorkgroup** must include provision in respect of the following matters:

- (a) those areas of a **Working GroupWorkgroup's** powers or activities which require the prior approval of the **AmendmentsCUSC Modifications Panel**;
- (b) the seeking of instructions, clarification or guidance from the **AmendmentsCUSC Modifications Panel**, including on the suspension of a **Workgroup Alternative CUSC Modification** during a **Significant Code Review Phase**; and
- (c) the timetable for the work to be done by the **Working GroupWorkgroup**, in accordance with the timetable established

pursuant to Paragraph 8.16.419.1 (save where Paragraph 8.16.819.5 applies); and

- (d) the length of any ~~Working Group~~Workgroup Consultation.

In addition, prior to the taking of any steps which would result in the undertaking of a significant amount of work (including the production of draft legal text to modify the **CUSC** in order to give effect to a ~~Proposed Amendment~~CUSC Modification Proposal and/or ~~Working Group~~Workgroup Alternative AmendmentCUSC Modification, with the relevant terms of reference setting out what a significant amount of work would be in any given case), the ~~Working Group~~Workgroup shall seek the views of the ~~Amendments~~CUSC Modifications Panel as to whether to proceed with such steps and, in giving its views, the ~~Amendments~~CUSC Modifications Panel may consult the **Authority** in respect thereof.

~~8.17.98.20.9~~ Subject to the provisions of this Paragraph 8.1720.9 and unless otherwise determined by the ~~Amendments~~CUSC Modifications Panel, the ~~Working Group~~Workgroup shall develop and adopt its own internal working procedures for the conduct of its business and shall provide a copy of such procedures to the **Panel Secretary** in respect of each ~~Amendment~~CUSC Modification Proposal for which it is responsible. Unless the ~~Amendments~~CUSC Modifications Panel otherwise determines, meetings of each ~~Working Group~~Workgroup shall be open to attendance by a representative of any **CUSC Party**, any **BSC Party** or the **National Consumer Council** and any person invited by the chairman, and the chairman of a ~~Working Group~~Workgroup may invite any such person to speak at such meetings.

~~8.17.108.20.10~~ After development by the ~~Working Group~~Workgroup of the ~~Amendment~~CUSC Modification Proposal, and (if applicable) after development of any draft ~~Working Group~~Workgroup Alternative AmendmentCUSC Modification, the ~~Working Group~~Workgroup will (subject to the provisions of Paragraph 8.1720.16) consult ("~~Working Group~~Workgroup Consultation") on the ~~Amendment~~CUSC Modification Proposal and, if applicable, on any draft ~~Working Group~~Workgroup Alternative AmendmentCUSC Modification with:

- (a) **CUSC Parties**; and
- (b) such other persons who may properly be considered to have an appropriate interest in it.

Where following the establishment of a ~~Working Group~~Workgroup in relation to a ~~an Amendment~~CUSC Modification Proposal, the terms of reference of a **Standing Group** have been amended by the ~~Amendments~~CUSC Modifications Panel to include the ability to comment on that ~~Amendment~~CUSC Modification Proposal, that **Standing Group** as a body shall be deemed to fall within sub-paragraph (~~#b~~) above and therefore shall be

able to respond to the ~~Working Group~~**Workgroup Consultation**. It shall not, however, in so doing undertake the functions of a ~~Working Group~~**Workgroup**. In the absence of such a change in terms of reference, the **Standing Group** as a body shall have no ability to respond to any ~~Working Group~~**Workgroup Consultation**.

~~8.20.11 8.17.11~~ The ~~Working Group~~**Workgroup Consultation** will be undertaken by issuing a ~~Working Group~~**Workgroup Consultation** paper (and its provision in electronic form on ~~The Company Website~~**the Website** and in electronic mails to **CUSC Parties** and such other persons, who have supplied relevant details, shall meet this requirement). Such ~~Working Group~~**Workgroup Consultation** paper will include:

- (a) Issues which arose in the ~~Working Group~~**Workgroup** discussions
- (b) Details of any draft ~~Working Group~~**Workgroup Alternative Amendment**CUSC Modification
- (c) The date(s) proposed by ~~The Company~~**the Code Administrator** for the implementation of the ~~Amendment~~**CUSC Modification Proposal** and draft ~~Working Group~~**Workgroup Alternative Amendment**CUSC Modification(s).

~~8.20.12 8.17.12~~ ~~Working Group~~**Workgroup Consultation** papers will be copied to **Core Industry Document Owners** and the secretary of the **STC** committee.

~~8.21.138.20.13~~ Any **CUSC, BSC Party** or the **National Consumer Council** may (subject to Paragraph 8.17**20.17**) raise a **WG Consultation Alternative Request** in response to the **Workgroup Consultation**. Such **Workgroup Consultation Alternative Request** must include:

- (a) the information required by Paragraph 8.15**6.2-4** (which shall be read and construed so that any references therein to “amendment proposal” or “proposal” shall be read as “request” and any reference to “**Proposer**” shall be read as “requester”); and
- (b) sufficient detail to enable consideration of the request including details as to how the request better facilitates the **Applicable CUSC Objectives** than the current version of the **CUSC**, than the ~~Amendment~~**CUSC Modification Proposal** and than any draft ~~Working Group~~**Workgroup Alternative(s)**.

~~8.17.148.20.14~~ The ~~Working Group~~**Workgroup** shall consider and analyse any comments made or any **WG Consultation Amendment**CUSC Modification Alternative Request made by any **CUSC Party** in response to the ~~Working Group~~**Workgroup Consultation**.

~~8.20.15 8.17.15~~ If a majority of the members of the ~~Working Group~~**Workgroup** or the chairman of the ~~Working Group~~**Workgroup** believe that the **WG Consultation Amendment**CUSC Modification Alternative Request will

better facilitate the **Applicable CUSC Objectives** than the current version of the **CUSC**, the ~~Working Group~~**Workgroup** shall develop it as a ~~Working Group~~**Workgroup Alternative Amendment**~~CUSC Modification~~ or, where the chairman of the ~~Working Group~~**Workgroup** agrees, amalgamate it with one or more other draft ~~Working Group~~**Workgroup Alternative Amendment**~~CUSC Modification~~(s) or **WG Consultation Amendment**~~CUSC Modification-Alternative Request~~(s);

~~8.20.16~~ ~~8.17.16~~– Unless the ~~Amendments~~**CUSC Modifications Panel** directs the ~~Working Group~~**Workgroup** otherwise pursuant to Paragraph ~~8.17.20.17~~, and provided that a ~~Working Group~~**Workgroup Consultation** has been undertaken in respect of the ~~Amendment~~**CUSC Modification** Proposal, no further ~~Working Group~~**Workgroup Consultation** will be required in respect of any ~~Working Group~~**Workgroup Alternative Amendment**~~CUSC Modification~~(s) developed in respect of such ~~Amendment~~**CUSC Modification** Proposal.

~~8.20.17~~ ~~8.17.17~~– The ~~Amendments~~**CUSC Modifications Panel** may, at the request of the chairman of the ~~Working Group~~**Workgroup**, direct the ~~Working Group~~**Workgroup** to undertake further ~~Working Group~~**Workgroup Consultation**(s). At the same time as such direction the ~~Amendments~~**CUSC Modifications Panel** shall adjust the timetable referred to at Paragraph ~~8.169.41~~(b) and ~~the~~ ~~Company Code Administrator~~ shall be entitled to adjust the timetable referred to at Paragraph ~~8.169.41~~(c), provided that the **Authority**, after receiving notice, does not object. No **WG Consultation Amendment**~~CUSC Modification- Alternative Request~~ may be raised by any **CUSC Party** during any second or subsequent ~~Working Group~~**Workgroup Consultation**.

~~8.20.18~~ ~~8.17.18~~– The ~~Working Group~~**Workgroup** shall finalise the ~~Working Group~~**Workgroup Alternative Amendment**~~CUSC Modification~~(s) for inclusion in the report to the ~~Amendments~~**CUSC Modifications Panel**.

~~8.20.19~~ ~~8.17.19~~

- (a) Each ~~Working Group~~**Workgroup** chairman shall prepare a report to the ~~Amendments~~**CUSC Modifications Panel** responding to the matters detailed in the terms of reference in accordance with the timetable set out in the terms of reference.
- (b) If a ~~Working Group~~**Workgroup** is unable to reach agreement on any such matter, the report must reflect the views of the members of the ~~Working Group~~**Workgroup**.
- (c) The report will be circulated in draft form to ~~Working Group~~**Workgroup** members and a period of not less than five (5) **Business Days** or if all ~~Working Group~~**Workgroup** members agree three (3) **Business Days** given for comments thereon. Any unresolved comments made shall be reflected in the final report.



~~8.20.20~~ ~~8.17.20~~ The chairman or another member (nominated by the chairman) of the ~~Working Group~~**Workgroup** shall attend the next ~~Amendments~~**CUSC Modifications Panel** meeting following delivery of the report and may be invited to present the findings and/or answer the questions of **Panel Members** in respect thereof. Other members of the ~~Working Group~~**Workgroup** may also attend such ~~Amendments~~**CUSC Modifications Panel** meeting.

~~8.20.21~~ ~~8.17.21~~ At the meeting referred to in Paragraph ~~8.17~~**20.20** the ~~Amendments~~**CUSC Modifications Panel** shall consider the ~~Working Group~~**Workgroup's** report and shall determine whether to:-

~~(d)~~(a) refer the ~~Amendments~~**CUSC Modifications Proposal** back to the ~~Working Group~~**Workgroup** for further analysis (in which case the ~~Amendments~~**CUSC Modifications Panel** shall determine the timetable and terms of reference to apply in relation to such further analysis); or

~~(e)~~(b) proceed then to wider consultation ~~by The Company~~.

8.20.22 If, at any time during the assessment process carried out by the **Workgroup** pursuant to this Paragraph 8.20, the **Workgroup** considers that a **CUSC Modification Proposal** or any **Workgroup Alternative CUSC Modification** should be included within a **Significant Code Review**, it shall consult on this as part of the **Workgroup Consultation** and include its reasoned assessment in the report to the **CUSC Modifications Panel** prepared pursuant to Paragraph 8.20.19. If the **CUSC Modifications Panel** considers that the **CUSC Modification Proposal** or the **Workgroup Alternative CUSC Modification** should be included within a **Significant Code Review**, it may consult with the **Authority**. If the **Authority** directs that the **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification** be included within the **Significant Code Review**, the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification** shall be suspended during the **Significant Code Review Phase**, unless withdrawn.

## 8.188.21 **STANDING GROUPS**

~~8.18.18.21.1~~ The ~~Amendments~~**CUSC Modifications Panel** may set up one or more standing groups (each a "**Standing Group**") to consider and report to the ~~Amendments~~**CUSC Modifications Panel** on issues specified by the ~~Amendments~~**CUSC Modifications Panel** relating to the connection and use of system arrangements in **Great Britain**, **including the Charging Methodologies**. The ~~Amendments~~**CUSC Modifications Panel** may change issues specified from time to time as it sees fit. In setting up a **Standing Group**, the ~~Amendments~~**CUSC Modifications Panel** shall determine the terms of reference of the **Standing Group** (and may change those terms of reference from time to time as it sees fit) and specify a time period within which the **Standing Group** is to report to it on the issue it is to consider and may establish other timetable requirements in relation to the intended scope of the **Standings Group's** considerations. At the end of the time period by

which the **Standing Group** is to report, the **AmendmentsCUSC Modifications Panel** shall decide whether the **Standing Group** is to continue and, if it is to continue, shall specify a time period in which it is to further report.

~~8.18.28.21.2~~ A **Standing Group** shall comprise at least five (5) persons (who may be **Panel Members**) selected by the **AmendmentsCUSC Modifications Panel** from those nominated by **CUSC Parties** for their relevant experience and/or expertise in the aspect or issue to be considered by such **Standing Group** (and the **AmendmentsCUSC Modifications Panel** shall ensure, as far as possible, that an appropriate cross-section of representation, experience and expertise is represented on such **Standing Group**) provided that there shall always be at least one member representing **The Company** and if, and only if, the **AmendmentsCUSC Modifications Panel** is of the view that an **AmendmentCUSC Modification Proposal** is likely to have an impact on the **STC**, the **AmendmentsCUSC Modifications Panel** may invite the **STC** committee to appoint a representative to become a member of the **Standing Group**. A representative of the **Authority** may attend any meeting of a **Standing Group** as an observer and may speak at such meeting.

~~8.18.38.21.3~~ **The Code Administrator** ~~The Company~~ shall in consultation with the **AmendmentsCUSC Modifications Panel** appoint the chairman of each **Standing Group** who shall act impartially and as an independent chairman.

~~8.18.48.21.4~~ The **AmendmentsCUSC Modifications Panel** may add further members or the **Standing Group** chairman may add or vary members to a **Standing Group** after it is established.

~~8.18.58.21.5~~ The **AmendmentsCUSC Modifications Panel** may (but shall not be obliged to) replace any member of a **Standing Group** appointed pursuant to Paragraph ~~8.18.21.2~~ at any time if such member is unwilling or unable for whatever reason to fulfil that function and/or is deliberately and persistently disrupting or frustrating the work of the **Standing Group**.

~~8.18.68.21.6~~

- (a) Each **Standing Group** chairman shall prepare a report to the **AmendmentsCUSC Modifications Panel** responding to the matter detailed in the terms of reference in accordance with the time period set by the **AmendmentsCUSC Modifications Panel**.
- (b) If a **Standing Group** is unable to reach agreement on any such matter, the report must reflect the views of the members of the **Standing Group**.
- (c) The report will be circulated in draft form to **Standing Group** members and a period of not less than five (5) **Business Days** given for comments thereon. Any unresolved comments made shall be reflected in the final report.



- (d) The chairman or another member (nominated by the chairman) of the **Standing Group** shall attend the next **AmendmentsCUSC Modifications Panel** meeting following delivery of the report and may be invited to present the findings and/or answer the questions of **Panel Members** in respect thereof. Other members of the **Standing Group** may also attend such **AmendmentsCUSC Modifications Panel** meeting.

~~8.18.78.21.7~~ Subject to the provisions of this Paragraph ~~8.18-21~~ and unless otherwise determined by the **AmendmentsCUSC Modifications Panel**, the **Standing Group** shall develop and adopt its own internal working procedures for the conduct of its business and shall provide a copy of such procedures to the **Panel Secretary**. Unless the **AmendmentsCUSC Modifications Panel** otherwise determines, meetings of each **Standing Group** shall be open to attendance by a representative of any **CUSC Party**, any **BSC Party** or the **National Consumer Council** and any person invited by the chairman or any other member of that **Standing Group**, and the chairman or any other member of that **Standing Group** may invite any person to speak at such meetings.

#### 8.198.22 **THE COMPANY CODE ADMINISTRATOR CONSULTATION**

~~8.19.18.22.1~~ In respect of any **AmendmentCUSC Modification Proposal** where a **Working GroupWorkgroup** has been established or a **Standing Group** identified and actioned Paragraph ~~8.1922.1-2~~ to ~~8.1922.6~~ shall apply.

~~8.19.28.22.2~~ After consideration of any **Working GroupWorkgroup** report on the **AmendmentCUSC Modification Proposal** and if applicable any **Working GroupWorkgroup Alternative AmendmentCUSC Modification** by the **AmendmentsCUSC Modifications Panel** and a determination by the **AmendmentsCUSC Modifications Panel** to proceed to wider consultation by ~~The Company~~, ~~tThe Company~~ **Code Administrator** shall bring to the attention of and consult on the **AmendmentCUSC Modification Proposal** and if applicable any **Working GroupWorkgroup Alternative AmendmentCUSC Modification** with:

- (i) **CUSC Parties**; and
- (ii) such other persons who may properly be considered to have an appropriate interest in it, including Small Participants and the **National Consumer Council**.

Where following the establishment of a **Working GroupWorkgroup**, the terms of reference of a **Standing Group** have been amended by the **AmendmentsCUSC Modifications Panel** to include the ability to comment on that **AmendmentCUSC Modification Proposal**, that **Standing Group** as a body shall be deemed to fall within sub-paragraph (ii) above and therefore shall be able to respond to ~~tThe Company's~~ **Code Administrator's** consultation. It shall not, however, in so doing undertake the functions of a

~~Working Group~~**Workgroup**. In the absence of such a change in terms of reference, the **Standing Group** as a body shall have no ability to respond to any consultation.

~~8.19.38.22.3~~ The consultation will be undertaken by issuing a Consultation Paper (and its provision in electronic form on ~~The Company Website~~**the Website** and in electronic mails to **CUSC Parties** and such other persons, who have supplied relevant details, shall meet this requirement).

~~8.19.48.22.4~~ The Consultation Paper will contain

- (a) the proposed drafting for the ~~Amendment~~**CUSC Modification Proposal** and any ~~Working Group~~**Workgroup Alternative Amendment**CUSC Modification** (unless the **Authority** decides none is needed in the ~~Amendment~~**CUSC Modification Report** under Paragraph ~~8.19.22.5~~) and will indicate the issues which arose in the ~~Working Group~~**Workgroup** discussions, where there has been a ~~Working Group~~**Workgroup** and will incorporate The **Company's** and the ~~Amendments~~**CUSC Modifications Panel's** initial views on the way forward; and**
- (b) the date proposed by ~~The Company~~**the Code Administrator** for the implementation of the ~~Amendment~~**CUSC Modification Proposal** and any ~~Working Group~~**Workgroup Alternative Amendment**CUSC Modification** and, where the ~~Working Group~~**Workgroup** terms of reference require and the dates proposed by the ~~Working Group~~**Workgroup** are different from those proposed by ~~The Company~~**the Code Administrator**, those proposed by the ~~Working Group~~**Workgroup**. In relation to a **CUSC Modification Proposal** in respect of the **Charging Methodologies**, the date proposed by the **Code Administrator** for its implementation and any date proposed by a **Workgroup** may be 1 April of the next following year only if a **CUSC Modifications Panel Recommendation Vote** or a **CUSC Modifications Panel Self-Governance Vote** is taken in relation to that **CUSC Modification Proposal** at the **CUSC Modifications Panel** meeting convened on or before the last **Business Day** in September. If a **CUSC Modifications Panel Recommendation Vote** or a **CUSC Modifications Panel Self-Governance Vote** is taken in relation to that **CUSC Modification Proposal** at the **CUSC Modifications Panel** meeting convened after that date, the earliest the change can be implemented is 1 April in the year after the next following year. In relation to a **CUSC Modification Proposal** that meets the **Self-Governance Criteria**, the **Code Administrator** may not propose an implementation date earlier than the sixteenth (16) **Business Day** following the publication of the **CUSC Modifications Panel's** decision to approve or reject the **CUSC Modification Proposal**. Views will be invited on these dates.**

~~8.19.58.22.5~~ Where **The Company** is proposing to recommend to the **Authority**

that a ~~Proposed Amendment~~CUSC Modification Proposal or ~~Working Group~~Workgroup Alternative AmendmentCUSC Modification should not be made, **The Company** shall consult with the **Authority** as to whether the **Authority** would like the AmendmentCUSC Modification Report to include the proposed text to amend the **CUSC**. If it does not, no text needs to be included. If it does, and no detailed text has yet been prepared, **The Company** shall prepare such text to modify the **CUSC** in order to give effect to such ~~Proposed Amendment~~CUSC Modification Proposal or ~~Working Group~~Workgroup Alternative AmendmentCUSC Modification and shall seek the views of the relevant ~~Working Group~~Workgroup.

8.19.68.22.6 Consultation Papers will be copied to **Core Industry Document Owners** and the secretary of the **STC** committee.

8.19.78.22.7 In respect of any AmendmentCUSC Modification Proposal where a ~~Working Group~~Workgroup has not been established nor a **Standing Group** identified and actioned Paragraph 8.1922.7 to 8.1922.12 shall apply.

8.19.88.22.8 After determination by the AmendmentsCUSC Modifications Panel to proceed to wider consultation, ~~by The Company, The Company shall consult~~ such consultation shall be conducted by the **Code Administrator** on the AmendmentCUSC Modification Proposal with:

- (i) **CUSC Parties**; and
- (ii) such other persons who may properly be considered to have an appropriate interest in it, including Small Participants and the National Consumer Council.

Where following the decision of the AmendmentsCUSC Modifications Panel to proceed directly to consultation by ~~the Code Administrator~~The Company, in relation to an AmendmentCUSC Modification Proposal, the terms of reference of a **Standing Group** have been amended by the AmendmentsCUSC Modifications Panel to include the ability to comment on that AmendmentCUSC Modification Proposal, that **Standing Group** as a body shall be deemed to fall within sub-paragraph (ii) above and therefore shall be able to respond to ~~the Code Administrator~~The Company's consultation. It shall not, however, in so doing undertake the functions of a ~~Working Group~~Workgroup. In the absence of such a change in terms of reference, the **Standing Group** as a body shall have no ability to respond to any consultation.

8.19.98.22.9 The consultation will be undertaken by issuing a Consultation Paper (and its provision in electronic form on ~~The Company Website~~the Website and in electronic mails to **CUSC Parties** and such other persons, who have supplied relevant details, shall meet this requirement).

8.19.108.22.10 The Consultation Paper will contain:

- (a) the proposed drafting for the **AmendmentCUSC Modification Proposal** (unless the **Authority** decides none is needed in the **AmendmentCUSC Modification Report** under Paragraph 8.1922.11) and will incorporate **The Company's** and the **AmendmentsCUSC Modifications Panel's** initial views on the way forward; and
- (b) the date proposed by ~~The Company~~**the Code Administrator** for the implementation of the **AmendmentCUSC Modification Proposal**. Views will be invited on this date.

~~8.19.11~~8.22.11 Where **The Company** is proposing to recommend to the **Authority** that a **Proposed AmendmentCUSC Modification Proposal** should not be made, **The Company** shall consult with the **Authority** as to whether the **Authority** would like the **AmendmentCUSC Modification Report** to include the proposed text to amend the **CUSC**. If it does not, no text needs to be included. If it does, and no detailed text has yet been prepared, **The Company** shall prepare such text to modify the **CUSC** in order to give effect to such **Proposed AmendmentCUSC Modification Proposal**.

#### 8.208.23 **AMENDMENT-CUSC MODIFICATION REPORT**

~~8.20.18~~8.23.1 Subject to ~~The Company's~~**the Code Administrator's** consultation having been completed, ~~The Company~~**the CUSC Modifications Panel** shall prepare and submit to the **Authority** a report (the "**AmendmentCUSC Modification Report**") in accordance with this Paragraph 8.20-~~23~~ for each **AmendmentsCUSC Modification Proposal** which is not withdrawn.

~~8.20.28~~8.23.2 The matters to be included in an **AmendmentCUSC Modification Report** shall be the following (in respect of the **AmendmentCUSC Modification Proposal**):

- (a) the **Proposed AmendmentCUSC Modification Proposal** and any **Working GroupWorkgroup Alternative AmendmentCUSC Modification**;
- (b) the recommendation of **The Company** as to whether or not the **Proposed AmendmentCUSC Modification Proposal** (or any **Working GroupWorkgroup Alternative AmendmentCUSC Modification** as provided below) should be made;
- (c) a summary (agreed by the **AmendmentsCUSC Modifications Panel**) of the views (including any recommendations) from **Panel Members** and/or the **Working GroupWorkgroup** as the case may be made during the consultation in respect of the **Proposed AmendmentCUSC Modification Proposal** and of any **Working GroupWorkgroup Alternative AmendmentCUSC Modification**;
- (d) an analysis of whether (and, if so, to what extent) the **Proposed**

~~Amendment~~**CUSC Modification Proposal** would better facilitate achievement of the **Applicable CUSC Objective(s)** with a detailed explanation of the **CUSC Modifications Panel**'s reasons for its assessment, including, where the impact is likely to be material, an assessment of the quantifiable impact of the **CUSC Modification Proposal** on greenhouse gas emissions, to be conducted in accordance with such current guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the **Authority** from time to time, and providing a detailed explanation of the **CUSC Modifications Panel**'s reasons for that assessment;<sup>13</sup>

- (e) an analysis of whether (and, if so, to what extent) any ~~Working Group~~**Workgroup Alternative Amendment**~~CUSC Modification~~ would better facilitate achievement of the **Applicable CUSC Objective(s)** as compared with the ~~Proposed Amendment~~**CUSC Modification Proposal** and any other ~~Working Group~~**Workgroup Alternative Amendment**~~CUSC Modification~~ and the current version of the **CUSC**, with a detailed explanation of the **CUSC Modifications Panel**'s reasons for its assessment, including, where the impact is likely to be material, an assessment of the quantifiable impact of the **Workgroup Alternative CUSC Modification** on greenhouse gas emissions, to be conducted in accordance with such current guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the **Authority** from time to time, and providing a detailed explanation of the **CUSC Modifications Panel**'s reasons for that assessment;<sup>14</sup>
- (f) the proposed date for the implementation of the ~~Proposed Amendment~~**CUSC Modification Proposal** or any ~~Working Group~~**Workgroup Alternative Amendment**~~CUSC Modification~~ taking into account the views put forward during the process described at Paragraph 8.19~~22.34~~(b) such date to be determined by the ~~Amendments~~**CUSC Modifications Panel** in the event of any disparity between such views and those of ~~The Company~~**the Code Administrator**;
- (g) an assessment of:
  - (i) the impact of the ~~Proposed Amendment~~**CUSC Modification Proposal** and any ~~Working Group~~**Workgroup Alternative Amendment**~~CUSC Modification~~ on the **Core Industry Documents** and the **STC**;
  - (ii) the changes which would be required to the **Core Industry Documents** and the **STC** in order to give effect to the ~~Proposed Amendment~~**CUSC Modification Proposal** and any ~~Working~~

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<sup>13</sup> Condition 10, paragraph 6, (b)(ivB) and (v)

<sup>14</sup> Condition 10, paragraph 6, (b)(ivB) and (v)

~~Group Workgroup Alternative Amendment~~ CUSC Modification;

- (iii) the mechanism and likely timescale for the making of the changes referred to in Paragraph (ii);
- (iv) the changes and/or developments which would be required to central computer systems and, if practicable, processes used in connection with the operation of arrangements established under the **Core Industry Documents** and the **STC**;
- (v) the mechanism and likely timescale for the making of the changes referred to in Paragraph (iv);
- (vi) an estimate of the costs associated with making and delivering the changes referred to in Paragraphs (ii) and (iv), such costs are expected to relate to: for (ii) the costs of amending the **Core Industry Document(s)** and **STC** and for (iv) the costs of changes to computer systems and possibly processes which are established for the operation of the **Core Industry Documents** and the **STC**.

together with an analysis and a summary of representations in relation to such matters, including any made by **Small Participants** and the **National Consumer Council**;<sup>15</sup>

- (h) to the extent such information is available to ~~The Company~~ **the Code Administrator**, an assessment of the impact of the ~~Proposed Amendment~~ CUSC Modification Proposal and any ~~Working Group Workgroup Alternative Amendment~~ CUSC Modification on **CUSC Parties** in general (or classes of **CUSC Parties** in general), including the changes which are likely to be required to their internal systems and processes and an estimate of the development, capital and operating costs associated with implementing the changes to the **CUSC** and to **Core Industry Documents** and the **STC**;
- (i) copies of (and a summary of) all written representations or objections made by consultees during the consultation in respect of the ~~Proposed Amendment~~ CUSC Modification Proposal and any ~~Working Group Workgroup Alternative Amendment~~ CUSC Modification and subsequently maintained;
- (j) a copy of any impact assessment prepared by **Core Industry Document Owners** and the **STC** committee and the views and comments of ~~The Company~~ **the Code Administrator** in respect thereof;
- (k) details of the outcome of the ~~Amendments~~ CUSC Modifications Panel

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<sup>15</sup> Condition 10, paragraph 6(b)(ii)



## Recommendation Vote.

- 8.23.3 ~~8.20.3~~—A draft of the ~~Amendment~~**CUSC Modification Report** will be circulated by ~~The Company~~**the Code Administrator** to **CUSC Parties** and **Panel Members** and such other persons who may properly be considered to have an appropriate interest in it (and its provision in electronic form on ~~The Company Website~~**the Website** and in electronic mails to **CUSC Parties** and **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made thereon. Any unresolved comments made shall be reflected in the final ~~Amendment~~**CUSC Modification Report**.
- 8.23.4 ~~8.20.4~~—A draft of the ~~Amendment~~**CUSC Modification Report** shall be tabled at the **Panel Meeting** prior to submission of that ~~Amendment~~**CUSC Modification Report** to the **Authority** as set in accordance with the timetable established pursuant to Paragraph ~~8.16.4~~**19.2** at which the **Panel Chairman** will undertake the ~~Amendments~~**CUSC Modifications Panel Recommendation Vote**.
- 8.23.5 ~~8.20.5~~—A draft of the ~~Amendment~~**CUSC Modification Report** following the ~~Amendments~~**CUSC Modifications Panel Recommendation Vote** will be circulated by ~~The Company~~**the Code Administrator** to **Panel Members** (and in electronic mails to **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made on the ~~Amendments~~**CUSC Modifications Panel Recommendation Vote**. Any unresolved comments made shall be reflected in the final ~~Amendment~~**CUSC Modification Report**.
- 8.23.6 ~~8.20.6~~—Each ~~Amendment~~**CUSC Modification Report** shall be addressed and furnished to the **Authority** and none of the facts, opinions or statements contained in such ~~Amendment~~**CUSC Modification Report** may be relied upon by any other person.
- 8.23.7 ~~8.20.7~~—In accordance with the **Transmission Licence**, the **Authority** may approve the ~~Proposed Amendment~~**CUSC Modification Proposal** or a ~~Working Group~~**Workgroup Alternative Amendment****CUSC Modification** contained in the ~~Amendment~~**CUSC Modification Report** (which shall then be an "**Approved Amendment****CUSC Modification**" until implemented). If the **Authority** believes that neither the ~~Proposed Amendment~~**CUSC Modification Proposal** (nor any ~~Working Group~~**Workgroup Alternative Amendment****CUSC Modification**) would ~~not~~ better facilitate achievement of the **Applicable CUSC Objectives**, then there will be no approval. In such a case, ~~The Company~~**the Code Administrator** will notify **CUSC Parties** and will raise the issue at the next ~~Amendments~~**CUSC Modifications Panel** meeting.
- 8.23.8 ~~8.20.8~~—The ~~Company~~**Code Administrator** shall copy (by electronic mail to those persons who have supplied relevant details— to **the Code**

~~Administrator~~~~The Company~~)– the ~~Amendment~~CUSC Modification Report to:

- (i) each **CUSC Party**;
- (ii) each **Panel Member**; and
- (iii) any person who may request a copy,

and shall place a copy on ~~The Company Website~~the Website.

8.23.9 If the **Authority** determines that the **CUSC Modification Report** is such that the **Authority** cannot properly form an opinion on the **CUSC Modification Proposal**, it may issue a direction to the **CUSC Modifications Panel**.<sup>16</sup>

- (a) specifying the additional steps (including legal drafting or amending existing legal drafting associated with the **CUSC Modification Proposal**), revision (including revision to the timetable), analysis or information that it requires in order to form such an opinion; and
- (b) requiring the **CUSC Modification Report** to be revised and to be re-submitted.

8.23.10 If a **CUSC Modification Report** is to be revised and re-submitted in accordance with a direction issued pursuant to Paragraph 8.23.9, it shall be re-submitted as soon after the **Authority's** direction as is appropriate, taking into account the complexity, importance and urgency of the **CUSC Modification Proposal**.<sup>17</sup> The **CUSC Modifications Panel** shall decide on the level of analysis and consultation required in order to comply with the **Authority's** direction and shall agree an appropriate timetable for meeting its obligations. Once the **CUSC Modification Report** is revised, the **CUSC Modifications Panel** shall carry out its **CUSC Modifications Panel Recommendation Vote** again in respect of the revised **CUSC Modification Report** and re-submit it to the **Authority** in compliance with Paragraphs 8.23.4 to 8.23.6. The **Authority** will then approve or not approve the **CUSC Modification Proposal** in compliance with Paragraph 8.23.7, or issue another direction pursuant to Paragraph 8.23.9.

8.23.11 Unless the **Authority** directs otherwise, **The Company** shall not make any modification to the **Charging Methodologies** if a report is furnished to the **Authority** in accordance with standard condition C5 or standard condition C6 of the Transmission Licence in force as at 30 December 2010, before 31 December 2010, and within twenty eight (28) days of the report being furnished to the **Authority**, the **Authority** has either:

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<sup>16</sup> Condition 10, paragraph 7 aa

<sup>17</sup> Condition 10, paragraph 6(b) (vii)



- (a) directed **The Company** that the modification shall not be made; or
- (b) notified **The Company** that it intends to undertake an impact assessment and, within three months of giving that notification, has directed **The Company** not to make the modification.<sup>18</sup>

~~1.22.11~~

## ~~8.218.24~~ **URGENT AMENDMENT CUSC MODIFICATION PROPOSALS AND HOUSEKEEPING AMENDMENTS**

### ~~1.23.1~~ **Urgent Amendment Proposals**

~~8.21.1.18.24.1~~ ~~8.24.1~~ If any ~~CUSC Party~~, or the ~~National Consumer Council~~ or any ~~BSC Party~~ **Relevant Party** recommends to the **Panel Secretary** that a proposal should be treated as an **Urgent Amendment CUSC Modification Proposal** in accordance with this Paragraph ~~8.2124~~, the **Panel Secretary** shall notify the **Panel Chairman** who shall then, in accordance with Paragraphs ~~8.2124.1.12~~(a) to (e) inclusive, and notwithstanding anything in the contrary in this Section 8, endeavour to obtain the views of the ~~Amendments CUSC Modifications Panel~~ **Amendments CUSC Modifications Panel** as to the matters set out in Paragraph ~~8.2124.1.23~~. If for any reason the **Panel Chairman** is unable to do that, the **Panel Secretary** shall attempt to do so (and the measures to be undertaken by the **Panel Chairman** in the following paragraphs shall in such case be undertaken by the **Panel Secretary**).

~~8.24.2~~ ~~8.21.1.1(a)~~

- (a) ~~8.21.1.1(a)~~ The **Panel Chairman** shall determine the time by which, in his opinion, a decision of the ~~Amendments CUSC Modifications Panel~~ **Amendments CUSC Modifications Panel** is required in relation to such matters, having regard to the degree of urgency in all circumstances, and references in this Paragraph ~~8.2124.1~~ to the “time available” shall mean the time available, based on any such determination by the **Panel Chairman**;
- (b) ~~8.21.1.1(b)~~ The **Panel Secretary** shall, at the request of the **Panel Chairman**, convene a meeting or meetings (including meetings by telephone conference call, where appropriate) of the ~~Amendments CUSC Modifications Panel~~ **Amendments CUSC Modifications Panel** in such manner and upon such notice as the **Panel Chairman** considers appropriate, and such that, were practicable within the time available, as many **Panel Members** as possible may attend;
- (c) ~~8.21.1.1(c)~~ Each **Panel Member** shall be deemed to have consented, for the purposes of Paragraph ~~8.78.9~~. to the convening of such meeting or meetings in the manner and on the notice

<sup>18</sup> Condition 5, paragraph 4, Condition 6, paragraph 15B(a)

determined by the **Panel Chairman**. Paragraph 8.78.10 shall not apply to any such business.

8.21.1.1(d) Where:

- (i) it becomes apparent, in seeking to convene a meeting of the **AmendmentsCUSC Modifications Panel** within the time available, that quorum will not be present; or
- (ii) it transpires that the meeting of the **AmendmentsCUSC Modifications Panel** is not quorate and it is not possible to rearrange such meeting within the time available

The **Panel Chairman** shall endeavour to contact each **Panel Member** individually in order to ascertain such Panel Member's vote, and (subject to paragraph 8.21.1.1.12(e)) any matter to be decided shall be decided by a majority of those **Panel Members** who so cast a vote. Where, for whatever reason no decision is reached, the **Panel Chairman** shall proceed to consult with the **Authority** in accordance with Paragraph 8.21.1.1.45;

8.21.1.1(e) Where the **Panel Chairman** is unable to contact a least four **Panel Members** within the time available and where:

- (i) It is only **The Company** who has recommended —that the proposal should be treated as an **Urgent AmendmentCUSC Modification Proposal**, then those **Panel Members** contacted shall decide such matters, such decision may be a majority decision. Where in such cases no decision is made for whatever reason, the **Panel Chairman** shall proceed to consult with the **Authority** in accordance with Paragraph 8.21.1.1.45; or
- (ii) any **CUSC Party** (other than, and/or in addition to, **The Company**), the **National Consumer Council** or any **BSC Party** has recommended that the proposal should be treated as an **Urgent AmendmentCUSC Modification Proposal**, then the **Panel Chairman** may decide the matter (in consultation with those **Panel Members** (if any) which he managed to contact) provided that the **Panel Chairman** shall include details in the relevant **AmendmentCUSC Modification Report** of the steps which he took to contact other **Panel Members** first.

8.21.1.28.24.3 The matters referred to in Paragraph 8.21.1.1 are:

- (a) whether such proposal should be treated as an **Urgent AmendmentCUSC Modification Proposal** in accordance with this Paragraph 8.21.1 and

- (b) the procedure and timetable to be followed in respect of such **Urgent AmendmentCUSC Modification Proposal**.

~~8.24.4~~ ~~8.21.1.3~~ — The **Panel Chairman** or, in his absence, the **Panel Secretary** shall forthwith provide the **Authority** with the recommendation (if any) ascertained in accordance with Paragraphs ~~8.21.1.2~~(a) to (e) inclusive, of the **AmendmentsCUSC Modifications Panel** as to the matters referred to in Paragraph ~~8.21.1.2~~, and shall consult the **Authority** as to whether such **AmendmentCUSC Modification Proposal** is an **Urgent AmendmentCUSC Modification Proposal** and, if so, as to the procedure and timetable which should apply in respect thereof.

~~8.24.5~~ ~~8.21.1.4~~ If the **AmendmentsCUSC Modifications Panel** has been unable to make a recommendation in accordance with Paragraph ~~8.21.1.2~~(d) or Paragraph ~~8.21.1.2~~(e) as to the matters referred to in Paragraph ~~8.21.1.23~~ then the **Panel Chairman** or, in his absence, the **Panel Secretary** may recommend whether he considers that such proposal should be treated as an **Urgent AmendmentCUSC Modification Proposal** shall forthwith consult the **Authority** as to whether such **AmendmentCUSC Modification Proposal** is an **Urgent AmendmentCUSC Modification Proposal** and, if so, as to the procedure and timetable that should apply in respect thereof.

~~8.24.6~~ ~~8.21.1.5~~ The **AmendmentsCUSC Modifications Panel** shall:

- (a) ~~(a)~~ — not treat any **AmendmentCUSC Modification Proposal** as an **Urgent AmendmentCUSC Modification Proposal** except with the prior consent of the **Authority**;
- (b) ~~(b)~~ — comply with the procedure and timetable in respect of any **Urgent AmendmentCUSC Modification Proposal** approved by the **Authority**; and
- (c) ~~(c)~~ — comply with any direction of the **Authority** issued in respect of any of the matters on which the **Authority** is consulted pursuant to Paragraph ~~8.21.1.34~~ or Paragraph ~~8.21.1.45~~.

~~8.24.7~~ ~~8.21.1.6~~ — For the purposes of this Paragraph ~~8.21.1.67~~, the procedure and timetable in respect of an **Urgent AmendmentCUSC Modification Proposal** may (with the approval of the ~~Authority~~ pursuant to Paragraph ~~8.21.1.34~~ or Paragraph ~~8.21.1.45~~) deviate from all or part of the **AmendmentCUSC Modification Procedures** or follow any other procedure or timetable ~~approved by the Authority~~.

~~8.24.8~~ ~~8.21.1.7~~ — The **AmendmentCUSC Modification Report** in respect of an **Urgent AmendmentCUSC Modification Proposal** shall include:

- (a) ~~(a)~~—a statement as to why the **Proposer** believes that such **AmendmentCUSC Modification Proposal** should be treated as an **Urgent AmendmentCUSC Modification Proposal**,
- (b) ~~(b)~~—any statement provided by the **Authority** as to why the **Authority** believes that such **AmendmentCUSC Modification Proposal** should be treated as an **Urgent AmendmentCUSC Modification Proposal**,
- (c) ~~(c)~~—any recommendation of the **AmendmentsCUSC Modifications Panel** (or any recommendation of the **Panel Chairman**) provided in accordance with Paragraph 8.2+4.1-1 in respect of whether any **AmendmentCUSC Modification Proposal** should be treated as an **Urgent AmendmentCUSC Modification Proposal**, and
- (d) ~~(d)~~—the extent to which the procedure followed deviated from the **AmendmentCUSC Modification Procedures** (other than the procedures in this Paragraph 8.2+24.1).

~~8.24.9 8.21.1.8~~—Each **CUSC Party** and each **Panel Member** shall take all reasonable steps to ensure that an **Urgent AmendmentCUSC Modification Proposal** is considered, evaluated and—(subject to the approval of the **Authority**) implemented as soon as reasonably practicable, having regard to the urgency of the matter and, for the avoidance of doubt, —an **Urgent AmendmentCUSC Modification Proposal** may (subject to the approval of the **Authority**) result in the **CUSC** being amended on the day on which such proposal is submitted.

~~8.24.10 8.21.1.9~~—Where an **Urgent AmendmentCUSC Modification Proposal** results in an amendment being made in accordance with Paragraph 8.2328, the **AmendmentsCUSC Modifications Panel** may or (where it appears to the **AmendmentsCUSC Modifications Panel** that there is a reasonable level of support for a review amongst **CUSC Parties** shall following such amendment, action a **Standing Group** in accordance with Paragraph 8.18—21 on terms specified by the **AmendmentsCUSC Modifications Panel** to consider and report as to whether any alternative amendment could, as compared with such amendment better facilitate achieving the **Applicable CUSC Objectives** in respect of the subject matter of that **Urgent AmendmentCUSC Modification Proposal**.

## 8.25 SELF-GOVERNANCE

8.25.1 If the **CUSC Modifications Panel**, having evaluated a **CUSC Modification Proposal** against the **Self-Governance Criteria**<sup>19</sup>, pursuant to Paragraph 8.18.4, considers that the **CUSC Modification Proposal** meets the **Self-**

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<sup>19</sup> Condition 10, paragraph 6.b.(iiA)

**Governance Criteria**, the **CUSC Modifications Panel** shall submit to the **Authority** a **Self-Governance Statement** setting out its reasoning in reasonable detail.<sup>20</sup>

- 8.25.2 The **Authority** may, at any time prior to the **CUSC Modifications Panel**'s determination made pursuant to Paragraph 8.25.9, give written notice that it disagrees with the **Self-Governance Statement** and may direct that the **CUSC Modification Proposal** proceeds through the process for **Standard CUSC Modification Proposals** set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.
- 8.25.3 Subject to Paragraph 8.25.2, after submitting a **Self-Governance Statement**, the **CUSC Modifications Panel** shall follow the procedure set out in Paragraphs 8.19, 8.20 and 8.22.
- 8.25.4 The **Authority** may, at the first **CUSC Modifications Panel** meeting at which a **CUSC Modification Proposal** is discussed at the earliest, issue a direction to the **CUSC Modifications Panel** in relation to a **CUSC Modification Proposal** to follow the procedure set out for **CUSC Modification Proposals** that meet the **Self-Governance Criteria**, notwithstanding that no **Self-Governance Statement** has been submitted or a **Self-Governance Statement** has been retracted and the **CUSC Modifications Panel** shall follow the procedure set out in Paragraphs 8.19, 8.20 and 8.22.
- 8.25.5 Subject to the **Code Administrator**'s consultation having been completed pursuant to Paragraph 8.22, the **CUSC Modification Panel** shall prepare a report (the "**CUSC Modification Self-Governance Report**").
- 8.25.6 The matters to be included in a **CUSC Modification Self-Governance Report** shall be the following (in respect of the **CUSC Modification Proposal**):
- (a) details of its analysis of the **CUSC Modification Proposal** against the **Self-Governance Criteria**;
  - (b) copies of all consultation responses received;
  - (c) the date on which the **CUSC Modifications Panel Self-Governance Vote** shall take place, which shall not be earlier than seven (7) days from the date on which the **CUSC Modification Self-Governance Report** is furnished to the **Authority** in accordance with Paragraph 8.25.7; and
  - (d) such other information that is considered relevant by the **CUSC Modifications Panel**.

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<sup>20</sup> Condition 10, paragraph 13A(a)(i)

- 8.25.7 A draft of the **CUSC Modification Self-Governance Report** will be circulated by the **Code Administrator** to **CUSC Parties** and **Panel Members** (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties** and **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made thereon. Any unresolved comments made shall be reflected in the final **CUSC Modification Self-Governance Report**.
- 8.25.8 Each **CUSC Modification Self-Governance Report** shall be addressed and furnished to the **Authority** and none of the facts, opinions or statements contained in such **CUSC Modification Self-Governance Report** may be relied upon by any other person.
- 8.25.9 Subject to Paragraph 8.25.11, if the **Authority** does not give written notice that its decision is required pursuant to Paragraph 8.25.2, or if the **Authority** determines that the **Self-Governance Criteria** are satisfied, then the **CUSC Modification Self-Governance Report** shall be tabled at the **Panel Meeting** following submission of that **CUSC Modification Self-Governance Report** to the **Authority** at which the **Panel Chairman** will undertake the **CUSC Modifications Panel Self-Governance Vote** and the **Code Administrator** shall give notice of the outcome of such vote to the **Authority** as soon as possible thereafter.
- 8.25.10 If the **CUSC Modifications Panel** vote to approve the **CUSC Modification Proposal** pursuant to Paragraph 8.25.9 (which shall then be an “**Approved CUSC Modification Proposal**”) until implemented), then subject to the appeal procedures set out in Paragraphs 8.25.14 to Paragraph 8.25.19 the **CUSC Modification Proposal** may be implemented by **The Company** without the **Authority’s** approval and brought to the attention of **CUSC Parties** and such other persons as may properly be considered to have an appropriate interest in it..
- 8.25.11 If a **Self-Governance Statement** is retracted, or if the **Authority** notifies the **CUSC Modifications Panel** that it has determined that a **CUSC Modification Proposal** does not meet the **Self-Governance Criteria** the **CUSC Modifications Panel** shall treat the **CUSC Modification Proposal** as a **Standard CUSC Modification Proposal** and shall comply with Paragraph 8.23, using the **Self-Governance Report** as a basis for its **CUSC Modification Report.**, and the **Authority** shall make a determination in respect of the **CUSC Modification Proposal** in accordance with Paragraph 8.23.7.
- 8.25.12 The **CUSC Modifications Panel** may remove a **CUSC Modification Proposal** from the process detailed in this Paragraph 8.25 before making its determination pursuant to Paragraph 8.25.9. In that circumstance, the **CUSC Modification Proposal** shall be treated as a **Standard CUSC Modification Proposal** and shall proceed through the process for **Standard CUSC Modification Proposals** set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.

8.25.13 The **Code Administrator** shall make available on the **Website** and copy (by electronic mail to those persons who have supplied relevant details to the **Code Administrator**) the **CUSC Modification Self-Governance Report** prepared in accordance with Paragraph 8.25 to:

- (i) each **CUSC Party**;
- (ii) each **Panel Member**; and
- (iii) any person who may request a copy,

and shall place a copy on the **Website**.

8.25.14 A **CUSC Party**, or the **National Consumer Council** or any **BSC Party** may appeal to the **Authority** the approval or rejection by the **CUSC Modifications Panel** of a **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification** that met the **Self-Governance Criteria**, provided that the **Panel Secretary** is also notified, and the appeal has been made up to and including fifteen (15) **Business Days** after publication of the decision to approve or reject the **CUSC Modification Proposal**.<sup>21</sup> If such an appeal is made, implementation of the **CUSC Modification Proposal** shall be suspended pending the outcome.

8.25.15 The **Authority** shall consider the merits of the appeal against the following criteria:<sup>22</sup>

- (a) Whether the appealing party is, or is likely to be, unfairly prejudiced by the implementation or non-implementation of that **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification**; or
- (b) Whether the appeal is on the grounds that, in the case of implementation, the **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification** may not better facilitate the achievement of at least one of the **Applicable CUSC Objectives**; or
- (c) Whether the appeal is on the grounds that, in the case of non-implementation, the **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification** may better facilitate the achievement of at least one of the **Applicable CUSC Objectives**; and
- (d) Whether it is not brought for reasons that are trivial, vexatious or have no reasonable prospect of success.

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<sup>21</sup> Condition 10, paragraph 13A (e)

<sup>22</sup> Condition 10, paragraph 13B

- 8.25.16 Following any appeal to the **Authority**, a **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification** shall be treated in accordance with any decision and/or direction of the **Authority** following that appeal.<sup>23</sup>
- 8.25.17 If the **Authority** quashes the **CUSC Modifications Panel**'s determination in respect of a **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification** that met the **Self-Governance Criteria** and takes the decision on the relevant **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification** itself, following an appeal to the **Authority**, the **CUSC Modification Panel**'s determination of that **CUSC Modification Proposal** and any alternative shall be treated as a **CUSC Modification Report** submitted to the **Authority** pursuant to Paragraph 8.23.6 and the **CUSC Modification Panel**'s determination shall be treated as its recommendation pursuant to Paragraph 8.23.4.<sup>24</sup>
- 8.25.18 The **Authority** may, following an appeal to the **Authority**, refer the **CUSC Modification Proposal** back to the **CUSC Modifications Panel** for further consideration and a further **CUSC Modifications Panel Self-Governance Vote** and it is also open to the **Authority** to direct the **CUSC Modifications Panel** to refer its recommendation to the **Authority** for final determination pursuant to Paragraph 8.23.7.

## 8.21.2HOUSEKEEPING AMENDMENTS

~~8.21.2.1Where any **CUSC Party** requests at or prior to the **Amendments Panel** meeting at which the **Amendments Proposal** is first discussed that an **Amendment Proposal** should be treated as a **Housekeeping Amendment** the **Amendments Panel** shall consider such request at that meeting.~~

~~8.21.2.2Where the **Amendments Panel** agrees that such **Amendment Proposal** should be treated as a **Housekeeping Amendment** then the following procedures and timetable shall be followed in respect of such **Housekeeping Amendment** in place of Paragraphs 8.16.4, 8.19 and 8.20:~~

~~(a)**The Company** will as soon as practicable after the said **Amendments Panel** publish the **Housekeeping Amendment** (including the proposed text to amend the **CUSC**) on **The Company Website** for a minimum of ten **Business Days** and shall notify:~~

~~(i) **CUSC Parties**; and~~

~~(ii) such other persons who may properly be considered to have an appropriate interest in it~~

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<sup>23</sup> Condition 10, paragraph 13C

<sup>24</sup> Condition 10, paragraph 13C(b)



of such publication.

~~(b) after the ten **Business Days** **The Company** shall submit the **Housekeeping Amendment Report** to the **Authority**.~~

~~(c) **The Company** will include copies of (and a summary) of all written representations objections made by consultees during the ten day period referred to in Paragraph 8.21.2.2 (a) above in the **Housekeeping Amendment Report**.~~

~~(d) When the **Housekeeping Amendment Report** is submitted to the **Authority** **The Company** shall notify:~~

~~(i) each **CUSC Party**;~~

~~(ii) each **Panel Member**; and~~

~~(iii) any person who requests to be notified~~

~~that the **Housekeeping Amendment Report** has been submitted and shall publish a copy of the **Housekeeping Amendment Report** on **The Company Website**.~~

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~~8.21.2.3 Where the **Authority** agrees that the **Amendment Proposal** is a **Housekeeping Amendment**, then, in accordance with the **Transmission Licence**, the **Authority** may approve the **Housekeeping Amendment** contained in the **Housekeeping Report** (which shall then be an **Approved Amendment** until implemented) or not approve it. Where the **Authority** does not agree that the **Amendment Proposal** is a **Housekeeping Amendment** then the **Authority** may not approve it and notify **The Company** accordingly.~~

~~8.21.2.4 An **Amendments Proposal** shall not be treated as a **Housekeeping Amendment** without the agreement of the **Amendments Panel**.~~

## **8.26 TRANSMISSION CHARGING METHODOLOGY FORUM**

**8.26.1 A Transmission Charging Methodology Forum shall be established by The Company and shall be chaired by The Company.**

8.26.2 The **CUSC Modifications Panel** shall adopt the terms of reference of the **Transmission Charging Methodology Forum** and may change those terms of reference from time to time as it sees fit.

8.26.3 The **Transmission Charging Methodology Forum** shall provide a forum for regular communication and discussion of issues relating to the **Transmission Charging Methodologies** and their development<sup>25</sup> between **The Company** and **CUSC Parties, BSC Parties** and any **Materially Affected Parties**.<sup>26</sup>

~~A **CUSC Modification Proposal** to the **Charging Methodologies** may be discussed and developed through the **Charging Methodology Forum**, in which case it shall be deemed to be a **Workgroup**, or the **CUSC Modifications Panel** may choose to refer it to a **Workgroup** pursuant to Paragraph 8.20 or to a **Standing Group** pursuant to Paragraph 8.21.~~

## 8.228.27 **CONFIDENTIALITY**

~~8.22.18.27.1~~ Any representations submitted by a person pursuant to the ~~**AmendmentCUSC Modification Procedures**~~ may be made publicly available save as otherwise expressly requested by such person by notice in writing to ~~the **Code AdministratorThe Company**~~. A **WG Consultation Alternative Request** may in all cases be made publicly available.

~~8.22.28.27.2~~ The ~~**AmendmentCUSC Modification Panel, The Company**~~ and the **Code AdministratorThe Company** shall not be liable for any accidental publication of a representation which is the subject of a request made under Paragraph 8.~~22~~27.1.

~~8.22.38.27.3~~ For the avoidance of doubt, all representations (whether or not marked confidential) shall be sent to the **Authority**.

## 8.238.28 **IMPLEMENTATION**

8.28.1 The **CUSC** shall be modified either in accordance with the terms of the direction by the **Authority** relating to, or other approval by the **Authority** of, the ~~**Proposed AmendmentCUSC Modification Proposal**~~ or any ~~**Working GroupWorkgroup Alternative AmendmentCUSC Modification**~~ contained in the relevant ~~**AmendmentCUSC Modification Report**~~, or in respect of **CUSC Modification Proposals** that meet the **Self-Governance Criteria**, in accordance with ~~**Housekeeping Amendment**~~the relevant **CUSC Modification Self-Governance Report**.

~~8.23.28.28.2~~ **The Code Administrator The Company** shall forthwith notify (by publication on ~~**The Company Website**~~the **Website** and, where relevant details are supplied by electronic mail):

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<sup>25</sup> Condition 10, paragraph 6(a)(ae)(i)

<sup>26</sup> Final Proposals, section 4, pg 35

- (a) ~~\_\_\_\_\_ (a)~~ each **CUSC Party**;
- (b) ~~\_\_\_\_\_ (b)~~ each **Panel Member**;
- (c) ~~\_\_\_\_\_ (c)~~ the **Authority**;
- (d) ~~\_\_\_\_\_ (d)~~ each **Core Industry Document Owner**,
- (e) ~~\_\_\_\_\_ (e)~~ the secretary of the **STC** committee;
- (f) ~~\_\_\_\_\_ (f)~~ each **BSC Party** via ELEXON;
- (g) ~~\_\_\_\_\_ (g)~~ each **Materially Affected Party**; and
- (h) ~~\_\_\_\_\_ (h)~~ the **National Consumer Council**

of the change so made and the effective date of the change.

~~8.23.38.28.3~~ 8.28.3 ~~\_\_\_\_\_~~ An amendment ~~modification~~ of the **CUSC** shall take effect ~~from the time and date specified in the direction, or other approval, from the Authority referred to in Paragraph 8.2328.1 or, in the absence of any such time and date in the direction or approval,~~ from 00:00 hours on the day falling ten (10) **Business Days** after the date of such direction, or other approval, from the **Authority** ~~except in relation to a modification of the CUSC in respect of the Charging Methodologies, which may only take effect from 1 April of any given year.~~ A modification of the **CUSC** that meets the **Self-Governance Criteria**, which does not require approval from the **Authority**, shall take effect from the time and date specified by the **Code Administrator** in its notice given pursuant to Paragraph 8.28.2, which shall, taking into account the fifteen (15) **Business Day** period set out in Paragraph 8.25.14 to allow for appeals, shall be no less than sixteen (16) **Business Days** after the date on which the notice is published pursuant to Paragraph 8.28.2.

~~8.23.48.28.4~~ 8.28.4 ~~\_\_\_\_\_~~ An amendment ~~modification~~ made pursuant to and in accordance with Paragraph 8.238.1 shall not be impaired or invalidated in any way by any inadvertent failure to comply with or give effect to this Section.

~~8.23.58.28.5~~ 8.28.5 ~~\_\_\_\_\_~~ If an amendment ~~a modification~~ is made to the **CUSC** in accordance with the **Transmission Licence** but other than pursuant to the other ~~Amendment~~**CUSC Modification Procedures** in this Section 8, the ~~Amendments~~**CUSC Modifications Panel** shall determine whether or not to submit the amendment for review by a **Standing Group** in accordance with Paragraph 8.18 ~~21~~ on terms specified by the ~~Amendments~~**CUSC Modifications Panel** to consider and report as to whether any alternative amendment could, as compared with ~~such amendment~~ better facilitate achieving the **Applicable CUSC Objectives** in respect of the subject matter of the original amendment.

### Transitional Issues

~~8.23.6~~ ~~8.23.6~~—Notwithstanding the provisions of Paragraph ~~8.23.3~~ ~~8.23.3~~, **Amendment CUSC Modification Proposal** CAP 160 changes the **Amendment CUSC Modification Process** and therefore may affect other **Amendment CUSC Modification Proposals** which have not yet become **Approved Amendments CUSC Modifications**. Consequently, this Paragraph deals with issues arising out of the implementation of **Amendment CUSC Modification Proposal** CAP 160. In particular this Paragraph deals with which version of the **Amendment CUSC Modification Process** will apply to **Amendment CUSC Modification Proposal(s)** which were already instigated prior to the implementation of **Amendment CUSC Modification Proposal** CAP 160.

In respect of any **Amendment CUSC Modification Proposal** which the **Amendment CUSC Modification Panel** has determined, as at the date and time of implementation of **Amendment CUSC Modification Proposal** CAP 160 (as directed by the **Authority**), should proceed to wider consultation by **The Company** is known as an “**Old Amendment CUSC Modification Proposal**”. In respect of any **Amendment CUSC Modification Proposal** where the **Amendment CUSC Modification Panel** has not determined, as at the date and time of implementation of **Amendment CUSC Modification Proposal** CAP 160 (as directed by the **Authority**), that it should proceed to wider consultation by **The Company** is known as a “**New Amendment CUSC Modification Proposal**”. The provisions of Section 8 and the associated definitions in Section 11 which will apply to any **Old Amendment CUSC Modification Proposal(s)** are the provisions of Section 8 and the associated definitions in Section 11 of the **CUSC** which are in force immediately prior to the implementation of CAP 160. The provisions of Section 8 and the associated definitions in Section 11 which will apply to any **New Amendment CUSC Modification Proposals** are the provisions of the **CUSC** in force from time to time.

~~8.28.7~~ Notwithstanding the provisions of Paragraph ~~8.28.3~~ ~~8.28.3~~, **CUSC Modification Proposals** CAP 183, 184, 185 and 188 change the **CUSC Modification Process** and therefore may affect other **CUSC Modification Proposals** which have not as at the last date of the implementation of these changes become **Approved CUSC Modifications**. Consequently, this Paragraph deals with issues arising out of the implementation of **CUSC Modification Proposals** CAP 183, 184, 185 and 188. In particular this Paragraph deals with which version of the **CUSC Modification Process** will apply to **CUSC Modification Proposal(s)** which were already instigated prior to the implementation of the last of **CUSC Modification Proposals** CAP 183, 184, 185 and 188.

Any **CUSC Modification Proposal** that was submitted pursuant to Paragraph 8.16.4 prior to the implementation of the last of **CUSC Modification Proposals** CAP 183, 184, 185 and 188 is known as an “**Old CUSC Modification Proposal**”. Any **CUSC Modification Proposal** that was submitted pursuant to Paragraph 8.16.4 on the date of or any date following implementation of the last of **CUSC Modification Proposals** CAP 183, 184,

185 and 188 is known as a “New CUSC Modification Proposal”. The provisions of Section 8 and the associated definitions in Section 11 that will apply to any **Old CUSC Modification Proposal(s)** are the provisions of Section 8 and the associated definitions in Section 11 of the **CUSC** that are in force immediately prior to the implementation of the last of CAP 183, 184, 185 and 188. The provisions of Section 8 and the associated definitions in Section 11 that will apply to any **New CUSC Modification Proposals** are the provisions of the **CUSC** in force from time to time.

## ANNEX 8A ELECTION OF USERS' PANEL MEMBERS

### 8A.1 GENERAL

#### 8A.1.1 Introduction

8A.1.1.1 This Annex 8A sets out the basis for election of **Users' Panel Members** and **Alternate Members** for the purpose of Paragraphs 8.34.2. and 8.67.2

8A.1.1.2 This Annex 8A shall apply:

- (a) in relation to each year (the "**Election Year**") in which the term of office of **Users' Panel Members** and **Alternate Members** expires, for the purposes of electing **Users' Panel Members** and **Alternate Members** to hold office with effect from 1st October in that year;
- (b) subject to and in accordance with Paragraph 8A.4, upon a **Users' Panel Member** and/or **Alternate Members** ceasing to hold office before the expiry of his term of office.

8A.1.1.3 For the purposes of an election under Paragraph 8A.1.1.2(a) references to **Users** are to persons who are **Users** as at 20th June in the election year.

8A.1.1.4 ~~The Company~~**The Code Administrator** shall administer each election of **Users' Panel Members** and **Alternate Members** pursuant to this Annex 8A.

#### 8A.1.2 Election timetable

8A.1.2.1 ~~The Company~~**The Code Administrator** shall not later than 1st July in the election year prepare and circulate to all **Users** (by publication on ~~The Company Website~~**the Website** and, where relevant details are supplied, by electronic mail), with a copy to the **Authority**, an invitation to nominate candidates who must be willing to be either a **User Panel Member** or an **Alternate Member** and a timetable for the election (the "**Election Timetable**"), setting out:

- (a) the date by which nominations of candidates are to be received, which shall not be less than three (3) weeks after the timetable is circulated;
- (b) the date by which ~~The Company~~**the Code Administrator** shall circulate a list of candidates and voting papers;
- (c) the date by which voting papers are to be submitted, which shall not be less than three (3) weeks after the date for circulating voting papers;
- (d) the date by which the results of the election will be made known, which shall not be later than 15th September in the **Election Year**.

8A.1.2.2 If for any reason it is not practicable to establish an election timetable in accordance with Paragraph 8A.2.1.1 or to proceed on the basis of an election timetable which

has been established, ~~The Company~~ **the Code Administrator** may establish a different timetable, or revise the election timetable, by notice to all **Users**, the ~~Amendments~~ **CUSC Modifications Panel** and the **Authority**, provided that such timetable or revised timetable shall provide for the election to be completed before 1st October in the **Election Year**.

**8A.1.2.3** A nomination or voting paper received by ~~The Company~~ **the Code Administrator** later than the respective required date under the election timetable (subject to any revision under Paragraph 8A.1.2.2) shall be disregarded in the election.

## **8A.2. CANDIDATES**

### **8A.2.1 Nominations**

**8A.2.1.1** Nominations for candidates shall be made in accordance with the **Election Timetable**.

**8A.2.1.2** Subject to Paragraph 8A.1.1.3, each **User** may nominate one candidate for election by giving notice to ~~The Company~~ **the Code Administrator**.

### **8A.2.2 List of candidates**

**8A.2.2.1** ~~The Company~~ **The Code Administrator** shall draw up a list of the nominated candidates and circulate the list to all **Users** by the date specified in the **Election Timetable**.

**8A.2.2.2** The list shall specify the **User** by whom each candidate was nominated and any affiliations which the candidate may wish to have drawn to the attention of **Users**.

**8A.2.2.3** Except where Paragraphs 8A.4.3 or 8A.4.4 apply, if seven (7) or fewer candidates are nominated no further steps in the election shall take place and such candidate(s) shall be treated as elected as **Users' Panel Members** and Paragraph 8A.3.2.4 shall apply in relation to such candidate(s).

**8A2.2.4** Where Paragraph 8A.4.3 applies, if only one (1) candidate is nominated, no further steps in the election shall take place and such candidate shall be treated as elected as a **Panel Member** and Paragraph 8A.3.2.4 shall apply in relation to such candidate.

**8A.2.2.5** Where Paragraph 8A.4.4 applies, if five (5) or fewer candidates are nominated, no further steps in the election shall take place and such candidate(s) shall be treated as elected as **Alternate Members** and Paragraph 8A.3.2.4 shall apply in relation to such candidate(s).

## **8A.3. VOTING**

**8A.3.1 Voting papers**

**8A.3.1.1** Voting papers shall be submitted in accordance with the election timetable.

**8A.3.1.2** Each **User** may submit one voting paper.

**8A.3.2 Preference votes and voting rounds**

**8A.3.2.1** Each **User** submitting a voting paper shall vote by indicating on the voting paper a first, second and third preference ("**Preference Votes**") among the candidates.

**8A.3.2.2** A voting paper need not indicate a second, or a third, preference, but the same candidate may not receive more than one **Preference Vote** in a voting paper.

**8A.3.2.3** Candidates shall be elected in three voting rounds (together where necessary with a further round under Paragraph 8A.3.6) in accordance with the further provisions of this Paragraph 8A.3.

**8A.3.2.4** ~~The Company~~**The Code Administrator** shall determine which candidates are elected and announce (to the **Authority** and all **Users**) the results of the election in accordance with the election timetable.

**8A.3.2.5** ~~The Company~~**The Code Administrator** shall not disclose the **Preference Votes** cast by **Users** or received by candidates; but a **User** may by notice to the **Authority** require that the **Authority** scrutinise the conduct of the election, provided that such **User** shall bear the costs incurred by the **Authority** in doing so unless the **Authority** recommends that the election results should be annulled.

**8A.3.2.6** Further references to voting papers in this Paragraph 8A.3 do not include voting papers which are invalid or are to be disregarded (i.e. voting papers not made or submitted in accordance with the **CUSC**.)

**8A.3.3 First voting round**

**8A.3.3.1** In the first voting round:

- (a) the number of first **Preference Votes** allocated under all voting papers to each candidate shall be determined.
- (b) the first round qualifying total shall be:

$(T / N) + 1$

where

T is the total number of first **Preference Votes** in all voting papers;

N is the number of **Users' Panel Members** and/or **Alternate Members** to be elected.



**8A.3.3.2** If the number of first **Preference Votes** allocated to any candidate is equal to or greater than the first round qualifying total, that candidate shall be elected.

**8A.3.4 Second voting round**

**8A.3.4.1** In the second voting round:

- (a) the remaining candidates are those which were not elected in the first voting round;
- (b) the remaining voting papers are voting papers other than those under which the first **Preference Votes** were for candidates elected in the first voting round;
- (c) the number of first and second **Preference Votes** allocated under all remaining voting papers to each remaining candidate shall be determined;
- (d) the second round qualifying total shall be

$$( T' / N' ) + 1$$

where T' is the total number of first **Preference Votes** and second **Preference Votes** allocated under all remaining voting papers; N' is the number of **Panel Members** and/or **Alternate Members** remaining to be elected after the first voting round.

**8A.3.4.2** If the number of first and second **Preference Votes** allocated to any remaining candidate is equal to or greater than the second round qualifying total, that candidate shall be elected.

**8A.3.5 Third voting round**

**8A.3.5.1** In the third voting round:

- (a) the remaining candidates are those which were not elected in the first or second voting rounds;
- (b) the remaining voting papers are voting papers other than those under which the first or second **Preference Votes** were for candidates elected in the first or second voting rounds;
- (c) the number of first, second and third **Preference Votes** allocated under all remaining voting papers to each remaining candidate shall be determined;
- (d) the third round qualifying total shall be

$$( T'' / N'' ) + 1$$

where T" is the total number of first **Preference Votes**, second **Preference Votes** and third **Preference Votes** allocated under all remaining voting papers;

N" is the number of **Panel Members** remaining to be elected after the first and second voting rounds.

**8A.3.5.2** If the number of first, second and third **Preference Votes** allocated to any remaining candidate is equal to or greater than the third round qualifying total, that candidate shall be elected.

### **8A.3.6 Further provisions**

**8A.3.6.1** If after any voting round the number of candidates achieving the required **Preference Votes** threshold exceeds the number of persons remaining to be elected, the following tie-break provisions shall apply between the tied candidates. In addition, if after the third voting round any **Panel Member(s)** or **Alternate Member(s)** remain to be elected the following tie-break provisions shall apply between the remaining candidates:

- (a) the tied or remaining candidates (as applicable) shall be ranked in order of the number of first **Preference Votes** allocated to them, and the candidate(s) with the greatest number of such votes shall be elected;
- (b) in the event of a tie between two or more candidates within Paragraph (a), the candidate(s) (among those tied) with the greatest number of second **Preference Votes** shall be elected;
- (c) in the event of a tie between two or more candidates within Paragraph (b), ~~The Company~~ the **Code Administrator** shall select the candidate(s) (among those tied) to be elected by drawing lots.

### **8A.3.7 Alternate Members and Panel Members**

**8A.3.7.1** Except where Paragraphs 8A.4.3 or 8A.4.4 apply, the seven (7) candidates receiving the greatest number of votes shall be elected as **Users' Panel Members** and the next five (5) shall be elected as **Alternate Members**.

**8A.3.7.2** Where Paragraph 8A.4.3 applies the number of candidate(s) up to and including the number of **Panel Member Interim Vacancies** receiving the greatest number of votes pursuant to the **Interim Panel and Alternate Election Process** shall be elected as **Users' Panel Member(s)** and the remaining candidates up to and including the number of **Alternate Member Interim Vacancies** receiving the greatest number of votes shall be elected as **Alternate Member(s)**.

**8A.3.7.3** Where Paragraph 8A.4.4 applies the five (5) candidates receiving the greatest number of votes pursuant to the **Alternate Election Process** shall be elected as **Alternate Members**.

## **8A.4. VACANCIES**

### **8A.4.1 General**

**8A.4.1.1** If a **Panel Member** ceases to hold office pursuant to Paragraph 8.56.1 (b) (i) then Paragraph 8A.4.2 shall apply.

**8A.4.1.2** If a **Panel Member** ceases to hold office pursuant to Paragraph 8.56.1 (a), 8.56.1 (b) (ii) to (vi) (inclusive) or 8.56.1 (c) to (e) (inclusive) then Paragraph 8A.4.3 shall apply.

**8A.4.1.3** If an **Alternate Member** ceases to hold office pursuant to Paragraph 8.56 (the “**Resigning**” **Alternate Member**) then Paragraph 8A.4.4 shall apply.

**8A.4.1.4** The provisions of Paragraph 8A.2.1.2 shall apply, mutatis mutandis, to any replacement **Panel Member** or any replacement **Alternate Member** under this Paragraph 8A.4.

### **8A.4.2 Replacement of a Panel Member who ceases to hold office pursuant to Paragraph 8.56.1 (b) (i)**

**8A.4.2.1** Where this Paragraph 8A.4.2 applies, and in accordance with the duties set out in Paragraph 8.23.4.4(a), such **Panel Member** may appoint a replacement **Panel Member** (subject to Paragraph 8A.4.2.2) for the remainder of the term of office of such **Panel Member** and shall notify the **Panel Secretary** of a replacement **Panel Member** at the same time as they resign. If such **Panel Member** does not appoint a replacement at the time of notifying the **Panel Secretary** of their resignation then such **Panel Member** will be replaced in accordance with Paragraph 8A.4.3 and this Paragraph 8A.4.2.1 shall no longer apply.

**8A.4.2.2** A **Panel Member** shall only appoint an **Alternate Member** to be his replacement pursuant to Paragraph 8A.4.2.1 and such **Alternate Member** chosen to be a **Panel Member** shall then become a **Resigning Alternate Member** and be replaced in accordance with Paragraph 8A.4.4.

### **8A.4.3 Replacement of a Panel Member who ceases to hold office pursuant to Paragraph 8.56.1 (a), 8.56.1 (b) (ii) to (vi) (inclusive) or 8.56.1 (c) to (e) inclusive)**

**8A.4.3.1** Subject to Paragraph 8A.4.3.2, such **Panel Member** shall, where one or more **Alternate Member(s)** hold office, be replaced by the **Alternate Member** who previously received the highest number of cumulative **Preference Votes** but if there were a tie-break in relation to such **Preference Votes** then the tie-break provisions set out in Paragraph 8A.3.6.1 shall apply, in either circumstance such **Alternate Member** selected to be a **Panel Member** shall then become a **Resigning Alternate Member** and be replaced in accordance with Paragraph 8A.4.4.

**8A.4.3.2** If there are no **Alternate Members** in office upon a **Panel Member** ceasing to hold office then:

- (a) Where there are not less than six (6) months remaining until the next full election further **Panel Members** shall be elected in accordance with Paragraphs 8A.2, 8A.3 and subject to the following Paragraphs 8A.4.3.3 to 8A.4.3.5 (inclusive) (the “**Interim Panel and Alternate Election Process**”).
- (b) Where there are less than six (6) months remaining until the next full election no further **Panel Members** or **Alternate Members** shall be elected pursuant to this Paragraph 8A.4.3 and the positions shall remain vacant until the next full election.

**8A.4.3.3** Where this Paragraph 8A.4.3.3 applies ~~The Company~~ **the Code Administrator** shall indicate in the invitation referred to at Paragraph 8A.1.2.1 the number of vacancies for both **Panel Member(s)** (“**Panel Member Interim Vacancies**”) and **Alternate Member(s)** (“**Alternate Member Interim Vacancies**”) for which the **Interim Panel and Alternate Election Process** is being held.

**8A.4.3.4** Any **Panel Member(s)** or **Alternate Member(s)** elected pursuant to the **Interim Panel and Alternate Election Process** shall cease to hold office at the next full election.

**8A.4.3.5** The timetable for the **Interim Panel and Alternate Election Process** shall be expedited and ~~The Company~~ **the Code Administrator** shall prepare a timetable accordingly.

**8A.4.4 Replacement of a Resigning Alternate Member**

**8A.4.4.1** Subject to Paragraph 8A.4.4.2 a **Resigning Alternate Member** shall not be replaced.

**8A.4.4.2** If there are no **Alternate Members** remaining in office following the resignation of an **Alternate Member** or their appointment as **Panel Member** in accordance with 8A.4.2 or 8A.4.3 then

- (a) Where there are not less than six (6) months remaining until the next full election further **Alternate Members** shall be elected in accordance with Paragraphs 8A.2, 8A.3 and subject to the following paragraphs 8A.4.4.3 to 8A.4.4.5 (inclusive) (the “**Alternate Election Process**”).
- (b) Where there are less than six (6) months remaining until the next full election no further **Alternate Members** shall be elected and the positions shall remain vacant until the next full election

**8A.4.4.3** Where this paragraph 8A.4.4.3 applies, a reference in Paragraphs 8A.2 and 8A.3 to a **Users’ Panel Member** or **Panel Member** shall not apply except in the case of Paragraph 8A.3.5.1 (d) where the reference to “**Panel Members**” shall be read and construed as a reference to “**Alternate Members**”.

**8A.4.4.4** Any **Alternate Member(s)** elected pursuant to the **Alternate Election Process** shall cease to hold office at the next full election.

**8A.4.4.5** The timetable for the **Alternate Election Process** shall be expedited and ~~The Company~~ **the Code Administrator** shall prepare a timetable accordingly.

**END OF SECTION 8**

## **PART 4 – PROPOSED LEGAL TEXT: CUSC SECTION 8 (CLEAN)**

Part 4 of Volume 2 includes the proposed consolidated changes to CUSC Section 8 arising from CAPs 183, 184, 185 and 188. The change marking has been removed from this version of the proposed legal text to make it easier to read.

## **CUSC - SECTION 8**

### **CUSC MODIFICATION**

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## CUSC - SECTION 8

### CUSC MODIFICATION

#### 8.

##### Part A

#### 8.1 INTRODUCTION

- 8.1.1 This section of the **CUSC** sets out how the **CUSC** is to be amended and the procedures set out in this section, to the extent that they are dealt with in the **Code Administration Code of Practice**, are consistent with the principles contained in the **Code Administration Code of Practice**. Where inconsistencies or conflicts exist between the **CUSC** and the **Code Administration Code of Practice**, the **CUSC** shall take precedence. A modification to the **CUSC** may necessitate a modification to relevant **Bilateral Agreements** and/or to the **Mandatory Services Agreements** (and/or in certain circumstances the relevant **Construction Agreement**) and in those circumstances those agreements contain provisions for such alterations to be effected to those agreements.
- 8.1.2 There is a need to bring proposed amendments to the attention of **CUSC Parties** and others, to discuss such proposals and to report on them to the **Authority** and in furtherance of this, Section 8 provides for the establishment of a **CUSC Modifications Panel**, **Workgroups** and **Standing Groups** and for consultation by **The Company**.

#### Change Routes

##### 8.1.3

- (a) A **CUSC Modification Proposal** may either proceed directly along the standard **CUSC Modification Process**, or it may be subject to additional process steps, if raised during a **Significant Code Review**.
- (b) If a **CUSC Modification Proposal** is deemed by the **CUSC Modifications Panel** to meet the **Self-Governance Criteria**, it will be subject to a slightly different process.

#### Significant Code Review

- 8.1.4 A **Significant Code Review** is a high level code review process initiated and led by the **Authority**, on one of a number of potential triggers. The **Authority** will launch a **Significant Code Review** on publication of a notice setting out matters such as the scope of the review, reasons for it and announcing the start date.

- 8.1.5 A **Significant Code Review Phase** begins on the start date set out in the **Authority's** notice, during which time **CUSC Modification Proposals** that relate to the subject matter of the review are restricted, to ensure the process is as efficient as possible. Once the Authority has published its Significant Code Review conclusions, the **Authority** may direct **The Company** to raise **CUSC Modification Proposals** to put into effect the results of the **Significant Code Review**.
- 8.1.6 A process is set out in this Section 8 for analysing and consulting on **CUSC Modification Proposals** with a view to referring to the **Authority** those that may be subsumed into a **Significant Code Review**. Subject to Paragraph 8.1.7, those **CUSC Modification Proposals** that are not so subsumed proceed along the standard **CUSC Modification Process** of consultation with the industry followed by approval or non-approval by the **Authority**.

#### Self-Governance

- 8.1.7 In addition, **Self-Governance Criteria** are set out against which **CUSC Modification Proposals** must also be evaluated and consulted upon. If a proposal meets the criteria, it may proceed without **Authority** approval, and the **CUSC Modifications Panel** may consult on and determine itself whether to implement the **CUSC Modification Proposal**.

## **PART B**

### **8.2 CODE ADMINISTRATOR**

- 8.2.1 **The Company** shall establish and maintain a **Code Administrator** function, which shall carry out the roles referred to in Paragraph 8.2.2. **The Company** shall ensure the functions are consistent with the **Code Administration Code of Practice**.
- 8.2.2 The **Code Administrator** shall in conjunction with other code administrators, maintain, publish, review and (where appropriate) amend from time to time the **Code Administration Code of Practice** approved by the **Authority** provided that any amendments to the **Code Administration Code of Practice** proposed by the **Code Administrator** are approved by the **CUSC Modifications Panel** prior to being raised by the **Code Administrator**, and any amendments to be made to the **Code Administration Code of Practice** are approved by the **Authority**.<sup>1</sup>

### **8.3 THE CUSC MODIFICATIONS PANEL**

- 8.3.1 Establishment and Composition

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<sup>1</sup> Condition 10, paragraph 2(e)

- (a) The **CUSC Modifications Panel** shall be the standing body to carry out the functions referred to in Paragraph 8.3.3.
- (b) The **CUSC Modifications Panel** shall comprise the following members:
  - (i) the person appointed as the chairman of the **CUSC Modifications Panel** (the “**Panel Chairman**”) in accordance with Paragraph 8.4.1, who shall (subject to Paragraph 8.11.4) be a non-voting member;
  - (ii) not more than seven persons appointed by **Users** in accordance with Paragraph 8.4.2;
  - (iii) two persons appointed by **The Company** in accordance with Paragraph 8.4.2;
  - (iv) not more than one person appointed by the **National Consumer Council** representing all categories of customers, appointed in accordance with Paragraph 8.4.2; and<sup>2</sup>
  - (v) the person appointed (if the **Authority** so decides) by the Authority in accordance with Paragraph 8.4.3.
- (c) The **CUSC Modifications Panel** shall be assisted by a secretary (“**Panel Secretary**”), who shall be a person appointed and provided by the **Code Administrator** and who shall be responsible for the administration of the **CUSC Modifications Panel** and **CUSC Modification Proposals**.

### 8.3.2 Authority’s Representative

A representative of the **Authority** shall be entitled to attend **CUSC Modifications Panel** meetings as an observer and may speak at any meeting. The **Authority** shall from time to time notify the **Panel Secretary** of the identity of the observer.

### 8.3.3 Functions of the **CUSC Modifications Panel** and the **Code Administrator**’s Role

- (a) The **CUSC Modifications Panel** shall have the functions assigned to it in this Section 8.

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<sup>2</sup> Condition 10, paragraph 2(f)(ii)

- (b) Without prejudice to Paragraph 8.3.3(a) and to the further provisions of this Section 8, the **CUSC Modifications Panel** shall endeavour at all times to operate:
- (i) in an efficient, economical and expeditious manner, taking account of the complexity, importance and urgency of particular **CUSC Modification Proposals**; and
  - (ii) with a view to ensuring that the **CUSC** facilitates achievement of the **Applicable CUSC Objectives**.
- (c) **The Company** shall be responsible for implementing or supervising the implementation of **Approved CUSC Modifications** in accordance with the provisions of the **CUSC** which shall reflect the production of the revised **CUSC**. **The Code Administrator and The Company shall be responsible for implementing and supervising the implementation of** any amendments to **their respective** systems and processes necessary for the implementation of the **Approved CUSC Modification**. However, it will not include the implementation of **Users’** systems and processes. **The Code Administrator** will carry out its role in an efficient, economical and expeditious manner and (subject to any extension granted by the **Authority** where **the Code Administrator** has applied for one) in accordance with the **Implementation Date**.
- (d) Subject to notifying **Users**, **the Code Administrator** will, with the **Authority’s** approval, apply to the **Authority** for a revision or revisions to the **Implementation Date** where **the Code Administrator** becomes aware of any circumstances which is likely to mean that the **Implementation Date** is unachievable, which shall include as a result of a **Legal Challenge**, at any point following the approval of the **CUSC Modification Proposal**.
- (e) In the event that the Authority’s decision to approve or not to approve a **CUSC Modification Proposal** is subject of **Legal Challenge** (and the party raising such **Legal Challenge** has received from the relevant authority the necessary permission to proceed) then **the Code Administrator** will, with the **Authority’s** approval, apply to the **Authority** for a revision or revisions to the **Proposed Implementation Date** in the **CUSC Modification Report** in respect of such **CUSC Modification Proposal** as necessary such that if such **CUSC Modification Proposal** were to be approved following such **Legal Challenge** the **Proposed Implementation Date** would be achievable.
- (f) Prior to making any request to the **Authority** for any revision pursuant to Paragraphs 8.3.3(d) (where it is necessary as a result of a **Legal Challenge**) or 8.3.3(e) **the Code Administrator** shall consult on the revision with **CUSC Parties** and such other person who may

properly be considered to have an appropriate interest in it in accordance with Paragraphs 8.23.2 and 8.23.5. The request to the **Authority** shall contain copies of (and a summary of) all written representations or objections made by consultees during the consultation period.

#### 8.3.4 Duties of Panel Members

- (a) A person appointed as a **Panel Member**, or an **Alternate Member**, by **Users** under Paragraph 8.3.1 or 8.7.2, by the **Authority** under Paragraph 8.4.3 and the person appointed as **Panel Chairman** under Paragraph 8.4.1, and each of their alternates when acting in that capacity:
  - (i) shall act impartially and in accordance with the requirements of the **CUSC**; and
  - (ii) shall not be representative of, and shall act without undue regard to the particular interests of the persons or body of persons by whom he was appointed as **Panel Member** and any **Related Person** from time to time.
- (b) Such a person shall not be appointed as a **Panel Member** or an **Alternate Member** (as the case may be) unless he shall have first:
  - (i) confirmed in writing to **the Code Administrator** for the benefit of all **CUSC Parties** that he agrees to act as a **Panel Member** or **Alternate Member** in accordance with the **CUSC** and acknowledges the requirements of Paragraphs 8.3.4(a) and 8.3.4(c);
  - (ii) where that person is employed, provided to the **Panel Secretary** a letter from his employer agreeing that he may act as **Panel Member** or **Alternate Member**, and that the requirement in Paragraph 8.3.4(a)(ii) shall prevail over his duties as an employee.
- (c) A **Panel Member** or **Alternate Member** shall, at the time of appointment and upon any change in such interests, disclose (in writing) to the **Panel Secretary** any such interests (in relation to the **CUSC**) as are referred to in Paragraph 8.3.4(a)(ii).
- (d) Upon a change in employment of a **Panel Member** or **Alternate Member**, he shall so notify the **Panel Secretary** and shall endeavour to obtain from his new employer and provide to the **Panel Secretary** a letter in the terms required in Paragraph 8.3.4(b)(ii); and he shall be removed from office if he does not do so within a period of 60 days after such change in employment.

## 8.4 APPOINTMENT OF PANEL MEMBERS

### 8.4.1 Panel Chairman

- (a) The **Panel Chairman** shall be an executive director (or other senior employee) of **The Company** until 30 September 2011. Thereafter the **Panel Chairman** shall be a person appointed (or re-appointed) by **The Company**, having particular regard to the views of the **CUSC Modifications Panel**, and shall be independent of **The Company**.
- (b) A person shall be appointed or re-appointed as the **Panel Chairman** where the **Authority** has approved such appointment or re-appointment and **The Company** has given notice to the **Panel Secretary** of such appointment, with effect from the date of such notice or (if later) with effect from the date specified in such notice.

### 8.4.2 Other Panel Members

- (a) **Users** may appoint **Panel Members** (and **Alternate Members**) by election in accordance with Annex 8A.
- (b) The **National Consumer Council** may appoint one person as a **Panel Member** representing customers by giving notice of such appointment to the **Panel Secretary**, and may remove and re-appoint by notice.
- (c) **The Company** may appoint two persons as **Panel Members** by giving notice of such appointment to the **Panel Secretary**, and may remove and re-appoint by notice.

### 8.4.3 Appointment of Further Member

- (a) If in the opinion of the **Authority** there is a class or category of person (whether or not a **CUSC Party** or a **BSC Party**) who have interests in respect of the **CUSC** but whose interests:
  - (i) are not reflected in the composition of **Panel Members** for the time being appointed; but
  - (ii) would be so reflected if a particular person was appointed as an additional **Panel Member**,

then the **Authority** may at any time appoint (or re-appoint) that person as a **Panel Member** by giving notice of such appointment to the **Panel Secretary** but in no event shall the **Authority** be able to appoint more than one person so that there could be more than one such **Panel Member**.

- (b) A person appointed as a **Panel Member** pursuant to this Paragraph 8.4.3 shall remain appointed, subject to Paragraphs 8.5 and 8.6, notwithstanding that the conditions by virtue of which he was appointed (for example that the interests he reflects are otherwise reflected) may cease to be satisfied.

#### 8.4.4 Natural Person

No person other than an individual shall be appointed a **Panel Member** or his alternate.

### 8.5 **TERM OF OFFICE**

The term of office of a **Panel Member**, the **Panel Chairman** and **Alternate Members** shall be a period expiring on 30 September every second year following the **CUSC Implementation Date**. A **Panel Member**, the **Panel Chairman** and **Alternate Member** shall be eligible for reappointment on expiry of his term of office.

### 8.6 **REMOVAL FROM OFFICE**

8.6.1 A person shall cease to hold office as the **Panel Chairman**, a **Panel Member** or an **Alternate Member**:

- (a) upon expiry of his term of office unless re-appointed;
- (b) if he:
  - (i) resigns from office by notice delivered to the **Panel Secretary**;
  - (ii) becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) is or may be suffering from mental disorder and either is admitted to hospital in pursuance of an application under the Mental Health Act 1983 or the Mental Health (Scotland) Act 1960 or an order is made by a court having jurisdiction in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person with respect to his property or affairs;
  - (iv) becomes prohibited by law from being a director of a company under the Companies Act 1985;
  - (v) dies; or
  - (vi) is convicted on an indictable offence; or
- (c) as provided for in Paragraph 8.3.4(d);

- (d) if the **CUSC Modifications Panel** resolves (and the **Authority** does not veto such resolution by notice in writing to the **Panel Secretary** within 15 **Business Days**) that he should cease to hold office on grounds of his serious misconduct;
  - (e) if the **CUSC Modifications Panel** resolves (and the **Authority** does not veto such resolution by notice in writing to the **Panel Secretary** within 15 **Business Days**) that he should cease to hold office due to a change in employer notwithstanding compliance with Paragraph 8.3.4(d).
- 8.6.2 A **CUSC Modifications Panel** resolution under Paragraph 8.6.1(d) or (e) shall, notwithstanding any other paragraph, require the vote in favour of at least all **Panel Members** less one (other than the **Panel Member** or **Alternate Member** who is the subject of such resolution) and for these purposes an abstention shall count as a vote cast in favour of the resolution. A copy of any such resolution shall forthwith be sent to the **Authority** by the **Panel Secretary**.
- 8.6.3 A person shall not qualify for appointment as a **Panel Member** or **Alternate Member** if at the time of the proposed appointment he would be required by the above paragraph to cease to hold that office.
- 8.6.4 The **Panel Secretary** shall give prompt notice to all **Panel Members**, all **CUSC Parties** and the **Authority** of the appointment or re-appointment of any **Panel Member** or **Alternate Member** or of any **Panel Member** or **Alternate Member** ceasing to hold office and publication on the **Website** and (where relevant details are supplied to the **Panel Secretary**) despatch by electronic mail shall fulfil this obligation.

## 8.7 ALTERNATES

### 8.7.1 Alternate: Panel Chairman

The **Panel Chairman** shall preside at every meeting of the **CUSC Modifications Panel** at which he is present. If he is unable to be present at a meeting, he may appoint an alternate (who shall be a senior employee of **The Company**) to act as the **Panel Chairman**, who may or may not be a **Panel Member**. If neither the **Panel Chairman** nor his alternate is present at the meeting within half an hour of the time appointed for holding the meeting, the **Panel Members** present may appoint one of their number to be the chairman of the meeting.

### 8.7.2 Alternate(s): Users Panel Members

- (a) At the same time that **Users** appoint **Panel Members** under Paragraph 8.4.2, they shall appoint up to five (5) alternate members for **Users' Panel Members** ("**Alternate Members**") by election in accordance with Annex 8A.



- (b) Such **Alternate Members** will form a group from which **Panel Members** appointed by **Users** may select a person to act as their alternate under this Paragraph 8.7.
- (c) A **Panel Member** appointed by **Users** may appoint such an **Alternate Member** to be his alternate for any one **CUSC Modifications Panel** meeting, and may remove a person so appointed as alternate, by giving notice of such appointment or removal to the **Panel Secretary**. A **Panel Member** must chose an **Alternate Member** who has not been already chosen by another **Panel Member** for that **Panel Meeting**. If there are no **Alternate Members** left who have not already been so chosen by another **Panel Member**, the **Panel Member** may chose as his alternate any **Alternate Member** or other **Panel Member** who is not already acting as alternate for more than one **Panel Member**.
- (d) All information to be sent by the **Panel Secretary** to **Panel Members** pursuant to this Section 8 shall also be sent by the **Panel Secretary** to each **Alternate Member** (whether or not currently selected as an alternate for a **Panel Member**) by electronic mail (where relevant details shall have been provided by each **Alternate Member**).

#### 8.7.3 Alternates: Other Panel Members

A **Panel Member** other than those appointed by **Users** may appoint a person (whether or not a **Panel Member**) to be his alternate, and may remove a person so appointed as alternate, by giving notice of such appointment or removal to the **Panel Secretary**.

#### 8.7.4 Alternates: General Provisions

- (a) The appointment or removal by a **Panel Member** of an alternate shall be effective from the time when such notice is given to the **Panel Secretary** or (if later) the time specified in such notice.
- (b) The **Panel Secretary** shall promptly notify all **Panel Members** and **CUSC Parties** of appointment or removal by any **Panel Member** of any alternate and publication on the **Website** and (where relevant details have been provided to the **Panel Secretary**) despatch by electronic mail shall fulfil this obligation.
- (c) In accordance with Paragraph 8.7.2, an alternate may act as alternate for more than one **Panel Member**.

#### 8.7.5 Alternates: Rights, Cessation and References

- (a) Where the **Panel Chairman** or a **Panel Member** has appointed an alternate:

- (i) the alternate shall be entitled:
    - (aa) unless the appointing **Panel Member** shall otherwise notify the **Panel Secretary**, to receive notices of meetings of the **CUSC Modifications Panel**;
    - (bb) to attend, speak and vote at any meeting of the **CUSC Modifications Panel** at which the **Panel Member** by whom he was appointed is not present, and at such meeting to exercise and discharge all of the functions, duties and powers of such **Panel Member**;
  - (ii) the alternate shall cast one vote for each **Panel Member** by whom he was appointed, in addition (where he is a **Panel Member** himself) to his own vote;
  - (iii) Paragraphs 8.8, 8.9, 8.10, 8.11 and 8.12 shall apply to the alternate as if he were the appointing **Panel Member** and a reference to a **Panel Member** elsewhere in the **CUSC** shall, unless the context otherwise requires, include his duly appointed alternate.
  - (iv) for the avoidance of doubt, the appointing **Panel Member** shall not enjoy any of the rights transferred to the alternate at any meeting at which, or in relation to any matter on which, the alternate acts on his behalf.
- (b) A person appointed as an alternate shall automatically cease to be such alternate:
- (i) if the appointing **Panel Member** ceases to be a **Panel Member**;
  - (ii) if any of the circumstances in Paragraph 8.6.1(b) applies in relation to such person,

but, in the case of an **Alternate Member**, shall continue to be an **Alternate Member** available for appointment under paragraph 8.7.2.

## 8.8 MEETINGS

- 8.8.1 Meetings of the **CUSC Modifications Panel** shall be held at regular intervals and at least every month at such time and such place as the **CUSC Modifications Panel** shall decide.
- 8.8.2 A regular meeting of the **CUSC Modifications Panel** may be cancelled if:

- (a) the **Panel Chairman** considers, having due regard to the lack of business in the agenda, that there is insufficient business for the **CUSC Modifications Panel** to conduct and requests the **Panel Secretary** to cancel the meeting;
  - (b) the **Panel Secretary** notifies all **Panel Members**, not less than 5 **Business Days** before the date for which the meeting is to be convened, of the proposal to cancel the meeting; and
  - (c) by the time 3 **Business Days** before the date for which the meeting is or is to be convened, no **Panel Member** has notified the **Panel Secretary** that he objects to such cancellation.
- 8.8.3 If any **Panel Member** wishes, acting reasonably, to hold a special meeting (in addition to regular meetings under Paragraph 8.8.1) of the **CUSC Modifications Panel**:
- (a) he shall request the **Panel Secretary** to convene such a meeting and inform the **Panel Secretary** of the matters to be discussed at the meeting;
  - (b) the **Panel Secretary** shall promptly convene the special meeting for a day as soon as practicable but not less than 5 **Business Days** after such request.
- 8.8.4 Any meeting of the **CUSC Modifications Panel** shall be convened by the **Panel Secretary** by notice (which will be given by electronic mail if the relevant details are supplied to the **Panel Secretary**) to each **Panel Member** (and to the **Authority**):
- (a) setting out the date, time and place of the meeting and (unless the **CUSC Modifications Panel** has otherwise decided) given at least five (5) **Business Days** before the date of the meeting;
  - (b) accompanied by an agenda of the matters for consideration at the meeting and any supporting papers available to the **Panel Secretary** at the time the notice is given (and the **Panel Secretary** shall circulate to **Panel Members** any late papers as and when they are received by him).
- 8.8.5 The **Panel Secretary** shall send a copy of the notice convening a meeting of the **CUSC Modifications Panel**, and the agenda and papers accompanying the notice, to each **CUSC Party** and each **BSC Party** at the same time at which notice is given to the **Panel Members**, and publication on the **Website** and despatch by electronic mail (if the relevant details are supplied to the **Panel Secretary**) shall fulfil this obligation.
- 8.8.6 Any **Panel Member** (or, at the **Panel Member's** request, the **Panel Secretary**) may notify matters for consideration at a meeting of the **CUSC**

**Modifications Panel** in addition to those notified by the **Panel Secretary** under Paragraph 8.8.4 by notice to all **Panel Members** and persons entitled to receive notice under Paragraph 8.8.5, not less than three (3) **Business Days** before the date of the meeting.

8.8.7 The proceedings of a meeting of the **CUSC Modifications Panel** shall not be invalidated by the accidental omission to give or send notice of the meeting or a copy thereof or any of the accompanying agenda or papers to, or failure to receive the same by, any person entitled to receive such notice, copy, agenda or paper.

8.8.8 A meeting of the **CUSC Modifications Panel** may consist of a conference between **Panel Members** who are not all in one place (although at least one must be at the venue in the notice of meeting) but who are able (by telephone or otherwise) to speak to each of the others and to be heard by each of the others simultaneously.

8.8.9 With the consent of all **Panel Members** (whether obtained before, at or after any such meeting) the requirements of this Paragraph 8.8 as to the manner in and notice on which a meeting of the **CUSC Modifications Panel** is convened may be waived or modified provided that no meeting of the **CUSC Modifications Panel** shall be held unless notice of the meeting and its agenda has been sent to the persons entitled to receive the same under Paragraph 8.8.5 at least 24 hours before the time of the meeting.

8.8.10 Subject to Paragraph 8.8.11, no matter shall be resolved at a meeting of the **CUSC Modifications Panel** unless such matter was contained in the agenda accompanying the **Panel Secretary's** notice under Paragraph 8.8.4 or was notified in accordance with Paragraph 8.8.6.

8.8.11 Where:

(a) any matter (not contained in the agenda and not notified pursuant to Paragraph 8.8.6) is put before a meeting of the **CUSC Modifications Panel**, and

(b) in the opinion of the **CUSC Modifications Panel** it is necessary (in view of the urgency of the matter) that the **CUSC Modifications Panel** resolve upon such matter at the meeting,

the **CUSC Modifications Panel** may so resolve upon such matter, and the **CUSC Modifications Panel** shall also determine at such meeting whether the decision of the **CUSC Modifications Panel** in relation to such matter should stand until the following meeting of the **CUSC Modifications Panel**, in which case (at such following meeting) the decision shall be reviewed and confirmed or (but not with effect earlier than that meeting, and only so far as the consequences of such revocation do not make implementation of the **CUSC** or compliance by **CUSC Parties** with it impracticable) revoked.

## 8.9 PROCEEDINGS AT MEETINGS

- 8.9.1 Subject as provided in the **CUSC**, the **CUSC Modifications Panel** may regulate the conduct of and adjourn and reconvene its meetings as it sees fit.
- 8.9.2 Meetings of the **CUSC Modifications Panel** shall be open to attendance by a representative of any **CUSC Party**, any **BSC Party** or the **National Consumer Council** and any person invited by the **Panel Chairman** and/or any other **Panel Member**.
- 8.9.3 The **Panel Chairman** and any other **Panel Member** may invite any person invited by them under Paragraph 8.9.2, and/or any attending representative of a **CUSC Party**, to speak at the meeting (but such person shall have no vote).
- 8.9.4 As soon as practicable after each meeting of the **CUSC Modifications Panel**, the **Panel Secretary** shall prepare and send (by electronic mail or otherwise) to **Panel Members** the minutes of such meeting, which shall be (subject to Paragraph 8.9.5) approved (or amended and approved) at the next meeting of the **CUSC Modifications Panel** after they were so sent, and when approved (excluding any matter which the **CUSC Modifications Panel** decided was not appropriate for such publication) shall be placed on the **Website**.
- 8.9.5 If, following the circulation of minutes (as referred to in Paragraph 8.8.4), the meeting of the **CUSC Modifications Panel** at which they were to be approved is cancelled pursuant to Paragraph 8.8.2, such minutes (including any proposed changes thereto which have already been received) shall be re-circulated with the notification of the cancellation of the meeting of the **CUSC Modifications Panel**. **Panel Members** shall confirm their approval of such minutes to the **Panel Secretary** (by electronic mail) no later than 5 **Business Days** following such minutes being re-circulated. If no suggested amendments are received within such 5 **Business Days** period, the minutes will be deemed to have been approved. If the minutes are approved, or deemed to have been approved, (excluding any matter which the **CUSC Modifications Panel** decided was not appropriate for such publication) they shall be placed on the **Website**. If suggested amendments are received within such 5 **Business Days** period, the minutes shall remain unapproved and the process for approval (or amendment and approval) of such minutes at the next meeting of the **CUSC Modifications Panel**, as described in Paragraph 8.8.4, shall be followed.

## 8.10 QUORUM

- 8.10.1 No business shall be transacted at any meeting of the **CUSC Modifications Panel** unless a quorum is present throughout the meeting.
- 8.10.2 Subject to Paragraph 8.10.3, a quorum shall be 6 **Panel Members** who have a vote present (subject to 8.8.8) in person or by their alternates, of whom at least one shall be appointed by **The Company**.

- 8.10.3 If within half an hour after the time for which the meeting of the **CUSC Modifications Panel** has been convened a quorum is not present (and provided the **Panel Secretary** has not been notified by **Panel Members** that they have been delayed and are expected to arrive within a reasonable time):
- (a) the meeting shall be adjourned to the same day in the following week (or, if that day is not a **Business Day** the next **Business Day** following such day) at the same time;
  - (b) the **Panel Secretary** shall give notice of the adjourned meeting as far as practicable in accordance with Paragraph 8.8.
- 8.10.4 If at the adjourned meeting there is not a quorum present within half an hour after the time for which the meeting was convened, those present shall be a quorum.

## 8.11 VOTING

- 8.11.1 At any meeting of the **CUSC Modifications Panel** any matter to be decided which shall include the **CUSC Modifications Panel Recommendation Vote** shall be put to a vote of **Panel Members** upon the request of the **Panel Chairman** or any **Panel Member**.
- 8.11.2 Subject to Paragraphs 8.7.5, 8.11.4 and 8.11.5, in deciding any matter at any meeting of the **CUSC Modifications Panel** each **Panel Member** other than the **Panel Chairman** shall cast one vote.
- 8.11.3 Except as otherwise expressly provided in the **CUSC**, and in particular Paragraph 8.6.2, any matter to be decided at any meeting of the **CUSC Modifications Panel** shall be decided by simple majority of the votes cast at the meeting (an abstention shall not be counted as a cast vote).
- 8.11.4 The **Panel Chairman** shall not cast a vote as a **Panel Member** but shall have a casting vote on any matter (except in a **CUSC Modifications Panel Recommendation Vote**) where votes are otherwise cast equally in favour of and against the relevant motion including, for the avoidance of doubt, in the **CUSC Modifications Panel Self-Governance Vote**, but where any person other than the actual **Panel Chairman** or his alternate is acting as chairman he shall not have a casting vote.
- 8.11.5 The two **Panel Members** appointed by **The Company** pursuant to Paragraph 8.3.1(b)(iii) shall together have one vote in relation to each matter which shall be cast jointly by agreement between them or, where only one of **The Company Panel Members** is present at a meeting, by that **The Company Panel Member**.
- 8.11.6 Any resolution in writing signed by or on behalf of all **Panel Members** shall be valid and effectual as if it had been passed at a duly convened and quorate meeting of the **CUSC Modifications Panel**. Such a resolution may consist of

several instruments in like form signed by or on behalf of one or more **Panel Members**.

## **8.12 PROTECTIONS FOR PANEL MEMBERS**

- 8.12.1 Subject to Paragraph 8.12.2 all **CUSC Parties** shall jointly and severally indemnify and keep indemnified each **Panel Member**, the **Panel Secretary** and each member of a **Workgroup** and **Standing Group** ("**Indemnified Persons**") in respect of all costs (including legal costs), expenses, damages and other liabilities properly incurred or suffered by such **Indemnified Persons** when acting in or in connection with his office under the **CUSC**, or in what he in good faith believes to be the proper exercise and discharge of the powers, duties, functions and discretions of that office in accordance with the **CUSC**, and all claims, demands and proceedings in connection therewith other than any such costs, expenses, damages or other liabilities incurred or suffered as a result of the wilful default or bad faith of such **Indemnified Person**.
- 8.12.2 The indemnity provided in Paragraph 8.12.1 shall not extend to costs and expenses incurred in the ordinary conduct of being a **Panel Member** or **Panel Secretary**, or member of a **Workgroup** or **Standing Group** including, without limitation, accommodation costs and travel costs or any remuneration for their services to the **CUSC Modifications Panel** or **Workgroup** or **Standing Group**.
- 8.12.3 The **CUSC Parties** agree that no **Indemnified Person** shall be liable for anything done when acting properly in or in connection with his office under the **CUSC**, or anything done in what he in good faith believes to be the proper exercise and discharge of the powers, duties, functions and discretions of that office in accordance with the **CUSC**. Each **CUSC Party** hereby irrevocably and unconditionally waives any such liability of any **Indemnified Person** and any rights, remedies and claims against any **Indemnified Person** in respect thereof.
- 8.12.4 Without prejudice to Paragraph 8.12.2, nothing in Paragraph 8.12.3 shall exclude or limit the liability of an **Indemnified Person** for death or personal injury resulting from the negligence of such **Indemnified Person**.

## **PART C**

### **8.13 CUSC MODIFICATION REGISTER**

- 8.13.1 **The Code Administrator** shall establish and maintain a register ("**CUSC Modification Register**") which shall record the matters set out in Paragraph 8.13.3.
- 8.13.2 The purpose of the **CUSC Modification Register** shall be to assist the **CUSC Modifications Panel** and to enable the **CUSC Modifications Panel**, **CUSC Parties** and any other persons who may be interested to be reasonably

informed of the progress of **CUSC Modification Proposals** and **Approved CUSC Modifications** from time to time.

8.13.3 The **CUSC Modification Register** shall record in respect of current outstanding **CUSC Modifications Panel** business:

- (a) details of each **CUSC Modification Proposal** (including the name of the **Proposer**, the date of the **CUSC Modification Proposal** and a brief description of the **CUSC Modification Proposal**);
- (b) whether such **CUSC Modification Proposal** is an **Urgent CUSC Modification Proposal**;
- (c) the current status and progress of each **CUSC Modification Proposal**, if appropriate the anticipated date for reporting to the **Authority** in respect thereof, and whether it has been withdrawn, rejected or implemented for a period of three (3) months after such withdrawal, rejection or implementation or such longer period as the **Authority** may determine;
- (d) the current status and progress of each **Approved CUSC Modification**; and
- (e) such other matters as the **CUSC Modifications Panel** may consider appropriate from time to time to achieve the purpose of Paragraph 8.13.2.

8.13.4 The **CUSC Modification Register** (as updated from time to time and indicating the revisions since the previous issue) shall be published on the **Website** or (in the absence, for whatever reason, of the **Website**) in such other manner and with such frequency (being not less than once per month) as the **Code Administrator** may decide in order to bring it to the attention of the **CUSC Modifications Panel**, **CUSC Parties** and other persons who may be interested.

## 8.14 PROGRESS REPORT

8.14.1 The **Code Administrator** shall prepare and submit to the **Authority** each month (or such less often period if there is no material matter arising to report) a progress report ("**Progress Report**") setting out the matters referred to in Paragraph 8.14.2 in respect of the preceding month and send a copy of the **Progress Report** to each **Panel Member**.

8.14.2 The **Progress Report** shall contain:



- (a) details of any proposal which has been refused pursuant to Paragraph 8.16.3 or Paragraph 8.16.4;
- (b) the current version of the **CUSC Modification Register**;
- (c) details of:
  - (i) the priority proposed to be accorded or that is accorded to each **CUSC Modification Proposal** in the **CUSC Modification Register** (in accordance with Paragraph 8.19.1);
  - (ii) the scheduling and timetable for consideration of each **CUSC Modification Proposal** and completion of the **CUSC Modification Report** in respect thereof in the context of all other current **CUSC Modification Proposals**;
  - (iii) the impact of the priority accorded to each **CUSC Modification Proposal** by reference to each other pending **CUSC Modification Proposal**;
- (d) details of any decision to amalgamate **CUSC Modification Proposals** in accordance with Paragraph 8.20.2;
- (e) details of any circumstances which lead **The Company** and/or the **CUSC Modifications Panel** to believe that the implementation date for an **Approved CUSC Modification** is unlikely to be met and, if so, why;
- (f) such other matters as the **Authority** may request to be included from time to time; and
- (g) the basis for each of the decisions referred to above.

8.14.3 If, following discussion with the **CUSC Modifications Panel**, the **Authority** issues a notice to the **Panel Secretary** requesting **the Code Administrator** and the **CUSC Modifications Panel** (in relation to developments and changes highlighted in the monthly **Progress Report**):

- (a) not to reject a **CUSC Modification Proposal** which does not satisfy Paragraph 8.16.2; and/or
- (b) not to amalgamate **CUSC Modification Proposals** as set out in the monthly **Progress Report**; and/or
- (c) to accord a different priority to particular **CUSC Modification Proposals** from that set out in the monthly **Progress Report**; and/or
- (d) to amend the timetable for a **CUSC Modification Proposal**,

the **Panel Secretary** shall send a copy of the notice to each **Panel Member**

and **Alternate Member**. The **CUSC Modifications Panel** and the **Code Administrator** shall comply with such notice.

- 8.14.4 The **Panel Secretary** shall publish each **Progress Report** on the **Website** within 7 **Business Days** after it is sent to the **Authority**, provided that the **Panel Secretary** shall exclude therefrom any matters in respect of which the **Authority** issues a notice to the **Panel Secretary** for the purpose of this Paragraph 8.14.4. Copies shall be sent to those **Panel Members, Alternate Members** and **CUSC Parties** who have provided electronic mail addresses to the **Code Administrator**.

## 8.15 CHANGE CO-ORDINATION

- 8.15.1 The **Code Administrator** shall establish (and, where appropriate, revise from time to time) joint working arrangements for change co-ordination with each **Core Industry Document Owner** and with the **STC** committee to facilitate the identification, co-ordination, making and implementation of change to **Core Industry Documents** and the **STC** consequent on a **CUSC Modification**, including, but not limited to, changes that are appropriate in order to avoid conflict or inconsistency as between the **CUSC** and any **Core Industry Document** and the **STC**, in a full and timely manner.
- 8.15.2 The working arrangements referred to in Paragraph 8.15.1 shall be such as enable the consideration, development and evaluation of **CUSC Modification Proposals**, and the implementation of **Approved CUSC Modifications**, to proceed in a full and timely manner and enable changes to **Core Industry Documents** and the **STC** consequent on an amendment to be made and given effect wherever possible (subject to any necessary consent of the **Authority**) at the same time as such **CUSC Modification** is made and given effect.

## 8.16 CUSC MODIFICATION PROPOSALS

- 8.16.1 A proposal to modify:
- (a) the **CUSC** may be made:
    - (i) by a **CUSC Party**, by the **National Consumer Council** or by a **BSC Party**; or
    - (ii) under Paragraph 8.28.5, by the **CUSC Modifications Panel** or by a **Relevant Transmission Licensee** in relation to Exhibit O Part IB and Exhibit O Part IIB only.
  - (b) A proposal to modify the **Charging Methodologies** may be made:
    - (i) by a **CUSC Party**, by the **National Consumer Council** or by a **BSC Party**; or

- (ii) under Paragraph 8.28.5, by the **CUSC Modifications Panel** or by a **Relevant Transmission Licensee** in relation to Exhibit O Part IB and Exhibit O Part IIB only; or
- (iii) by a **Materially Affected Party**, unless otherwise permitted by the **Authority**.

8.16.2 A **Standard CUSC Modification Proposal** shall follow the procedure set out in Paragraphs 8.18 to 8.23.

8.16.3 A proposal to modify the **Charging Methodologies** must be made by means of a **CUSC Modification Proposal**, which may not contain any proposal to modify any other section of the **CUSC**. When making a **CUSC Modification Proposal** in respect of the **Charging Methodologies**, the **Proposer** may make specific reference to any link with another **CUSC Modification Proposal**.

8.16.4 A **CUSC Modification Proposal** shall be submitted in writing and shall contain the following information in relation to such proposal:

- (a) the name of the **Proposer**;
- (b) the name of the representative of the **Proposer** (and his alternate) who shall represent the **Proposer** in person for the purposes of this Paragraph 8.16;
- (c) a description (in reasonable but not excessive detail) of the issue or defect which the proposed modification seeks to address;
- (d) a description (in reasonable but not excessive detail) of the proposed modification and of its nature and purpose;
- (e) where possible, an indication of those parts of the **CUSC** which would require amendment in order to give effect to (and/or would otherwise be affected by) the proposed modification and an indication of the nature of those amendments or effects;
- (f) the reasons why the **Proposer** believes that the proposed modification would better facilitate achievement of the **Applicable CUSC Objectives** as compared with the current version of the **CUSC** together with background information in support thereof;
- (g) the reasoned opinion of the **Proposer** as to why the proposed modification should not fall within a current **Significant Code Review**, whether the proposed modification meets the **Self-Governance Criteria** or whether the proposed modification should proceed along the **Standard CUSC Modification Proposal** route;
- (h) the reasoned opinion of the **Proposer** as to whether the proposed

modification would have a material and quantifiable impact on greenhouse gas emissions, assessed in accordance with such current guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the **Authority** from time to time;

- (i) where possible, an indication of the impact of the proposed modification on **Core Industry Documents** and the **STC**;
- (j) where possible, an indication of the impact of the proposed modification on relevant computer systems and processes used by **CUSC Parties**; and
- (k) a statement to the effect that the **Proposer** acknowledges that on acceptance of the proposal for consideration by the **CUSC Modifications Panel** a **Proposer** which is not a **CUSC Party** shall grant a licence in accordance with Paragraph 8.15.7.

8.16.5 if a proposal fails in any material respect to provide the information in Paragraph 8.16.4 (excluding Paragraphs (e), (i) and (j) thereof), the **Panel Secretary** may, subject to Paragraph 8.14.3(a), reject such proposal provided that:

- (a) the **Panel Secretary** shall furnish the **Proposer** with the reasons for such rejection;
- (b) the **Panel Secretary** shall report such rejection to the **CUSC Modifications Panel** at the next **CUSC Modifications Panel** meeting, with details of the reasons;
- (c) if the **CUSC Modifications Panel** decides to reverse the **Panel Secretary's** decision to refuse the submission, the **Panel Secretary** shall notify the **Proposer** accordingly and the proposal shall be dealt with in accordance with this Section 8;
- (d) nothing in this Section 8 shall prevent a **Proposer** from submitting a revised proposal in compliance with the requirements of Paragraph 8.16.3 in respect of the same subject-matter.

8.16.6 Without prejudice to the development of a **Workgroup Alternative CUSC Modification** pursuant to Paragraph 8.23.2, the **CUSC Modifications Panel** shall direct in the case of (a), and may direct in the case of (b), the **Panel Secretary** to reject a proposal pursuant to Paragraph 8.16, other than a proposal submitted by **The Company** pursuant to a direction issued by the **Authority** following a **Significant Code Review** in accordance with Paragraph 8.17.5, if and to the extent that such proposal has, in the opinion of the **CUSC Modifications Panel**, substantially the same effect as:

- (a) a **Pending CUSC Modification Proposal**; or

- (b) a **Rejected CUSC Modification Proposal**, where such proposal is made at any time within two (2) months after the decision of the **Authority** not to direct **The Company** to modify the **CUSC** pursuant to the **Transmission Licence** in the manner set out in such **CUSC Modification Proposal**,

and the **Panel Secretary** shall notify the **Proposer** accordingly.

8.16.7 Promptly upon receipt of a **CUSC Modification Proposal**, the **Panel Secretary** shall:

- (a) allocate a unique reference number to the **CUSC Modification Proposal**;
- (b) enter details of the **CUSC Modification Proposal** on the **CUSC Modification Register**.

8.16.8 Subject to Paragraph 8.8.6, where the **CUSC Modification Proposal** is received more than five (5) **Business Days** prior to the next **CUSC Modifications Panel** meeting, the **Panel Secretary** shall place the **CUSC Modification Proposal** on the agenda of the next **CUSC Modifications Panel** meeting and otherwise shall place it on the agenda of the next succeeding **CUSC Modifications Panel** meeting.

8.16.9 It shall be a condition to the right to make a proposal to modify the **CUSC** under this Paragraph 8.16 that the **Proposer**:

- (a) grants a non-exclusive royalty free licence to all **CUSC Parties** who request the same covering all present and future rights, **IPRs** and moral rights it may have in such proposal (as regards use or application in Great Britain); and
- (b) warrants that, to the best of its knowledge, information and belief, no other person has asserted to the **Proposer** that such person has any **IPRs** or normal rights or rights of confidence in such proposal,

and, in making a proposal, a **Proposer** which is a **CUSC Party** shall be deemed to have granted the licence and given the warranty in (a) and (b) above.

The provisions of this Paragraph 8.16.9 shall also apply to any **WG Consultation Alternative Request**, and for these purposes the term **Proposer** shall include any person making such a **WG Consultation Alternative Request**.

8.16.10 Subject to Paragraph 8.17.6, which deals with the withdrawal of a **CUSC Modification Proposal** made pursuant to a direction following a **Significant Code Review**, a **Proposer** may withdraw his support for a **Standard CUSC Modification Proposal** by notice to the **Panel Secretary** at any time prior to the **CUSC Modifications Panel Recommendation Vote** undertaken in

relation to that **Standard CUSC Modification Proposal** pursuant to Paragraph 8.23.4, and a **Proposer** may withdraw his support for a **CUSC Modification Proposal** that meets the **Self-Governance Criteria** by notice to the **Panel Secretary** at any time prior to the **CUSC Modifications Panel Self-Governance Vote** undertaken in relation to that **CUSC Modification Proposal** pursuant to Paragraph 8.25.9, in which case the **Panel Secretary** shall forthwith:

- (a) notify those parties specified in Paragraph 8.16.1 as relevant in relation to the **CUSC Modification Proposal** in question (a “**Relevant Party**”) that he has been notified of the withdrawal of support by the **Proposer** by publication on the **Website** and (where relevant details are supplied) by electronic mail. A **Relevant Party** may within five (5) **Business Days** notify the **Panel Secretary** that it is prepared to support the **CUSC Modification Proposal** in place of the original **Proposer**. If such notice is received, the name of such **Relevant Party** shall replace that of the original **Proposer** as the **Proposer**, and the **CUSC Modification Proposal** shall continue. If more than one notice is received, the first received shall be utilised;
- (b) if no notice of support is received under (a), the matter shall be discussed at the next **CUSC Modifications Panel** meeting. If the **CUSC Modifications Panel** so agrees, it may notify **Relevant Parties** that the **CUSC Modification Proposal** is to be withdrawn, and a further period of five (5) **Business Days** shall be given for support to be indicated by way of notice;
- (c) if no notice of support is received under (a) or (b), the **CUSC Modification Proposal** shall be marked as withdrawn on the **CUSC Modification Register**;

#### Code Administrator as Critical Friend

8.16.11 The **Code Administrator** shall provide assistance insofar as is reasonably practicable and on reasonable request to parties with an interest in the **CUSC Modification Process** (including, in particular, **Small Participants** and consumer representatives) that request it in relation to the **CUSC**, as provided for in the **Code Administration Code of Practice**, including, but not limited to, assistance with:

- (a) Drafting a **CUSC Modification Proposal** including, in relation to **Materially Affected Parties**, drafting a **CUSC Modification Proposal** in respect of the **Charging Methodologies**;
- (b) Understanding the operation of the **CUSC**;
- (c) Their involvement in, and representation during, the **CUSC Modification Process** (including but not limited to **CUSC**

**Modifications Panel**, and/or **Workgroup** meetings) as required or as described in the **Code Administration Code of Practice**; and

- (d) Accessing information relating to the **Charging Statements**, and any amendment, revision or notice of proposed amendment to the **Charging Statements**, **CUSC Modification Proposals** and/or **CUSC Modifications Proposals** that have been implemented, subject to any charge made by **The Company** to cover its reasonable costs of providing such information.<sup>3</sup>

## 8.17 SIGNIFICANT CODE REVIEW

### Significant Code Review Phase

- 8.17.1 If any party specified under Paragraph 8.16.1 makes a **CUSC Modification Proposal** during a **Significant Code Review Phase**, unless exempted by the **Authority**, the **CUSC Modifications Panel** shall assess the suitability of that **CUSC Modification Proposal** for inclusion within the **Significant Code Review** and shall notify the **Authority** of its assessment, its reasons for that assessment and any representations received in relation to it as soon as practicable.
- 8.17.2 The **CUSC Modifications Panel** shall proceed with the **CUSC Modification Proposal** submitted during a **Significant Code Review Phase** in accordance with Paragraph 8.18 (notwithstanding any consultation undertaken pursuant to Paragraph 8.17.4 and its outcome), unless directed otherwise by the **Authority** pursuant to Paragraph 8.17.3.
- 8.17.3 If the **Authority** at any time directs that the **CUSC Modification Proposal** submitted during a **Significant Code Review Phase** is suitable for inclusion within the **Significant Code Review**, the **CUSC Modifications Panel** will not proceed with that **CUSC Modification Proposal**, and the **Proposer** shall decide whether the **CUSC Modification Proposal** shall be withdrawn or suspended until the end of the **Significant Code Review Phase**. If the **Proposer** fails to indicate its decision whether to withdraw or suspend the **CUSC Modification Proposal** within twenty-eight (28) days of the **Authority's** direction, it shall be deemed to be suspended. If the **CUSC Modification Proposal** is suspended, it shall be open to the **Proposer** at the end of the **Significant Code Review Phase** to indicate to the **CUSC Modifications Panel** that it wishes that **CUSC Modification Proposal** to proceed, and it shall be considered and taken forward in the manner decided upon by the **CUSC Modifications Panel** at the next meeting, and it is open to the **CUSC Modifications Panel** to take into account any work previously undertaken in respect of that **CUSC Modification Proposal**. If the **Proposer** makes no indication to the **CUSC Modifications Panel** within twenty-eight (28) days of the end of the **Significant Code Review Phase** as to whether or not it wishes

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<sup>3</sup> Condition 10, paragraph 6(ad)



the **CUSC Modification Proposal** to proceed, it shall be deemed to be withdrawn.

- 8.17.4 Where a direction under 8.17.3 has not been issued and the **CUSC Modifications Panel** considers that a **CUSC Modification Proposal** submitted during a **Significant Code Review phase** may be suitable for inclusion within the **Significant Code Review**, the **CUSC Modifications Panel** may consult on its suitability as part of the Standard **CUSC Modification Proposal** route set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.

#### End of Significant Code Review Phase

- 8.17.5 If within twenty-eight (28) days after the **Authority** has published its **Significant Code Review** conclusions, the **Authority** issues to **The Company** directions, including directions to **The Company** to make **CUSC Modification Proposals**, then **The Company** shall comply with those directions and the **Significant Code Review Phase** shall be deemed to have ended on the date on which **The Company** makes a **CUSC Modification Proposal** in accordance with the **Authority's** directions.<sup>4</sup> Such conclusions and directions shall not fetter the voting rights of the **Panel Members** or any recommendation it makes in relation to any **CUSC Modification Proposal**.<sup>5</sup>
- 8.17.6 **The Company** may not, without the prior consent of the **Authority**, withdraw a **CUSC Modification Proposal** made pursuant to a direction issued by the **Authority** pursuant to Paragraph 8.17.5.<sup>6</sup>
- 8.17.7 If within twenty-eight (28) days after the **Authority** has published its **Significant Code Review** conclusions, the **Authority** issues to **The Company** a statement that no directions will be issued in relation to the **CUSC**, then the **Significant Code Review Phase** shall be deemed to have ended on the date of such statement.
- 8.17.8 If up to and including twenty-eight (28) days from the **Authority's** publication of its **Significant Code Review** conclusions, the **Authority** has issued to **The Company** neither directions pursuant to Paragraph 8.17.5, nor a statement pursuant to Paragraph 8.17.7, then the **Significant Code Review Phase** will be deemed to have ended.

## **8.18 CUSC MODIFICATION PROPOSAL EVALUATION**

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<sup>4</sup> Condition 10, paragraph 6.aa and 14

<sup>5</sup> Condition 10, paragraph 6C (to 8.21.20)

<sup>6</sup> Final Proposals Appendix 2, pg 52.



- 8.18.1 This Paragraph 8.18 is subject to the **Urgent CUSC Modification Proposals** procedures set out in Paragraph 8.24 and the **Significant Code Review procedures set out in Paragraph 8.17**.
- 8.18.2 A **CUSC Modification Proposal** shall, subject to Paragraph 8.16.8, be discussed by the **CUSC Modifications Panel** at the next following **CUSC Modifications Panel** meeting convened.
- 8.18.3 The **Proposer's** representative shall attend such **CUSC Modifications Panel** meeting and the **CUSC Modifications Panel** may invite the **Proposer's** representative to present his **CUSC Modification Proposal** to the **CUSC Modifications Panel**.
- 8.18.4 The **CUSC Modifications Panel** shall evaluate each **CUSC Modification Proposal** against the **Self-Governance Criteria**. The **CUSC Modifications Panel** shall follow the procedure set out in Paragraph 8.25 in respect of any **CUSC Modification Proposal** deemed by the **CUSC Modifications Panel** to fall within the **Self-Governance Criteria**.<sup>7</sup>
- 8.18.5 Unless the **Authority** determines otherwise, a **CUSC Modification Proposal** deemed by the **CUSC Modifications Panel** not to fall within the **Self-Governance Criteria** shall be a **Standard CUSC Modification Proposal** and shall follow the procedure set out in Paragraphs 8.19 to 8.23.

## 8.19 PANEL PROCEEDINGS

- 8.19.1 (a) The **Code Administrator** and the **CUSC Modifications Panel** shall together establish a timetable to apply for the **CUSC Modification Process**.
- (b) The **CUSC Modifications Panel** shall establish the part of the timetable for the consideration by the **CUSC Modifications Panel** and by a **Workgroup** (if any) which shall be no longer than four months unless in any case the particular circumstances of the **CUSC Modification Proposal** (taking due account of its complexity, importance and urgency) justify an extension of such timetable, and provided the Authority, after receiving notice, does not object, taking into account all those issues
- (c) The **Code Administrator** shall establish the part of the timetable for the consultation to be undertaken by the **Code Administrator** under this Section 8 and separately the preparation of a **CUSC Modification Report** to the **Authority**. Where the particular circumstances of the **CUSC Modification Proposal** (taking due account of its complexity, importance and urgency) justify an extension of such timescales and provided the **Authority**, after receiving notice, does not object, taking into account all those issues, the **Code**

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<sup>7</sup> Condition 10, paragraph 6.b.(iiA)

**Administrator** may revise such part of the timetable.

- (d) In setting such a timetable, the **CUSC Modifications Panel** and the **Code Administrator** shall exercise their respective discretions such that, in respect of each **CUSC Modification Proposal**, a **CUSC Modification Report** may be submitted to the **Authority** as soon after the **CUSC Modification Proposal** is made as is consistent with the proper evaluation of such **CUSC Modification Proposal**, taking due account of its complexity, importance and urgency.
- (e) Having regard to the complexity, importance and urgency of particular **CUSC Modification Proposals**, the **CUSC Modifications Panel** may determine the priority of **CUSC Modification Proposals** and may (subject to any objection from the **Authority** taking into account all those issues) adjust the priority of the relevant **CUSC Modification Proposal** accordingly.

8.19.2 In relation to each **CUSC Modification Proposal**, the **CUSC Modifications Panel** shall determine at any meeting of the **CUSC Modifications Panel** whether to:

- (a) amalgamate the **CUSC Modification Proposal** with any other **CUSC Modification Proposal**;
- (b) establish a **Workgroup** of the **CUSC Modifications Panel**, to consider the **CUSC Modification Proposal**;
- (c) review the evaluation made pursuant to Paragraph 8.18.4, taking into account any new information received; or
- (d) proceed directly to wider consultation.

8.19.3 The **CUSC Modifications Panel** may decide to amalgamate a **CUSC Modification Proposal** with one or more other **CUSC Modification Proposals** where the subject-matter of such **CUSC Modification Proposals** is sufficiently proximate to justify amalgamation on the grounds of efficiency and/or where such **CUSC Modification Proposals** are logically dependent on each other.

8.19.4 Where **CUSC Modification Proposals** are amalgamated pursuant to Paragraph 8.19.3:

- (a) such **CUSC Modification Proposals** shall be treated as a single **CUSC Modification Proposal**;
- (b) references in this Section 8 to a **CUSC Modification Proposal** shall include and apply to a group of two or more **CUSC Modification Proposals** so amalgamated;
- (c) the **Proposers** of each such **CUSC Modification Proposal** shall co-

operate in deciding which of them is to provide a representative for any **Workgroup** in respect of the amalgamated **CUSC Modification Proposal** and, in default of agreement, the **Panel Chairman** shall nominate one of the **Proposers** for that purpose.

- 8.19.5 In respect of any **CUSC Modification Proposal** that the **CUSC Modifications Panel** determines to proceed directly to wider consultation in accordance with Paragraph 8.19.2, the **CUSC Modifications Panel**, may at any time prior to the **CUSC Modifications Panel Recommendation Vote** having taken place decide to establish a **Workgroup** of the **CUSC Modifications Panel** and the provisions of Paragraph 8.20 shall apply. In such case the **CUSC Modifications Panel** shall be entitled to adjust the timetable referred to at Paragraph 8.19.1(b) and the **Code Administrator** shall be entitled to adjust the timetable referred to at Paragraph 8.19.1(c), provided that the **Authority**, after receiving notice, does not object.

## 8.20 WORKGROUPS

- 8.20.1 If the **CUSC Modifications Panel** has decided not to proceed directly to wider consultation (or where the provisions of Paragraph 8.19.5 apply), a **Workgroup** will be established, or an existing **Standing Group** identified and actioned, by the **CUSC Modifications Panel** to assist the **CUSC Modifications Panel** in evaluating whether a **CUSC Modification Proposal** better facilitates achieving the **Applicable CUSC Objectives** and whether a **Workgroup Alternative CUSC Modification** would, as compared with the **CUSC Modification Proposal**, better facilitate achieving the **Applicable CUSC Objectives** in relation to the issue or defect identified in the **CUSC Modification Proposal**. Where a **Standing Group** is identified and actioned in relation to a **CUSC Modification Proposal**, a reference to **Workgroup** in this Section 8 shall, in relation to that **CUSC Modification Proposal**, be deemed to be a reference to that **Standing Group** acting in that capacity. Unless specifically appointed pursuant to this Paragraph or permitted pursuant to Paragraph 8.22, a **Standing Group** shall not comment upon any **CUSC Modification Proposal**.
- 8.20.2 A single **Workgroup** may be responsible for the evaluation of more than one **CUSC Modification Proposal** at the same time, but need not be so responsible.
- 8.20.3 A **Workgroup** shall comprise at least five (5) persons (who may be **Panel Members**) selected by the **CUSC Modifications Panel** from those nominated by **CUSC Parties**, **BSC Parties** or the **National Consumer Council** for their relevant experience and/or expertise in the areas forming the subject-matter of the **CUSC Modification Proposal(s)** to be considered by such **Workgroup** (and the **CUSC Modifications Panel** shall ensure, as far as possible, that an appropriate cross-section of representation, experience and expertise is represented on such **Workgroup**) provided that there shall always be at least one member representing **The Company** and if, and only if, the **CUSC Modifications Panel** is of the view that a **CUSC Modification Proposal** is

likely to have an impact on the **STC**, the **CUSC Modifications Panel** may invite the **STC** committee to appoint a representative to become a member of the **Workgroup**. A representative of the **Authority** may attend any meeting of a **Workgroup** as an observer and may speak at such meeting.

- 8.20.4 The **Code Administrator** shall in consultation with the **CUSC Modifications Panel** appoint the chairman of the **Workgroup** who shall act impartially and as an independent chairman.
- 8.20.5 The **CUSC Modifications Panel** may add further members or the **Workgroup** chairman may add or vary members to a **Workgroup**.
- 8.20.6 The **CUSC Modifications Panel** may (but shall not be obliged to) replace any member or observer of a **Workgroup** appointed pursuant to Paragraph 8.20.3 at any time if such member is unwilling or unable for whatever reason to fulfil that function and/or is deliberately and persistently disrupting or frustrating the work of the **Workgroup**.
- 8.20.7 The **CUSC Modifications Panel** shall determine the terms of reference of each **Workgroup** and may change those terms of reference from time to time as it sees fit.
- 8.20.8 The terms of reference of a **Workgroup** must include provision in respect of the following matters:
- (a) those areas of a **Workgroup's** powers or activities which require the prior approval of the **CUSC Modifications Panel**;
  - (b) the seeking of instructions, clarification or guidance from the **CUSC Modifications Panel**, including on the suspension of a **Workgroup Alternative CUSC Modification** during a **Significant Code Review Phase**;
  - (c) the timetable for the work to be done by the **Workgroup**, in accordance with the timetable established pursuant to Paragraph 8.19.1 (save where Paragraph 8.19.5 applies); and
  - (d) the length of any **Workgroup** Consultation.

In addition, prior to the taking of any steps which would result in the undertaking of a significant amount of work (including the production of draft legal text to modify the **CUSC** in order to give effect to a **CUSC Modification Proposal** and/or **Workgroup Alternative CUSC Modification**, with the relevant terms of reference setting out what a significant amount of work would be in any given case), the **Workgroup** shall seek the views of the **CUSC Modifications Panel** as to whether to proceed with such steps and, in giving its views, the **CUSC Modifications Panel** may consult the **Authority** in respect thereof.

8.20.9 Subject to the provisions of this Paragraph 8.20.9 and unless otherwise determined by the **CUSC Modifications Panel**, the **Workgroup** shall develop and adopt its own internal working procedures for the conduct of its business and shall provide a copy of such procedures to the **Panel Secretary** in respect of each **CUSC Modification Proposal** for which it is responsible. Unless the **CUSC Modifications Panel** otherwise determines, meetings of each **Workgroup** shall be open to attendance by a representative of any **CUSC Party**, any **BSC Party** or the **National Consumer Council** and any person invited by the chairman, and the chairman of a **Workgroup** may invite any such person to speak at such meetings.

8.20.10 After development by the **Workgroup** of the **CUSC Modification Proposal**, and (if applicable) after development of any draft **Workgroup Alternative CUSC Modification**, the **Workgroup** will (subject to the provisions of Paragraph 8.20.16) consult ("**Workgroup Consultation**") on the **CUSC Modification Proposal** and, if applicable, on any draft **Workgroup Alternative CUSC Modification** with:

- (a) **CUSC Parties**; and
- (b) such other persons who may properly be considered to have an appropriate interest in it.

Where following the establishment of a **Workgroup** in relation to a **CUSC Modification Proposal**, the terms of reference of a **Standing Group** have been amended by the **CUSC Modifications Panel** to include the ability to comment on that **CUSC Modification Proposal**, that **Standing Group** as a body shall be deemed to fall within sub-paragraph (b) above and therefore shall be able to respond to the **Workgroup Consultation**. It shall not, however, in so doing undertake the functions of a **Workgroup**. In the absence of such a change in terms of reference, the **Standing Group** as a body shall have no ability to respond to any **Workgroup Consultation**.

8.20.11 The **Workgroup Consultation** will be undertaken by issuing a **Workgroup Consultation** paper (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties** and such other persons, who have supplied relevant details, shall meet this requirement). Such **Workgroup Consultation** paper will include:

- (a) Issues which arose in the **Workgroup** discussions
- (b) Details of any draft **Workgroup Alternative CUSC Modification**
- (c) The date(s) proposed by the **Code Administrator** for the implementation of the **CUSC Modification Proposal** and draft **Workgroup Alternative CUSC Modification(s)**.

8.20.12 **Workgroup Consultation** papers will be copied to **Core Industry Document Owners** and the secretary of the **STC** committee.

- 8.20.13 Any **CUSC**, **BSC Party** or the **National Consumer Council** may (subject to Paragraph 8.20.17) raise a **WG Consultation Alternative Request** in response to the **Workgroup Consultation**. Such **Workgroup Consultation Alternative Request** must include:
- (a) the information required by Paragraph 8.16.4 (which shall be read and construed so that any references therein to “amendment proposal” or “proposal” shall be read as “request” and any reference to “Proposer” shall be read as “requester”); and
  - (b) sufficient detail to enable consideration of the request including details as to how the request better facilitates the **Applicable CUSC Objectives** than the current version of the **CUSC**, than the **CUSC Modification Proposal** and than any draft **Workgroup Alternative(s)**.
- 8.20.14 The **Workgroup** shall consider and analyse any comments made or any **WG Consultation CUSC Modification Alternative Request** made by any **CUSC Party** in response to the **Workgroup Consultation**.
- 8.20.15 If a majority of the members of the **Workgroup** or the chairman of the **Workgroup** believe that the **WG Consultation CUSC Modification Alternative Request** will better facilitate the **Applicable CUSC Objectives** than the current version of the **CUSC**, the **Workgroup** shall develop it as a **Workgroup Alternative CUSC Modification** or, where the chairman of the **Workgroup** agrees, amalgamate it with one or more other draft **Workgroup Alternative CUSC Modification(s)** or **WG Consultation CUSC Modification Alternative Request(s)**;
- 8.20.16 Unless the **CUSC Modifications Panel** directs the **Workgroup** otherwise pursuant to Paragraph 8.20.17, and provided that a **Workgroup Consultation** has been undertaken in respect of the **CUSC Modification Proposal**, no further **Workgroup Consultation** will be required in respect of any **Workgroup Alternative CUSC Modification(s)** developed in respect of such **CUSC Modification Proposal**.
- 8.20.17 The **CUSC Modifications Panel** may, at the request of the chairman of the **Workgroup**, direct the **Workgroup** to undertake further **Workgroup Consultation(s)**. At the same time as such direction the **CUSC Modifications Panel** shall adjust the timetable referred to at Paragraph 8.19.1(b) and the **Code Administrator** shall be entitled to adjust the timetable referred to at Paragraph 8.19.1 (c), provided that the **Authority**, after receiving notice, does not object. No **WG Consultation CUSC Modification Alternative Request** may be raised by any **CUSC Party** during any second or subsequent **Workgroup Consultation**.
- 8.20.18 The **Workgroup** shall finalise the **Workgroup Alternative CUSC Modification(s)** for inclusion in the report to the **CUSC Modifications Panel**.

8.20.19



- (a) Each **Workgroup** chairman shall prepare a report to the **CUSC Modifications Panel** responding to the matters detailed in the terms of reference in accordance with the timetable set out in the terms of reference.
- (b) If a **Workgroup** is unable to reach agreement on any such matter, the report must reflect the views of the members of the **Workgroup**.
- (c) The report will be circulated in draft form to **Workgroup** members and a period of not less than five (5) **Business Days** or if all **Workgroup** members agree three (3) **Business Days** given for comments thereon. Any unresolved comments made shall be reflected in the final report.

8.20.20 The chairman or another member (nominated by the chairman) of the **Workgroup** shall attend the next **CUSC Modifications Panel** meeting following delivery of the report and may be invited to present the findings and/or answer the questions of **Panel Members** in respect thereof. Other members of the **Workgroup** may also attend such **CUSC Modifications Panel** meeting.

8.20.21 At the meeting referred to in Paragraph 8.20.20 the **CUSC Modifications Panel** shall consider the **Workgroup's** report and shall determine whether to:-

- (a) refer the **CUSC Modifications Proposal** back to the **Workgroup** for further analysis (in which case the **CUSC Modifications Panel** shall determine the timetable and terms of reference to apply in relation to such further analysis); or
- (b) proceed then to wider consultation.

8.20.22 If, at any time during the assessment process carried out by the **Workgroup** pursuant to this Paragraph 8.20, the **Workgroup** considers that a **CUSC Modification Proposal** or any **Workgroup Alternative CUSC Modification** should be included within a **Significant Code Review**, it shall consult on this as part of the **Workgroup Consultation** and include its reasoned assessment in the report to the **CUSC Modifications Panel** prepared pursuant to Paragraph 8.20.19. If the **CUSC Modifications Panel** considers that the **CUSC Modification Proposal** or the **Workgroup Alternative CUSC Modification** should be included within a **Significant Code Review**, it may consult with the **Authority**. If the **Authority** directs that the **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification** be included within the **Significant Code Review**, the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification** shall be suspended during the **Significant Code Review Phase**, unless withdrawn.

## 8.21 STANDING GROUPS

8.21.1 The **CUSC Modifications Panel** may set up one or more standing groups

(each a “**Standing Group**”) to consider and report to the **CUSC Modifications Panel** on issues specified by the **CUSC Modifications Panel** relating to the connection and use of system arrangements in **Great Britain, including the Charging Methodologies**. The **CUSC Modifications Panel** may change issues specified from time to time as it sees fit. In setting up a **Standing Group**, the **CUSC Modifications Panel** shall determine the terms of reference of the **Standing Group** (and may change those terms of reference from time to time as it sees fit) and specify a time period within which the **Standing Group** is to report to it on the issue it is to consider and may establish other timetable requirements in relation to the intended scope of the **Standings Group’s** considerations. At the end of the time period by which the **Standing Group** is to report, the **CUSC Modifications Panel** shall decide whether the **Standing Group** is to continue and, if it is to continue, shall specify a time period in which it is to further report.

- 8.21.2 A **Standing Group** shall comprise at least five (5) persons (who may be **Panel Members**) selected by the **CUSC Modifications Panel** from those nominated by **CUSC Parties** for their relevant experience and/or expertise in the aspect or issue to be considered by such **Standing Group** (and the **CUSC Modifications Panel** shall ensure, as far as possible, that an appropriate cross-section of representation, experience and expertise is represented on such **Standing Group**) provided that there shall always be at least one member representing **The Company** and if, and only if, the **CUSC Modifications Panel** is of the view that a **CUSC Modification Proposal** is likely to have an impact on the **STC**, the **CUSC Modifications Panel** may invite the **STC** committee to appoint a representative to become a member of the **Standing Group**. A representative of the **Authority** may attend any meeting of a **Standing Group** as an observer and may speak at such meeting.
- 8.21.3 **The Code Administrator** shall in consultation with the **CUSC Modifications Panel** appoint the chairman of each **Standing Group** who shall act impartially and as an independent chairman.
- 8.21.4 The **CUSC Modifications Panel** may add further members or the **Standing Group** chairman may add or vary members to a **Standing Group** after it is established.
- 8.21.5 The **CUSC Modifications Panel** may (but shall not be obliged to) replace any member of a **Standing Group** appointed pursuant to Paragraph 8.21.2 at any time if such member is unwilling or unable for whatever reason to fulfil that function and/or is deliberately and persistently disrupting or frustrating the work of the **Standing Group**.
- 8.21.6
  - (a) Each **Standing Group** chairman shall prepare a report to the **CUSC Modifications Panel** responding to the matter detailed in the terms of



reference in accordance with the time period set by the **CUSC Modifications Panel**.

- (b) If a **Standing Group** is unable to reach agreement on any such matter, the report must reflect the views of the members of the **Standing Group**.
- (c) The report will be circulated in draft form to **Standing Group** members and a period of not less than five (5) **Business Days** given for comments thereon. Any unresolved comments made shall be reflected in the final report.
- (d) The chairman or another member (nominated by the chairman) of the **Standing Group** shall attend the next **CUSC Modifications Panel** meeting following delivery of the report and may be invited to present the findings and/or answer the questions of **Panel Members** in respect thereof. Other members of the **Standing Group** may also attend such **CUSC Modifications Panel** meeting.

8.21.7 Subject to the provisions of this Paragraph 8.21 and unless otherwise determined by the **CUSC Modifications Panel**, the **Standing Group** shall develop and adopt its own internal working procedures for the conduct of its business and shall provide a copy of such procedures to the **Panel Secretary**. Unless the **CUSC Modifications Panel** otherwise determines, meetings of each **Standing Group** shall be open to attendance by a representative of any **CUSC Party**, any **BSC Party** or the **National Consumer Council** and any person invited by the chairman or any other member of that **Standing Group**, and the chairman or any other member of that **Standing Group** may invite any person to speak at such meetings.

## 8.22 THE **CODE ADMINISTRATOR** CONSULTATION

8.22.1 In respect of any **CUSC Modification Proposal** where a **Workgroup** has been established or a **Standing Group** identified and actioned Paragraph 8.22.2 to 8.22.6 shall apply.

8.22.2 After consideration of any **Workgroup** report on the **CUSC Modification Proposal** and if applicable any **Workgroup Alternative CUSC Modification** by the **CUSC Modifications Panel** and a determination by the **CUSC Modifications Panel** to proceed to wider consultation, the **Code Administrator** shall bring to the attention of and consult on the **CUSC Modification Proposal** and if applicable any **Workgroup Alternative CUSC Modification** with:

- (i) **CUSC Parties**; and
- (ii) such other persons who may properly be considered to have an appropriate interest in it, including Small Participants and the **National Consumer Council**.

Where following the establishment of a **Workgroup**, the terms of reference of a **Standing Group** have been amended by the **CUSC Modifications Panel** to include the ability to comment on that **CUSC Modification Proposal**, that **Standing Group** as a body shall be deemed to fall within sub-paragraph (ii) above and therefore shall be able to respond to the **Code Administrator's** consultation. It shall not, however, in so doing undertake the functions of a **Workgroup**. In the absence of such a change in terms of reference, the **Standing Group** as a body shall have no ability to respond to any consultation.

8.22.3 The consultation will be undertaken by issuing a Consultation Paper (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties** and such other persons, who have supplied relevant details, shall meet this requirement).

8.22.4 The Consultation Paper will contain

- (a) the proposed drafting for the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification** (unless the **Authority** decides none is needed in the **CUSC Modification Report** under Paragraph 8.22.5) and will indicate the issues which arose in the **Workgroup** discussions, where there has been a **Workgroup** and will incorporate The **Company's** and the **CUSC Modifications Panel's** initial views on the way forward; and
- (b) the date proposed by the **Code Administrator** for the implementation of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification** and, where the **Workgroup** terms of reference require and the dates proposed by the **Workgroup** are different from those proposed by the **Code Administrator**, those proposed by the **Workgroup**. In relation to a **CUSC Modification Proposal** in respect of the **Charging Methodologies**, the date proposed by the **Code Administrator** for its implementation and any date proposed by a **Workgroup** may be 1 April of the next following year only if a **CUSC Modifications Panel Recommendation Vote** or a **CUSC Modifications Panel Self-Governance Vote** is taken in relation to that **CUSC Modification Proposal** at the **CUSC Modifications Panel** meeting convened on or before the last **Business Day** in September. If a **CUSC Modifications Panel Recommendation Vote** or a **CUSC Modifications Panel Self-Governance Vote** is taken in relation to that **CUSC Modification Proposal** at the **CUSC Modifications Panel** meeting convened after that date, the earliest the change can be implemented is 1 April in the year after the next following year. In relation to a **CUSC Modification Proposal** that meets the **Self-Governance Criteria**, the **Code Administrator** may not propose an implementation date earlier than the sixteenth (16) **Business Day** following the publication of the **CUSC Modifications Panel's** decision to approve or reject the **CUSC Modification Proposal**. Views will be invited on these dates.

- 8.22.5 Where **The Company** is proposing to recommend to the **Authority** that a **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification** should not be made, **The Company** shall consult with the **Authority** as to whether the **Authority** would like the **CUSC Modification Report** to include the proposed text to amend the **CUSC**. If it does not, no text needs to be included. If it does, and no detailed text has yet been prepared, **The Company** shall prepare such text to modify the **CUSC** in order to give effect to such **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification** and shall seek the views of the relevant **Workgroup**.
- 8.22.6 Consultation Papers will be copied to **Core Industry Document Owners** and the secretary of the **STC** committee.
- 8.22.7 In respect of any **CUSC Modification Proposal** where a **Workgroup** has not been established nor a **Standing Group** identified and actioned Paragraph 8.22.7 to 8.22.12 shall apply.
- 8.22.8 After determination by the **CUSC Modifications Panel** to proceed to wider consultation, such consultation shall be conducted by the **Code Administrator** on the **CUSC Modification Proposal** with:
- (i) **CUSC Parties**; and
  - (ii) such other persons who may properly be considered to have an appropriate interest in it, including **Small Participants** and the **National Consumer Council**.

Where following the decision of the **CUSC Modifications Panel** to proceed directly to consultation by the **Code Administrator**, in relation to a **CUSC Modification Proposal**, the terms of reference of a **Standing Group** have been amended by the **CUSC Modifications Panel** to include the ability to comment on that **CUSC Modification Proposal**, that **Standing Group** as a body shall be deemed to fall within sub-paragraph (ii) above and therefore shall be able to respond to the **Code Administrator's** consultation. It shall not, however, in so doing undertake the functions of a **Workgroup**. In the absence of such a change in terms of reference, the **Standing Group** as a body shall have no ability to respond to any consultation.

- 8.22.9 The consultation will be undertaken by issuing a Consultation Paper (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties** and such other persons, who have supplied relevant details, shall meet this requirement).
- 8.22.10 The Consultation Paper will contain:
- (a) the proposed drafting for the **CUSC Modification Proposal** (unless the **Authority** decides none is needed in the **CUSC Modification Report** under Paragraph 8.22.11) and will incorporate **The**

**Company's** and the **CUSC Modifications Panel's** initial views on the way forward; and

- (b) the date proposed by **the Code Administrator** for the implementation of the **CUSC Modification Proposal**. Views will be invited on this date.

8.22.11 Where **The Company** is proposing to recommend to the **Authority** that a **CUSC Modification Proposal** should not be made, **The Company** shall consult with the **Authority** as to whether the **Authority** would like the **CUSC Modification Report** to include the proposed text to amend the **CUSC**. If it does not, no text needs to be included. If it does, and no detailed text has yet been prepared, **The Company** shall prepare such text to modify the **CUSC** in order to give effect to such **CUSC Modification Proposal**.

## 8.23 CUSC MODIFICATION REPORT

8.23.1 Subject to **the Code Administrator's** consultation having been completed, the **CUSC Modifications Panel** shall prepare and submit to the **Authority** a report (the "**CUSC Modification Report**") in accordance with this Paragraph 8.23 for each **CUSC Modification Proposal** which is not withdrawn.

8.23.2 The matters to be included in a **CUSC Modification Report** shall be the following (in respect of the **CUSC Modification Proposal**):

- (a) the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification**;
- (b) the recommendation of **The Company** as to whether or not the **CUSC Modification Proposal** (or any **Workgroup Alternative CUSC Modification** as provided below) should be made;
- (c) a summary (agreed by the **CUSC Modifications Panel**) of the views (including any recommendations) from **Panel Members** and/or the **Workgroup** as the case may be made during the consultation in respect of the **CUSC Modification Proposal** and of any **Workgroup Alternative CUSC Modification**;
- (d) an analysis of whether (and, if so, to what extent) the **CUSC Modification Proposal** would better facilitate achievement of the **Applicable CUSC Objective(s)** with a detailed explanation of the **CUSC Modifications Panel's** reasons for its assessment, **including, where the impact is likely to be material, an assessment of the quantifiable impact of the CUSC Modification Proposal on greenhouse gas emissions, to be conducted in accordance with such current guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the Authority from time to time, and**

providing a detailed explanation of the **CUSC Modifications Panel's** reasons for that assessment;<sup>8</sup>

- (e) an analysis of whether (and, if so, to what extent) any **Workgroup Alternative CUSC Modification** would better facilitate achievement of the **Applicable CUSC Objective(s)** as compared with the **CUSC Modification Proposal** and any other **Workgroup Alternative CUSC Modification** and the current version of the **CUSC**, with a detailed explanation of the **CUSC Modifications Panel's** reasons for its assessment, including, where the impact is likely to be material, an assessment of the quantifiable impact of the **Workgroup Alternative CUSC Modification** on greenhouse gas emissions, to be conducted in accordance with such current guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the **Authority** from time to time, and providing a detailed explanation of the **CUSC Modifications Panel's** reasons for that assessment;<sup>9</sup>
- (f) the proposed date for the implementation of the **CUSC Modification Proposal** or any **Workgroup Alternative CUSC Modification** taking into account the views put forward during the process described at Paragraph 8.22.4(b) such date to be determined by the **CUSC Modifications Panel** in the event of any disparity between such views and those of **the Code Administrator**;
- (g) an assessment of:
  - (i) the impact of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification** on the **Core Industry Documents** and the **STC**;
  - (ii) the changes which would be required to the **Core Industry Documents** and the **STC** in order to give effect to the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification**;
  - (iii) the mechanism and likely timescale for the making of the changes referred to in Paragraph (ii);
  - (iv) the changes and/or developments which would be required to central computer systems and, if practicable, processes used in connection with the operation of arrangements established under the **Core Industry Documents** and the **STC**;
  - (v) the mechanism and likely timescale for the making of the changes referred to in Paragraph (iv);

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<sup>8</sup> Condition 10, paragraph 6, (b)(ivB) and (v)

<sup>9</sup> Condition 10, paragraph 6, (b)(ivB) and (v)

- (vi) an estimate of the costs associated with making and delivering the changes referred to in Paragraphs (ii) and (iv), such costs are expected to relate to: for (ii) the costs of amending the **Core Industry Document(s)** and **STC** and for (iv) the costs of changes to computer systems and possibly processes which are established for the operation of the **Core Industry Documents** and the **STC**.

together with an analysis and a summary of representations in relation to such matters, including any made by **Small Participants** and the **National Consumer Council**;<sup>10</sup>

- (h) to the extent such information is available to **the Code Administrator**, an assessment of the impact of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification** on **CUSC Parties** in general (or classes of **CUSC Parties** in general), including the changes which are likely to be required to their internal systems and processes and an estimate of the development, capital and operating costs associated with implementing the changes to the **CUSC** and to **Core Industry Documents** and the **STC**;
- (i) copies of (and a summary of) all written representations or objections made by consultees during the consultation in respect of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification** and subsequently maintained;
- (j) a copy of any impact assessment prepared by **Core Industry Document Owners** and the **STC** committee and the views and comments of **the Code Administrator** in respect thereof;
- (k) details of the outcome of the **CUSC Modifications Panel Recommendation Vote**.

8.23.3 A draft of the **CUSC Modification Report** will be circulated by **the Code Administrator** to **CUSC Parties**, **Panel Members** and such other persons who may properly be considered to have an appropriate interest in it (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties** and **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made thereon. Any unresolved comments made shall be reflected in the final **CUSC Modification Report**.

8.23.4 A draft of the **CUSC Modification Report** shall be tabled at the **Panel Meeting** prior to submission of that **CUSC Modification Report** to the **Authority** as set in accordance with the timetable established pursuant to

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<sup>10</sup> Condition 10, paragraph 6(b)(ii)



Paragraph 8.19.2 at which the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**.

- 8.23.5 A draft of the **CUSC Modification Report** following the **CUSC Modifications Panel Recommendation Vote** will be circulated by **the Code Administrator** to **Panel Members** (and in electronic mails to **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made on the **CUSC Modifications Panel Recommendation Vote**. Any unresolved comments made shall be reflected in the final **CUSC Modification Report**.
- 8.23.6 Each **CUSC Modification Report** shall be addressed and furnished to the **Authority** and none of the facts, opinions or statements contained in such **CUSC Modification Report** may be relied upon by any other person.
- 8.23.7 In accordance with the **Transmission Licence**, the **Authority** may approve the **CUSC Modification Proposal** or a **Workgroup Alternative CUSC Modification** contained in the **CUSC Modification Report** (which shall then be an "**Approved CUSC Modification**" until implemented). If the **Authority** believes that neither the **CUSC Modification Proposal** (nor any **Workgroup Alternative CUSC Modification**) would better facilitate achievement of the **Applicable CUSC Objectives**, then there will be no approval. In such a case, **the Code Administrator** will notify **CUSC Parties** and will raise the issue at the next **CUSC Modifications Panel** meeting.
- 8.23.8 The **Code Administrator** shall copy (by electronic mail to those persons who have supplied relevant details to **the Code Administrator**) the **CUSC Modification Report** to:
- (i) each **CUSC Party**;
  - (ii) each **Panel Member**; and
  - (iii) any person who may request a copy,
- and shall place a copy on the **Website**.
- 8.23.9 If the **Authority** determines that the **CUSC Modification Report** is such that the **Authority** cannot properly form an opinion on the **CUSC Modification Proposal**, it may issue a direction to the **CUSC Modifications Panel**:<sup>11</sup>
- (a) specifying the additional steps (including legal drafting or amending existing legal drafting associated with the **CUSC Modification Proposal**), revision (including revision to the timetable), analysis or information that it requires in order to form such an opinion; and

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<sup>11</sup> Condition 10, paragraph 7 aa

- (b) requiring the **CUSC Modification Report** to be revised and to be re-submitted.

8.23.10 If a **CUSC Modification Report** is to be revised and re-submitted in accordance with a direction issued pursuant to Paragraph 8.23.9, it shall be re-submitted as soon after the **Authority's** direction as is appropriate, taking into account the complexity, importance and urgency of the **CUSC Modification Proposal**.<sup>12</sup> The **CUSC Modifications Panel** shall decide on the level of analysis and consultation required in order to comply with the **Authority's** direction and shall agree an appropriate timetable for meeting its obligations. Once the **CUSC Modification Report** is revised, the **CUSC Modifications Panel** shall carry out its **CUSC Modifications Panel Recommendation Vote** again in respect of the revised **CUSC Modification Report** and re-submit it to the **Authority** in compliance with Paragraphs 8.23.4 to 8.23.6. The **Authority** will then approve or not approve the **CUSC Modification Proposal** in compliance with Paragraph 8.23.7, or issue another direction pursuant to Paragraph 8.23.9.

8.23.11 Unless the **Authority** directs otherwise, **The Company** shall not make any modification to the **Charging Methodologies** if a report is furnished to the **Authority** in accordance with standard condition C5 or standard condition C6 of the Transmission Licence in force as at 30 December 2010, before 31 December 2010, and within twenty eight (28) days of the report being furnished to the **Authority**, the **Authority** has either:

- (a) directed **The Company** that the modification shall not be made; or
- (b) notified **The Company** that it intends to undertake an impact assessment and, within three months of giving that notification, has directed **The Company** not to make the modification.<sup>13</sup>

## 8.24 URGENT CUSC MODIFICATION PROPOSALS

8.24.1 If a **Relevant Party** recommends to the **Panel Secretary** that a proposal should be treated as an **Urgent CUSC Modification Proposal** in accordance with this Paragraph 8.24, the **Panel Secretary** shall notify the **Panel Chairman** who shall then, in accordance with Paragraphs 8.24.2(a) to (e) inclusive, and notwithstanding anything in the contrary in this Section 8, endeavour to obtain the views of the **CUSC Modifications Panel** as to the matters set out in Paragraph 8.24.3. If for any reason the **Panel Chairman** is unable to do that, the **Panel Secretary** shall attempt to do so (and the measures to be undertaken by the **Panel Chairman** in the following paragraphs shall in such case be undertaken by the **Panel Secretary**).

### 8.24.2

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<sup>12</sup> Condition 10, paragraph 6(b) (vii)

<sup>13</sup> Condition 5, paragraph 4, Condition 6, paragraph 15B(a)



- (a) The **Panel Chairman** shall determine the time by which, in his opinion, a decision of the **CUSC Modifications Panel** is required in relation to such matters, having regard to the degree of urgency in all circumstances, and references in this Paragraph 8.24.1 to the “time available” shall mean the time available, based on any such determination by the **Panel Chairman**;
- (b) The **Panel Secretary** shall, at the request of the **Panel Chairman**, convene a meeting or meetings (including meetings by telephone conference call, where appropriate) of the **CUSC Modifications Panel** in such manner and upon such notice as the **Panel Chairman** considers appropriate, and such that, were practicable within the time available, as many **Panel Members** as possible may attend;
- (c) Each **Panel Member** shall be deemed to have consented, for the purposes of Paragraph 8.8.9. to the convening of such meeting or meetings in the manner and on the notice determined by the **Panel Chairman**. Paragraph 8.8.10 shall not apply to any such business.
- (d) Where:
  - (i) it becomes apparent, in seeking to convene a meeting of the **CUSC Modifications Panel** within the time available, that quorum will not be present; or
  - (ii) it transpires that the meeting of the **CUSC Modifications Panel** is not quorate and it is not possible to rearrange such meeting within the time available

The **Panel Chairman** shall endeavour to contact each **Panel Member** individually in order to ascertain such Panel Member’s vote, and (subject to paragraph 8.24.2(e)) any matter to be decided shall be decided by a majority of those **Panel Members** who so cast a vote. Where, for whatever reason no decision is reached, the **Panel Chairman** shall proceed to consult with the **Authority** in accordance with Paragraph 8.24.5;

- (e) Where the **Panel Chairman** is unable to contact a least four **Panel Members** within the time available and where:
  - (i) It is only **The Company** who has recommended that the proposal should be treated as an **Urgent CUSC Modification Proposal**, then those **Panel Members** contacted shall decide such matters, such decision may be a majority decision. Where in such cases no decision is made for whatever reason, the **Panel Chairman** shall proceed to consult with the **Authority** in accordance with Paragraph 8.24.5; or

- (ii) any **CUSC Party** (other than, and/or in addition to, **The Company**), the **National Consumer Council** or any **BSC Party** has recommended that the proposal should be treated as an **Urgent CUSC Modification Proposal**, then the **Panel Chairman** may decide the matter (in consultation with those **Panel Members** (if any) which he managed to contact) provided that the **Panel Chairman** shall include details in the relevant **CUSC Modification Report** of the steps which he took to contact other **Panel Members** first.

8.24.3 The matters referred to in Paragraph 8.24.1 are:

- (a) whether such proposal should be treated as an **Urgent CUSC Modification Proposal** in accordance with this Paragraph 8.24 and
- (b) the procedure and timetable to be followed in respect of such **Urgent CUSC Modification Proposal**.

8.24.4 The **Panel Chairman** or, in his absence, the **Panel Secretary** shall forthwith provide the **Authority** with the recommendation (if any) ascertained in accordance with Paragraphs 8.24.2(a) to (e) inclusive, of the **CUSC Modifications Panel** as to the matters referred to in Paragraph 8.24.2, and shall consult the **Authority** as to whether such **CUSC Modification Proposal** is an **Urgent CUSC Modification Proposal** and, if so, as to the procedure and timetable which should apply in respect thereof.

8.24.5 If the **CUSC Modifications Panel** has been unable to make a recommendation in accordance with Paragraph 8.24.2(d) or Paragraph 8.24.2(e) as to the matters referred to in Paragraph 8.24.3 then the **Panel Chairman** or, in his absence, the **Panel Secretary** may recommend whether he considers that such proposal should be treated as an **Urgent CUSC Modification Proposal** shall forthwith consult the **Authority** as to whether such **CUSC Modification Proposal** is an **Urgent CUSC Modification Proposal** and, if so, as to the procedure and timetable that should apply in respect thereof.

8.24.6 The **CUSC Modifications Panel** shall:

- (a) not treat any **CUSC Modification Proposal** as an **Urgent CUSC Modification Proposal** except with the prior consent of the **Authority**;
- (b) comply with the procedure and timetable in respect of any **Urgent CUSC Modification Proposal** approved by the **Authority**; and
- (c) comply with any direction of the **Authority** issued in respect of any of the matters on which the **Authority** is consulted pursuant to Paragraph 8.24.4 or Paragraph 8.24.5.

- 8.24.7 For the purposes of this Paragraph 8.24.7, the procedure and timetable in respect of an **Urgent CUSC Modification Proposal** may (with the approval of the **Authority** pursuant to Paragraph 8.24.4 or Paragraph 8.24.5) deviate from all or part of the **CUSC Modification Procedures** or follow any other procedure or timetable approved by the **Authority**.
- 8.24.8 The **CUSC Modification Report** in respect of an **Urgent CUSC Modification Proposal** shall include:
- (a) a statement as to why the **Proposer** believes that such **CUSC Modification Proposal** should be treated as an **Urgent CUSC Modification Proposal**,
  - (b) any statement provided by the **Authority** as to why the **Authority** believes that such **CUSC Modification Proposal** should be treated as an **Urgent CUSC Modification Proposal**,
  - (c) any recommendation of the **CUSC Modifications Panel** (or any recommendation of the **Panel Chairman**) provided in accordance with Paragraph 8.24.1 in respect of whether any **CUSC Modification Proposal** should be treated as an **Urgent CUSC Modification Proposal**, and
  - (d) the extent to which the procedure followed deviated from the **CUSC Modification Procedures** (other than the procedures in this Paragraph 8.24.1).
- 8.24.9 Each **CUSC Party** and each **Panel Member** shall take all reasonable steps to ensure that an **Urgent CUSC Modification Proposal** is considered, evaluated and (subject to the approval of the **Authority**) implemented as soon as reasonably practicable, having regard to the urgency of the matter and, for the avoidance of doubt, an **Urgent CUSC Modification Proposal** may (subject to the approval of the **Authority**) result in the **CUSC** being amended on the day on which such proposal is submitted.
- 8.24.10 Where an **Urgent CUSC Modification Proposal** results in an amendment being made in accordance with Paragraph 8.28, the **CUSC Modifications Panel** may or (where it appears to the **CUSC Modifications Panel** that there is a reasonable level of support for a review amongst **CUSC Parties** shall following such amendment, action a **Standing Group** in accordance with Paragraph 8.21 on terms specified by the **CUSC Modifications Panel** to consider and report as to whether any alternative amendment could, as compared with such amendment better facilitate achieving the **Applicable CUSC Objectives** in respect of the subject matter of that **Urgent CUSC Modification Proposal**.

## 8.25 SELF-GOVERNANCE

- 8.25.1 If the **CUSC Modifications Panel**, having evaluated a **CUSC Modification Proposal** against the **Self-Governance Criteria**<sup>14</sup>, pursuant to Paragraph 8.18.4, considers that the **CUSC Modification Proposal** meets the **Self-Governance Criteria**, the **CUSC Modifications Panel** shall submit to the **Authority** a **Self-Governance Statement** setting out its reasoning in reasonable detail.<sup>15</sup>
- 8.25.2 The **Authority** may, at any time prior to the **CUSC Modifications Panel's** determination made pursuant to Paragraph 8.25.9, give written notice that it disagrees with the **Self-Governance Statement** and may direct that the **CUSC Modification Proposal** proceeds through the process for **Standard CUSC Modification Proposals** set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.
- 8.25.3 Subject to Paragraph 8.25.2, after submitting a **Self-Governance Statement**, the **CUSC Modifications Panel** shall follow the procedure set out in Paragraphs 8.19, 8.20 and 8.22.
- 8.25.4 The **Authority** may, at the first **CUSC Modifications Panel** meeting at which a **CUSC Modification Proposal** is discussed at the earliest, issue a direction to the **CUSC Modifications Panel** in relation to a **CUSC Modification Proposal** to follow the procedure set out for **CUSC Modification Proposals** that meet the **Self-Governance Criteria**, notwithstanding that no **Self-Governance Statement** has been submitted or a **Self-Governance Statement** has been retracted and the **CUSC Modifications Panel** shall follow the procedure set out in Paragraphs 8.19, 8.20 and 8.22.
- 8.25.5 Subject to the **Code Administrator's** consultation having been completed pursuant to Paragraph 8.22, the **CUSC Modification Panel** shall prepare a report (the "**CUSC Modification Self-Governance Report**").
- 8.25.6 The matters to be included in a **CUSC Modification Self-Governance Report** shall be the following (in respect of the **CUSC Modification Proposal**):
- (a) details of its analysis of the **CUSC Modification Proposal** against the **Self-Governance Criteria**;
  - (b) copies of all consultation responses received;
  - (c) the date on which the **CUSC Modifications Panel Self-Governance Vote** shall take place, which shall not be earlier than seven (7) days from the date on which the **CUSC Modification Self-Governance Report** is furnished to the **Authority** in accordance with Paragraph 8.25.7; and

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<sup>14</sup> Condition 10, paragraph 6.b.(iiA)

<sup>15</sup> Condition 10, paragraph 13A(a)(i)

- (d) such other information that is considered relevant by the **CUSC Modifications Panel**.
- 8.25.7 A draft of the **CUSC Modification Self-Governance Report** will be circulated by the **Code Administrator** to **CUSC Parties** and **Panel Members** (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties** and **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made thereon. Any unresolved comments made shall be reflected in the final **CUSC Modification Self-Governance Report**.
- 8.25.8 Each **CUSC Modification Self-Governance Report** shall be addressed and furnished to the **Authority** and none of the facts, opinions or statements contained in such **CUSC Modification Self-Governance Report** may be relied upon by any other person.
- 8.25.9 Subject to Paragraph 8.25.11, if the **Authority** does not give written notice that its decision is required pursuant to Paragraph 8.25.2, or if the **Authority** determines that the **Self-Governance Criteria** are satisfied, then the **CUSC Modification Self-Governance Report** shall be tabled at the **Panel Meeting** following submission of that **CUSC Modification Self-Governance Report** to the **Authority** at which the **Panel Chairman** will undertake the **CUSC Modifications Panel Self-Governance Vote** and the **Code Administrator** shall give notice of the outcome of such vote to the **Authority** as soon as possible thereafter.
- 8.25.10 If the **CUSC Modifications Panel** vote to approve the **CUSC Modification Proposal** pursuant to Paragraph 8.25.9 (which shall then be an “**Approved CUSC Modification Proposal**”) until implemented), then subject to the appeal procedures set out in Paragraphs 8.25.14 to Paragraph 8.25.19 the **CUSC Modification Proposal** may be implemented by **The Company** without the **Authority’s** approval and brought to the attention of **CUSC Parties** and such other persons as may properly be considered to have an appropriate interest in it..
- 8.25.11 If a **Self-Governance Statement** is retracted, or if the **Authority** notifies the **CUSC Modifications Panel** that it has determined that a **CUSC Modification Proposal** does not meet the **Self-Governance Criteria** the **CUSC Modifications Panel** shall treat the **CUSC Modification Proposal** as a **Standard CUSC Modification Proposal** and shall comply with Paragraph 8.23, using the **Self-Governance Report** as a basis for its **CUSC Modification Report**., and the **Authority** shall make a determination in respect of the **CUSC Modification Proposal** in accordance with Paragraph 8.23.7.
- 8.25.12 The **CUSC Modifications Panel** may remove a **CUSC Modification Proposal** from the process detailed in this Paragraph 8.25 before making its determination pursuant to Paragraph 8.25.9. In that circumstance, the **CUSC Modification Proposal** shall be treated as a **Standard CUSC Modification**

**Proposal** and shall proceed through the process for **Standard CUSC Modification Proposals** set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.

8.25.13 The **Code Administrator** shall make available on the **Website** and copy (by electronic mail to those persons who have supplied relevant details to the **Code Administrator**) the **CUSC Modification Self-Governance Report** prepared in accordance with Paragraph 8.25 to:

- (i) each **CUSC Party**;
- (ii) each **Panel Member**; and
- (iii) any person who may request a copy,

and shall place a copy on the **Website**.

8.25.14 A **CUSC Party**, or the **National Consumer Council** or any **BSC Party** may appeal to the **Authority** the approval or rejection by the **CUSC Modifications Panel** of a **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification** that met the **Self-Governance Criteria**, provided that the **Panel Secretary** is also notified, and the appeal has been made up to and including fifteen (15) **Business Days** after publication of the decision to approve or reject the **CUSC Modification Proposal**.<sup>16</sup> If such an appeal is made, implementation of the **CUSC Modification Proposal** shall be suspended pending the outcome.

8.25.15 The **Authority** shall consider the merits of the appeal against the following criteria:<sup>17</sup>

- (a) Whether the appealing party is, or is likely to be, unfairly prejudiced by the implementation or non-implementation of that **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification**; or
- (b) Whether the appeal is on the grounds that, in the case of implementation, the **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification** may not better facilitate the achievement of at least one of the **Applicable CUSC Objectives**; or
- (c) Whether the appeal is on the grounds that, in the case of non-implementation, the **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification** may better facilitate the achievement of at least one of the **Applicable CUSC Objectives**; and

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<sup>16</sup> Condition 10, paragraph 13A (e)

<sup>17</sup> Condition 10, paragraph 13B

(d) Whether it is not brought for reasons that are trivial, vexatious or have no reasonable prospect of success.

8.25.16 Following any appeal to the **Authority**, a **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification** shall be treated in accordance with any decision and/or direction of the **Authority** following that appeal.<sup>18</sup>

8.25.17 If the **Authority** quashes the **CUSC Modifications Panel's** determination in respect of a **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification** that met the **Self-Governance Criteria** and takes the decision on the relevant **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification** itself, following an appeal to the **Authority**, the **CUSC Modification Panel's** determination of that **CUSC Modification Proposal** and any alternative shall be treated as a **CUSC Modification Report** submitted to the **Authority** pursuant to Paragraph 8.23.6 and the **CUSC Modification Panel's** determination shall be treated as its recommendation pursuant to Paragraph 8.23.4.<sup>19</sup>

8.25.18 The **Authority** may, following an appeal to the **Authority**, refer the **CUSC Modification Proposal** back to the **CUSC Modifications Panel** for further consideration and a further **CUSC Modifications Panel Self-Governance Vote** and it is also open to the **Authority** to direct the **CUSC Modifications Panel** to refer its recommendation to the **Authority** for final determination pursuant to Paragraph 8.23.7.

## 8.26 TRANSMISSION CHARGING METHODOLOGY FORUM

8.26.1 A **Transmission Charging Methodology Forum** shall be established by **The Company** and shall be chaired by **The Company**.

8.26.2 The **CUSC Modifications Panel** shall adopt the terms of reference of the **Transmission Charging Methodology Forum** and may change those terms of reference from time to time as it sees fit.

8.26.3 The **Transmission Charging Methodology Forum** shall provide a forum for regular communication and discussion of issues relating to the **Transmission Charging Methodologies** and their development<sup>20</sup> between **The Company** and **CUSC Parties, BSC Parties** and any **Materially Affected Parties**.<sup>21</sup>

## 8.27 CONFIDENTIALITY

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<sup>18</sup> Condition 10, paragraph 13C

<sup>19</sup> Condition 10, paragraph 13C(b)

<sup>20</sup> Condition 10, paragraph 6(a)(ae)(i)

<sup>21</sup> Final Proposals, section 4, pg 35

- 8.27.1 Any representations submitted by a person pursuant to the **CUSC Modification Procedures** may be made publicly available save as otherwise expressly requested by such person by notice in writing to **the Code Administrator**. A **WG Consultation Alternative Request** may in all cases be made publicly available.
- 8.27.2 The **CUSC Modification Panel, The Company** and **the Code Administrator** shall not be liable for any accidental publication of a representation which is the subject of a request made under Paragraph 8.27.1.
- 8.27.3 For the avoidance of doubt, all representations (whether or not marked confidential) shall be sent to the **Authority**.

## 8.28 IMPLEMENTATION

- 8.28.1 The **CUSC** shall be modified either in accordance with the terms of the direction by the **Authority** relating to, or other approval by the **Authority** of, the **CUSC Modification Proposal** or any **Workgroup Alternative CUSC Modification** contained in the relevant **CUSC Modification Report**, or in respect of **CUSC Modification Proposals that meet the Self-Governance Criteria**, in accordance with the relevant **CUSC Modification Self-Governance Report**.
- 8.28.2 **The Code Administrator** shall forthwith notify (by publication on the **Website** and, where relevant details are supplied by electronic mail):
- (a) each **CUSC Party**;
  - (b) each **Panel Member**;
  - (c) the **Authority**;
  - (d) each **Core Industry Document Owner**,
  - (e) the secretary of the **STC** committee;
  - (f) each **BSC Party** via ELEXON;
  - (g) each **Materially Affected Party**; and
  - (h) the **National Consumer Council**
- of the change so made and the effective date of the change.
- 8.28.3 A modification of the **CUSC** shall take effect from the time and date specified in the direction, or other approval, from the **Authority** referred to in Paragraph 8.28.1 or, in the absence of any such time and date in the direction or approval, from 00:00 hours on the day falling ten (10) **Business Days** after the date of such direction, or other approval, from the **Authority** **except in**



relation to a modification of the **CUSC** in respect of the **Charging Methodologies**, which may only take effect from 1 April of any given year. A modification of the **CUSC** that meets the **Self-Governance Criteria**, which does not require approval from the **Authority**, shall take effect from the time and date specified by the **Code Administrator** in its notice given pursuant to Paragraph 8.28.2, which shall, taking into account the fifteen (15) **Business Day** period set out in Paragraph 8.25.14 to allow for appeals, shall be no less than sixteen (16) **Business Days** after the date on which the notice is published pursuant to Paragraph 8.28.2.

- 8.28.4 A modification made pursuant to and in accordance with Paragraph 8.28.1 shall not be impaired or invalidated in any way by any inadvertent failure to comply with or give effect to this Section.
- 8.28.5 If a modification is made to the **CUSC** in accordance with the **Transmission Licence** but other than pursuant to the other **CUSC Modification Procedures** in this Section 8, the **CUSC Modifications Panel** shall determine whether or not to submit the amendment for review by a **Standing Group** in accordance with Paragraph 8.21 on terms specified by the **CUSC Modifications Panel** to consider and report as to whether any alternative amendment could, as compared with such amendment better facilitate achieving the **Applicable CUSC Objectives** in respect of the subject matter of the original amendment.

#### Transitional Issues

- 8.28.6 Notwithstanding the provisions of Paragraph 8.28.3, **CUSC Modification Proposal** CAP 160 changes the **CUSC Modification Process** and therefore may affect other **CUSC Modification Proposals** which have not yet become **Approved CUSC Modifications**. Consequently, this Paragraph deals with issues arising out of the implementation of **CUSC Modification Proposal** CAP 160. In particular this Paragraph deals with which version of the **CUSC Modification Process** will apply to **CUSC Modification Proposal(s)** which were already instigated prior to the implementation of **CUSC Modification Proposal** CAP 160.

In respect of any **CUSC Modification Proposal** which the **CUSC Modification Panel** has determined, as at the date and time of implementation of **CUSC Modification Proposal** CAP 160 (as directed by the **Authority**), should proceed to wider consultation by **The Company** is known as an “**Old CUSC Modification Proposal**”. In respect of any **CUSC Modification Proposal** where the **CUSC Modification Panel** has not determined, as at the date and time of implementation of **CUSC Modification Proposal** CAP 160 (as directed by the **Authority**), that it should proceed to wider consultation by **The Company** is known as a “**New CUSC Modification Proposal**”. The provisions of Section 8 and the associated definitions in Section 11 which will apply to any **Old CUSC Modification Proposal(s)** are the provisions of Section 8 and the associated definitions in Section 11 of the **CUSC** which are in force immediately prior to the implementation of CAP 160. The provisions of Section 8 and the associated definitions in Section 11 which

will apply to any **New CUSC Modification Proposals** are the provisions of the **CUSC** in force from time to time.

- 8.28.7 Notwithstanding the provisions of Paragraph 8.28.3, **CUSC Modification Proposals** CAP 183, 184, 185 and 188 change the **CUSC Modification Process** and therefore may affect other **CUSC Modification Proposals** which have not as at the last date of the implementation of these changes become **Approved CUSC Modifications**. Consequently, this Paragraph deals with issues arising out of the implementation of **CUSC Modification Proposals** CAP 183, 184, 185 and 188. In particular this Paragraph deals with which version of the **CUSC Modification Process** will apply to **CUSC Modification Proposal(s)** which were already instigated prior to the implementation of the last of **CUSC Modification Proposals** CAP 183, 184, 185 and 188.

Any **CUSC Modification Proposal** that was submitted pursuant to Paragraph 8.16.4 prior to the implementation of the last of **CUSC Modification Proposals** CAP 183, 184, 185 and 188 is known as an “**Old CUSC Modification Proposal**”. Any **CUSC Modification Proposal** that was submitted pursuant to Paragraph 8.16.4 on the date of or any date following implementation of the last of **CUSC Modification Proposals** CAP 183, 184, 185 and 188 is known as a “**New CUSC Modification Proposal**”. The provisions of Section 8 and the associated definitions in Section 11 that will apply to any **Old CUSC Modification Proposal(s)** are the provisions of Section 8 and the associated definitions in Section 11 of the **CUSC** that are in force immediately prior to the implementation of the last of CAP 183, 184, 185 and 188. The provisions of Section 8 and the associated definitions in Section 11 that will apply to any **New CUSC Modification Proposals** are the provisions of the **CUSC** in force from time to time.

## ANNEX 8A ELECTION OF USERS' PANEL MEMBERS

### 8A.1 GENERAL

#### 8A.1.1 Introduction

8A.1.1.1 This Annex 8A sets out the basis for election of **Users' Panel Members** and **Alternate Members** for the purpose of Paragraphs 8.4.2. and 8.7.2

8A.1.1.2 This Annex 8A shall apply:

- (a) in relation to each year (the "**Election Year**") in which the term of office of **Users' Panel Members** and **Alternate Members** expires, for the purposes of electing **Users' Panel Members** and **Alternate Members** to hold office with effect from 1st October in that year;
- (b) subject to and in accordance with Paragraph 8A.4, upon a **Users' Panel Member** and/or **Alternate Members** ceasing to hold office before the expiry of his term of office.

8A.1.1.3 For the purposes of an election under Paragraph 8A.1.1.2(a) references to **Users** are to persons who are **Users** as at 20th June in the election year.

8A.1.1.4 **The Code Administrator** shall administer each election of **Users' Panel Members** and **Alternate Members** pursuant to this Annex 8A.

#### 8A.1.2 Election timetable

8A.1.2.1 **The Code Administrator** shall not later than 1st July in the election year prepare and circulate to all **Users** (by publication on the **Website** and, where relevant details are supplied, by electronic mail), with a copy to the **Authority**, an invitation to nominate candidates who must be willing to be either a **User Panel Member** or an **Alternate Member** and a timetable for the election (the "**Election Timetable**"), setting out:

- (a) the date by which nominations of candidates are to be received, which shall not be less than three (3) weeks after the timetable is circulated;
- (b) the date by which **the Code Administrator** shall circulate a list of candidates and voting papers;
- (c) the date by which voting papers are to be submitted, which shall not be less than three (3) weeks after the date for circulating voting papers;
- (d) the date by which the results of the election will be made known, which shall not be later than 15th September in the **Election Year**.

8A.1.2.2 If for any reason it is not practicable to establish an election timetable in accordance with Paragraph 8A.2.1.1 or to proceed on the basis of an election timetable which

has been established, **the Code Administrator** may establish a different timetable, or revise the election timetable, by notice to all **Users**, the **CUSC Modifications Panel** and the **Authority**, provided that such timetable or revised timetable shall provide for the election to be completed before 1st October in the **Election Year**.

**8A.1.2.3** A nomination or voting paper received by **the Code Administrator** later than the respective required date under the election timetable (subject to any revision under Paragraph 8A.1.2.2) shall be disregarded in the election.

## **8A.2. CANDIDATES**

### **8A.2.1 Nominations**

**8A.2.1.1** Nominations for candidates shall be made in accordance with the **Election Timetable**.

**8A.2.1.2** Subject to Paragraph 8A.1.1.3, each **User** may nominate one candidate for election by giving notice to **the Code Administrator**.

### **8A.2.2 List of candidates**

**8A.2.2.1** **The Code Administrator** shall draw up a list of the nominated candidates and circulate the list to all **Users** by the date specified in the **Election Timetable**.

**8A.2.2.2** The list shall specify the **User** by whom each candidate was nominated and any affiliations which the candidate may wish to have drawn to the attention of **Users**.

**8A.2.2.3** Except where Paragraphs 8A.4.3 or 8A.4.4 apply, if seven (7) or fewer candidates are nominated no further steps in the election shall take place and such candidate(s) shall be treated as elected as **Users' Panel Members** and Paragraph 8A.3.2.4 shall apply in relation to such candidate(s).

**8A2.2.4** Where Paragraph 8A.4.3 applies, if only one (1) candidate is nominated, no further steps in the election shall take place and such candidate shall be treated as elected as a **Panel Member** and Paragraph 8A.3.2.4 shall apply in relation to such candidate.

**8A.2.2.5** Where Paragraph 8A.4.4 applies, if five (5) or fewer candidates are nominated, no further steps in the election shall take place and such candidate(s) shall be treated as elected as **Alternate Members** and Paragraph 8A.3.2.4 shall apply in relation to such candidate(s).

## **8A.3. VOTING**

### **8A.3.1 Voting papers**

- 8A.3.1.1** Voting papers shall be submitted in accordance with the election timetable.
- 8A.3.1.2** Each **User** may submit one voting paper.
- 8A.3.2 Preference votes and voting rounds**
- 8A.3.2.1** Each **User** submitting a voting paper shall vote by indicating on the voting paper a first, second and third preference ("**Preference Votes**") among the candidates.
- 8A.3.2.2** A voting paper need not indicate a second, or a third, preference, but the same candidate may not receive more than one **Preference Vote** in a voting paper.
- 8A.3.2.3** Candidates shall be elected in three voting rounds (together where necessary with a further round under Paragraph 8A.3.6) in accordance with the further provisions of this Paragraph 8A.3.
- 8A.3.2.4** The **Code Administrator** shall determine which candidates are elected and announce (to the **Authority** and all **Users**) the results of the election in accordance with the election timetable.
- 8A.3.2.5** The **Code Administrator** shall not disclose the **Preference Votes** cast by **Users** or received by candidates; but a **User** may by notice to the **Authority** require that the **Authority** scrutinise the conduct of the election, provided that such **User** shall bear the costs incurred by the **Authority** in doing so unless the **Authority** recommends that the election results should be annulled.
- 8A.3.2.6** Further references to voting papers in this Paragraph 8A.3 do not include voting papers which are invalid or are to be disregarded (i.e. voting papers not made or submitted in accordance with the **CUSC**.)
- 8A.3.3 First voting round**
- 8A.3.3.1** In the first voting round:
- (a) the number of first **Preference Votes** allocated under all voting papers to each candidate shall be determined.
  - (b) the first round qualifying total shall be:
 
$$(T / N) + 1$$
 where  
 T is the total number of first **Preference Votes** in all voting papers;  
 N is the number of **Users' Panel Members** and/or **Alternate Members** to be elected.

**8A.3.3.2** If the number of first **Preference Votes** allocated to any candidate is equal to or greater than the first round qualifying total, that candidate shall be elected.

**8A.3.4 Second voting round**

**8A.3.4.1** In the second voting round:

- (a) the remaining candidates are those which were not elected in the first voting round;
- (b) the remaining voting papers are voting papers other than those under which the first **Preference Votes** were for candidates elected in the first voting round;
- (c) the number of first and second **Preference Votes** allocated under all remaining voting papers to each remaining candidate shall be determined;
- (d) the second round qualifying total shall be

$$( T' / N' ) + 1$$

where T' is the total number of first **Preference Votes** and second **Preference Votes** allocated under all remaining voting papers; N' is the number of **Panel Members** and/or **Alternate Members** remaining to be elected after the first voting round.

**8A.3.4.2** If the number of first and second **Preference Votes** allocated to any remaining candidate is equal to or greater than the second round qualifying total, that candidate shall be elected.

**8A.3.5 Third voting round**

**8A.3.5.1** In the third voting round:

- (a) the remaining candidates are those which were not elected in the first or second voting rounds;
- (b) the remaining voting papers are voting papers other than those under which the first or second **Preference Votes** were for candidates elected in the first or second voting rounds;
- (c) the number of first, second and third **Preference Votes** allocated under all remaining voting papers to each remaining candidate shall be determined;
- (d) the third round qualifying total shall be

$$( T'' / N'' ) + 1$$

where T" is the total number of first **Preference Votes**, second **Preference Votes** and third **Preference Votes** allocated under all remaining voting papers;

N" is the number of **Panel Members** remaining to be elected after the first and second voting rounds.

**8A.3.5.2** If the number of first, second and third **Preference Votes** allocated to any remaining candidate is equal to or greater than the third round qualifying total, that candidate shall be elected.

### **8A.3.6 Further provisions**

**8A.3.6.1** If after any voting round the number of candidates achieving the required **Preference Votes** threshold exceeds the number of persons remaining to be elected, the following tie-break provisions shall apply between the tied candidates. In addition, if after the third voting round any **Panel Member(s)** or **Alternate Member(s)** remain to be elected the following tie-break provisions shall apply between the remaining candidates:

- (a) the tied or remaining candidates (as applicable) shall be ranked in order of the number of first **Preference Votes** allocated to them, and the candidate(s) with the greatest number of such votes shall be elected;
- (b) in the event of a tie between two or more candidates within Paragraph (a), the candidate(s) (among those tied) with the greatest number of second **Preference Votes** shall be elected;
- (c) in the event of a tie between two or more candidates within Paragraph (b), **the Code Administrator** shall select the candidate(s) (among those tied) to be elected by drawing lots.

### **8A.3.7 Alternate Members and Panel Members**

**8A.3.7.1** Except where Paragraphs 8A.4.3 or 8A.4.4 apply, the seven (7) candidates receiving the greatest number of votes shall be elected as **Users' Panel Members** and the next five (5) shall be elected as **Alternate Members**.

**8A.3.7.2** Where Paragraph 8A.4.3 applies the number of candidate(s) up to and including the number of **Panel Member Interim Vacancies** receiving the greatest number of votes pursuant to the **Interim Panel and Alternate Election Process** shall be elected as **Users' Panel Member(s)** and the remaining candidates up to and including the number of **Alternate Member Interim Vacancies** receiving the greatest number of votes shall be elected as **Alternate Member(s)**.

**8A.3.7.3** Where Paragraph 8A.4.4 applies the five (5) candidates receiving the greatest number of votes pursuant to the **Alternate Election Process** shall be elected as **Alternate Members**.

## **8A.4. VACANCIES**

### **8A.4.1 General**

**8A.4.1.1** If a **Panel Member** ceases to hold office pursuant to Paragraph 8.6.1 (b) (i) then Paragraph 8A.4.2 shall apply.

**8A.4.1.2** If a **Panel Member** ceases to hold office pursuant to Paragraph 8.6.1 (a), 8.6.1 (b) (ii) to (vi) (inclusive) or 8.6.1 (c) to (e) (inclusive) then Paragraph 8A.4.3 shall apply.

**8A.4.1.3** If an **Alternate Member** ceases to hold office pursuant to Paragraph 8.6 (the “**Resigning**” **Alternate Member**) then Paragraph 8A.4.4 shall apply.

**8A.4.1.4** The provisions of Paragraph 8A.2.1.2 shall apply, mutatis mutandis, to any replacement **Panel Member** or any replacement **Alternate Member** under this Paragraph 8A.4.

### **8A.4.2 Replacement of a Panel Member who ceases to hold office pursuant to Paragraph 8.6.1 (b) (i)**

**8A.4.2.1** Where this Paragraph 8A.4.2 applies, and in accordance with the duties set out in Paragraph 8.3.4(a), such **Panel Member** may appoint a replacement **Panel Member** (subject to Paragraph 8A.4.2.2) for the remainder of the term of office of such **Panel Member** and shall notify the **Panel Secretary** of a replacement **Panel Member** at the same time as they resign. If such **Panel Member** does not appoint a replacement at the time of notifying the **Panel Secretary** of their resignation then such **Panel Member** will be replaced in accordance with Paragraph 8A.4.3 and this Paragraph 8A.4.2.1 shall no longer apply.

**8A.4.2.2** A **Panel Member** shall only appoint an **Alternate Member** to be his replacement pursuant to Paragraph 8A.4.2.1 and such **Alternate Member** chosen to be a **Panel Member** shall then become a **Resigning Alternate Member** and be replaced in accordance with Paragraph 8A.4.4.

### **8A.4.3 Replacement of a Panel Member who ceases to hold office pursuant to Paragraph 8.6.1 (a), 8.6.1 (b) (ii) to (vi) (inclusive) or 8.6.1 (c) to (e) inclusive)**

**8A.4.3.1** Subject to Paragraph 8A.4.3.2, such **Panel Member** shall, where one or more **Alternate Member(s)** hold office, be replaced by the **Alternate Member** who previously received the highest number of cumulative **Preference Votes** but if there were a tie-break in relation to such **Preference Votes** then the tie-break provisions set out in Paragraph 8A.3.6.1 shall apply, in either circumstance such **Alternate Member** selected to be a **Panel Member** shall then become a **Resigning Alternate Member** and be replaced in accordance with Paragraph 8A.4.4.

**8A.4.3.2** If there are no **Alternate Members** in office upon a **Panel Member** ceasing to hold office then:



- (a) Where there are not less than six (6) months remaining until the next full election further **Panel Members** shall be elected in accordance with Paragraphs 8A.2, 8A.3 and subject to the following Paragraphs 8A.4.3.3 to 8A.4.3.5 (inclusive) (the “**Interim Panel and Alternate Election Process**”).
- (b) Where there are less than six (6) months remaining until the next full election no further **Panel Members** or **Alternate Members** shall be elected pursuant to this Paragraph 8A.4.3 and the positions shall remain vacant until the next full election.

**8A.4.3.3** Where this Paragraph 8A.4.3.3 applies the **Code Administrator** shall indicate in the invitation referred to at Paragraph 8A.1.2.1 the number of vacancies for both **Panel Member(s)** (“**Panel Member Interim Vacancies**”) and **Alternate Member(s)** (“**Alternate Member Interim Vacancies**”) for which the **Interim Panel and Alternate Election Process** is being held.

**8A.4.3.4** Any **Panel Member(s)** or **Alternate Member(s)** elected pursuant to the **Interim Panel and Alternate Election Process** shall cease to hold office at the next full election.

**8A.4.3.5** The timetable for the **Interim Panel and Alternate Election Process** shall be expedited and the **Code Administrator** shall prepare a timetable accordingly.

#### **8A.4.4 Replacement of a Resigning Alternate Member**

**8A.4.4.1** Subject to Paragraph 8A.4.4.2 a **Resigning Alternate Member** shall not be replaced.

**8A.4.4.2** If there are no **Alternate Members** remaining in office following the resignation of an **Alternate Member** or their appointment as **Panel Member** in accordance with 8A.4.2 or 8A.4.3 then

- (a) Where there are not less than six (6) months remaining until the next full election further **Alternate Members** shall be elected in accordance with Paragraphs 8A.2, 8A.3 and subject to the following paragraphs 8A.4.4.3 to 8A.4.4.5 (inclusive) (the “**Alternate Election Process**”).
- (b) Where there are less than six (6) months remaining until the next full election no further **Alternate Members** shall be elected and the positions shall remain vacant until the next full election

**8A.4.4.3** Where this paragraph 8A.4.4.3 applies, a reference in Paragraphs 8A.2 and 8A.3 to a **Users’ Panel Member** or **Panel Member** shall not apply except in the case of Paragraph 8A.3.5.1 (d) where the reference to “**Panel Members**” shall be read and construed as a reference to “**Alternate Members**”.

**8A.4.4.4** Any **Alternate Member(s)** elected pursuant to the **Alternate Election Process** shall cease to hold office at the next full election.

**8A.4.4.5** The timetable for the **Alternate Election Process** shall be expedited and the **Code Administrator** shall prepare a timetable accordingly.

**END OF SECTION 8**

## **PART 5 – LEGAL TEXT: CUSC SECTION 11 (CHANGE MARKED)**

Part 5 of Volume 2 includes the proposed consolidated changes to CUSC Section 8 arising from CAPs 183, 184, 185 and 188. The text has been change marked from the baseline version of the CUSC Section 11 (version 1.39 – 11<sup>th</sup> August 2010).

**CUSC - SECTION 11**

**INTERPRETATION AND DEFINITIONS**

**CONTENTS**

- 11.1 Introduction
- 11.2 Interpretation and Construction
- 11.3 Definitions

***[Note: Definitions from Charging Methodologies have been incorporated, but not yet fully harmonised with CUSC or updated]***

## SECTION 11

### INTERPRETATION AND DEFINITIONS

#### 11.1 INTRODUCTION

This Section sets out general rules to be applied in interpreting the **CUSC**, **Bilateral Agreements**, **Construction Agreements** and **Mandatory Services Agreements**. It also sets out the defined terms used by the **CUSC** (other than those defined elsewhere in the **CUSC**) and other agreements. Those other agreements may, in accordance with Paragraph 11.2.2, have their own further interpretation rules and defined terms which apply only to the individual agreements.

#### 11.2 INTERPRETATION AND CONSTRUCTION:

11.2.1 In the **CUSC** and in each **Bilateral Agreement** and in each **Mandatory Services Agreement** and each **Construction Agreement**:

- (a) the interpretation rules in this Paragraph 11.2; and
- (b) the words and expressions defined in Paragraph 11.3,

shall, unless the subject matter or context otherwise requires or is inconsistent therewith, apply.

11.2.2 Save as otherwise expressly provided in the **CUSC**, in the event of any inconsistency between the provisions of any **Bilateral Agreement**, **Mandatory Services Agreement** or **Construction Agreement** and the **CUSC**, the provisions of the **Bilateral Agreement** or **Mandatory Services Agreement** or **Construction Agreement** shall prevail in relation to the **Connection Site** which is the subject thereof to the extent that the rights and obligations of **Users** not party to that **Bilateral Agreement**, **Mandatory Services Agreement** or **Construction Agreement** are not affected.

11.2.3 If in order to comply with any obligation in the **CUSC**, any **Bilateral Agreement** or any **Construction Agreement** any **CUSC Party** is under a duty to obtain the consent or approval (including any statutory licence or permission) ("the **Consent**") of a third party (or the **Consent** of another **CUSC Party**) such obligation shall be deemed to be subject to the obtaining of such **Consent** which the **CUSC Party** requiring the **Consent** shall use its reasonable endeavours to obtain including (if there are reasonable grounds therefor) pursuing any appeal in order to obtain such **Consent**.

11.2.4 If such **Consent** is required from any **CUSC Party** then such **CUSC Party** shall grant such **Consent** unless it is unable to do so or it would be unlawful for it to do so provided that such grant by such **CUSC Party** may be made subject to such reasonable conditions as such **CUSC Party** shall reasonably determine.

11.2.5 For the avoidance of doubt if the **CUSC Party** who is under a duty to obtain such **Consent** fails to obtain such **Consent** having complied with this Paragraph 11.2 the obligation on that **CUSC Party** (in relation to which such **Consent** is required) shall cease.

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11.2.6 In the **CUSC** and in each **Bilateral Agreement** and in each **Mandatory Services Agreement** and each **Construction Agreement**:

- (a) unless the context otherwise requires all references to a particular Paragraph, Part, Section, Schedule or Exhibit shall be a reference to that Paragraph, Part, Section, Schedule or Exhibit in or to the **CUSC** and all references to a particular Appendix shall be a reference to that Appendix to a **Bilateral Agreement** or **Mandatory Services Agreement** or **Construction Agreement** (as the case may be);
- (b) a table of contents and headings are inserted for convenience only and shall be ignored in construing the **CUSC** or a **Bilateral Agreement**, **Construction Agreement** or **Mandatory Services Agreement** as the case may be;
- (c) references to the words "include" or "including" are to be construed without limitation to the generality of the preceding words;
- (d) unless the context otherwise requires any reference to an Act of Parliament or any part or section or other provision of or schedule to an Act of Parliament shall be construed, at the particular time, as including a reference to any modification, extension or re-enactment thereof then in force and to all instruments, orders or regulations then in force and made under or deriving validity from the relevant Act of Parliament; and
- (e) references to the masculine shall include the feminine and references in the singular shall include the plural and vice versa and words denoting persons shall include any individual, partnership, firm, company, corporation, joint venture, trust, association, organisation or other entity, in each case whether or not having separate legal personality.

### 11.3 DEFINITIONS

The following terms shall have the following meanings:

"10 Clear Days"	defined as 10 complete periods of 24 hours from 00:00hrs to 24:00hrs;
"ABSVD Methodology Statement"	the document entitled "Applicable Balancing Services Volume Data Methodology Statement", as published by <b>The Company</b> as the same may be amended from time to time;
"Accession Agreement"	an agreement in or substantially in the form of Exhibit A to the <b>CUSC</b> whereby an applicant accedes to the <b>CUSC Framework Agreement</b> ;
"Acceptance Volume"	as defined in the <b>Balancing and Settlement Code</b> ;
"Act"	the Electricity Act 1989;

"Active Power"	the product of voltage and the in-phase component of alternating current measured in units of watts and standard multiples thereof i.e.
	1000 watts = 1kW 1000 kW = 1MW 1000 MW = 1GW 1000 GW = 1TW;
"Actual Amount"	as defined in Paragraph 3.13;
"Additional Load"	<b>Site Load</b> other than <b>Station Load</b> and importing <b>Generating Units</b> for processes other than the production of electricity;
"Additional Scheduling Data"	as defined in the <b>Grid Code</b> on the day prior to the <b>NETA Go-live Date</b> ;
"Adjusted LDTEC Profile"	the <b>LDTEC Profile</b> as adjusted by the MW cap specified by the <b>User</b> in its acceptance of the <b>LDTEC Block Offer</b> in accordance with <b>CUSC</b> Paragraph 6.32.6.4.

<b>"Affected User"</b>	<p>a <b>User</b>:</p> <p>a) with <b>Transmission Entry Capacity</b> for the <b>Connection Site</b> against which the affected <b>BM Unit</b> is registered and who is paying or in receipt of generator <b>Transmission Network Use of System Charges</b> by reference to such <b>Transmission Entry Capacity</b>; or</p> <p>b) an <b>Interconnector Owner</b>;</p>
<b>"Affiliate"</b>	<p>in relation to <b>The Company</b> (and in relation to Paragraphs 6.14 and 8A.4.2.2, any <b>User</b>) means any holding company or subsidiary of <b>The Company</b> (or the <b>User</b> as the case may be) or any subsidiary of a holding company of <b>The Company</b> (or the <b>User</b> as the case may be), in each case within the meaning of sections 736, 736A and 736B of the Companies Act 1985 as substituted by section 144 of the Companies Act 1989;</p>
<b>"Agency Business"</b>	<p>any business of <b>The Company</b> or any <b>Affiliate</b> or <b>Related Undertaking</b> in the purchase or other acquisition or sale or other disposal of electricity as agent for any other <b>Authorised Electricity Operator</b>;</p>
<b>"Agreed Ancillary Services"</b>	<p><b>Part 2 System Ancillary Services and Commercial Ancillary Services</b>;</p>
<b>"Agreed Value"</b>	<p>the value attributed by <b>The Company</b> to the form of security provided that if <b>The Company</b> and the <b>User</b> cannot agree on such value then the value will be determined by an expert appointed by <b>The Company</b> and the <b>User</b> or, failing their agreement as to the expert, the expert nominated by the Director General of The Institute of Credit Management;</p>
<b>"Alternate Election Process"</b>	<p>As defined in Paragraph 8A.4.4.2</p>
<b>"Alternate Members"</b>	<p>persons appointed as such pursuant to Paragraph 8.67.2;</p>
<b>"Alternate Member Interim Vacancies"</b>	<p>as defined in Paragraph 8A.4.3.3</p>
<b>"Allowed Interruption"</b>	<p>shall mean an <b>Interruption</b> as a result of any of the following:</p> <p>a) an <b>Event</b> other than an <b>Event</b> on the</p>



**National Electricity Transmission System;**

- b) an event of **Force Majeure** pursuant to Paragraph 6.19 of the **CUSC**;
- c) a **Total Shutdown** or **Partial Shutdown**;
- d) action taken under the **Fuel Security Code**;
- e) **Disconnection** or **Deenergisation** by or at the request of **The Company** under Section 5 of the **CUSC**, except in the case of an **Emergency Deenergisation Instruction**;
- f) the result of a direction of the Authority or **Secretary of State**;
- g) tripping of the **User's Circuit Breaker(s)** following receipt of a signal from a **System to Generator Operational Intertripping Scheme** which has been armed in accordance with Paragraph 4.2A.2.1(b).

or if provided for in a **Bilateral Agreement** with the affected **User**;

**"Ancillary Services"**

**System Ancillary Services** and/or **Commercial Ancillary Services** as the case may be;

**"Ancillary Services Agreement"**

an agreement between **The Company** and a **User** or other person to govern the provision of and payment for one or more **Ancillary Services**, which term shall include without limitation a **Mandatory Services Agreement**;

**"Annual Average Cold Spell (ACS) Conditions"**

a particular combination of weather elements which gives rise to a level of peak **Demand** within an **The Company Financial Year** which has a 50% chance of being exceeded as a result of weather variation alone;

<b>"Apparatus"</b>	all equipment in which electrical conductors are used, supported or of which they may form a part;
<b>"Applicant"</b>	a person applying for connection and/or use of system under the <b>CUSC</b> ;
<b>"Applicable CUSC Objectives"</b>	as defined in the <b>Transmission Licence</b> ;
<b>"Applicable Value"</b>	The highest contractual <b>Transmission Entry Capacity</b> figure for year "t" provided to <b>The Company</b> up to and including 31 October in year "t-1" for publication in the October update of the Seven Year Statement;
<b>"Application for a STTEC"</b>	an application made by a <b>User</b> in accordance with the <b>Offer</b> " Paragraph 6.31 for <b>Short Term Capacity</b> for a <b>STTEC Period</b> .
<b>"Approved Agency"</b>	the panel of three independent assessment agencies appointed by <b>NGC</b> and other network operators from time to time for the purpose of providing <b>Independent Credit Assessments</b> details of such agencies to be published on the <b>NGC Website</b> ;
<b>"Approved Amendment CUSC Modification"</b>	as defined in Paragraph 8.2023.7 and 8.21.2.3;
<b>"Applicable Balancing Services Volume Data"</b>	has the meaning given in the <b>Balancing and Settlement Code</b>
<b>"Approved Credit Rating"</b>	a long term debt rating of not less than BB- by Standard and Poor's Corporation or a rating not less than Ba3 by Moody's Investor Services, or a short term rating which correlates to those long term ratings, or an equivalent rating from any other reputable credit agency approved by <b>The Company</b> ; or such other lower rating as may be reasonably approved by <b>The Company</b> from time to time;
<b>"Authorised Electricity Operator"</b>	any person (other than <b>The Company</b> in its capacity as operator of the <b>National Electricity Transmission System</b> ) who is authorised to generate, participate in the transmission of, distribute or supply electricity and for the

	<p>purposes of Standard Condition C4 of the <b>Transmission Licence</b> shall include any person who has made application to be so authorised which application has not been refused and any person transferring electricity to or from <b>Great Britain</b> across an interconnector or who has made application for use of interconnector which has not been refused;</p>
"Authorised Recipient"	<p>in relation to any <b>Protected Information</b>, means any <b>Business Person</b> who, before the <b>Protected Information</b> had been divulged to him by <b>The Company</b> or any <b>Subsidiary of The Company</b>, had been informed of the nature and effect of Paragraph 6.15.1 and who requires access to such <b>Protected Information</b> for the proper performance of his duties as a <b>Business Person</b> in the course of <b>Permitted Activities</b>;</p>
"Authority"	<p>the Director General of Electricity Supply appointed for the time being pursuant to section 1 of the <b>Act</b> or, after the coming into force of section 1 of the Utilities Act 2000, the Gas and Electricity Markets Authority established by that section;</p>
"Available LDTEC"	<p>is the level of MW for an <b>LDTEC Week</b> as notified by <b>NGC</b> to a <b>User</b> in (in the case of the first seven <b>LDTEC Weeks</b>) the <b>LDTEC Indicative Block Offer</b> and for subsequent <b>LDTEC Weeks</b> in an <b>LDTEC Availability Notification</b>.</p>
"Back Stop Date"	<p>in relation to an item of <b>Derogated Plant</b>, the date by which it is to attain its <b>Required Standard</b>, as specified in or pursuant to the relevant <b>Derogation</b>;</p>
"Balancing and Settlement Code" or "BSC"	<p>as defined in the <b>Transmission Licence</b>;</p>
"Balancing Code" or "BC"	<p>as defined in the <b>Grid Code</b>;</p>
"Balancing Mechanism"	<p>as defined in the <b>Transmission Licence</b>;</p>
"Balancing Services"	<p>as defined in the <b>Transmission Licence</b>;</p>
"Balancing Services Activity"	<p>as defined in the <b>Transmission Licence</b>;</p>
"Balancing Services Agreement"	<p>an agreement between <b>The Company</b> and a <b>User</b> or other person governing the provision of and payment for one or more <b>Balancing</b></p>

<b>"Balancing Services Use of System Charges"</b>	<b>Services;</b> the element of <b>Use of System Charges</b> payable in respect of the <b>Balancing Services Activity</b> ;
<b>"Balancing Services Use of System Reconciliation Statement"</b>	as defined in Paragraph 3.15.1

<b>"Bank Account"</b>	a separately designated bank account in the name of <b>The Company</b> at such branch of Barclays Bank PLC, or such branch of any other bank, in the City of London as is notified by <b>The Company</b> to the <b>User</b> , bearing interest from (and including) the date of deposit of principal sums to (but excluding) the date of withdrawal of principal sums from such account, mandated for withdrawal of principal solely by <b>The Company</b> against delivery of a <b>Notice of Drawing</b> for the amount demanded therein and mandated for the transfer of any interest accrued to the <b>Bank Account</b> to such bank account as the <b>User</b> may specify;
<b>"Base Rate"</b>	in respect of any day, the rate per annum which is equal to the base lending rate from time to time of Barclays Bank PLC as at the close of business on the immediately preceding <b>Business Day</b> ;
<b>"Base Value at Risk"</b>	The sum of HH Base Value at Risk and the NHH Base Value at Risk
<b>"BELLA Application"</b>	an application for a <b>BELLA</b> in the form or substantially in the form set out in Exhibit Q;
<b>"BELLA Offer"</b>	an offer for a <b>BELLA</b> in the form or substantially the form set out in Exhibit R including any revision or extension of such offer;
<b>"Bi-annual Estimate"</b>	an estimate pursuant to Paragraph 2.21.2 of all payments to be made or which may be required to be made by the <b>User</b> in any relevant period, such estimate to be substantially in the form set out in Exhibit L to the <b>CUSC</b> ;
<b>"Bid"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Bid-Offer Acceptance"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Bid-Offer Volume"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Bilateral Agreement"</b>	in relation to a <b>User</b> , a <b>Bilateral Connection Agreement</b> or a <b>Bilateral Embedded Generation Agreement</b> , or a <b>BELLA</b> between <b>The Company</b> and the <b>User</b> ;

<b>"Bilateral Connection Agreement"</b>	an agreement entered into pursuant to Paragraph 1.3.1 a form of which is set out in Exhibit 1 to <b>Schedule 2</b> ;
<b>"Bilateral Embedded Generation Agreement"</b>	an agreement entered into pursuant to Paragraph 1.3.1, a form of which is set out in Exhibit 2 to <b>Schedule 2</b> ;
<b>"Bilateral Embedded Licence exemptable Large power station Agreement" or "BELLA"</b>	an agreement in respect of an <b>Embedded Exemptable Large Power Station</b> entered into pursuant to Paragraph 1.3.1, a form of which is set out in Exhibit 5 to <b>Schedule 2</b> ;
<b>"Bilateral Insurance Policy"</b>	a policy of insurance taken out by the <b>User</b> with a company in the business of providing insurance who meets the <b>Requirements</b> for the benefit of <b>The Company</b> and upon which <b>The Company</b> can claim if the circumstances set out in <b>CUSC</b> Paragraph 5.3.1(b) (i) to (v) arise in respect of such <b>User</b> and which shall provide security for the <b>Agreed Value</b> . In addition <b>The Company</b> may accept such a policy from such a company who does not meet the <b>Requirements</b> up to an <b>Agreed Value</b> where <b>The Company</b> agrees or where <b>The Company</b> does not agree as determined by an expert appointed by <b>The Company</b> and the <b>User</b> or failing their agreement as to the expert the expert nominated by the Director General of The Institute of Credit Management;
<b>"Block LDTEC"</b>	is at any given time the lower of the MW figure in the <b>LDTEC Profile</b> or <b>Adjusted LDTEC Profile</b> for an <b>LDTEC Period</b>
<b>"BM Unit"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"BM Unit Identifiers"</b>	the identifiers (as defined in the <b>Balancing and Settlement Code</b> ) of the <b>BM Units</b> ;
<b>"BM Unit Metered Volume"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Boundary Point Metering System"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"British Grid Systems Agreement"</b>	the agreement made on 30 March 1990 of that name between <b>The Company</b> , Scottish Hydro Electric plc, and Scottish Power plc;

"BSC Agent"	as defined in the <b>Balancing and Settlement Code</b> ;
"BSC Framework Agreement"	as defined in the <b>Transmission Licence</b> ;
"BSC Panel"	the Panel as defined in the <b>Balancing and Settlement Code</b> ;
"BSC Party"	a person who is for the time being bound by the <b>Balancing and Settlement Code</b> by virtue of being a party to the <b>BSC Framework Agreement</b> ;
"Business Day"	any week-day other than a Saturday on which banks are open for domestic business in the City of London;
"Business Person"	any person who is a <b>Main Business Person</b> or a <b>Corporate Functions Person</b> and " <b>Business Personnel</b> " shall be construed accordingly;
<u>"Capability Payment"</u>	<u>as defined in Paragraph 4.2A.4(a)(i);</u>
<u>"Category 1 Intertripping Scheme"</u>	<u>as defined in the <b>Grid Code</b>;</u>
<u>"Category 2 Intertripping Scheme"</u>	<u>as defined in the <b>Grid Code</b>;</u>
<u>"Category 3 Intertripping Scheme"</u>	<u>as defined in the <b>Grid Code</b>;</u>
<u>"Category 4 Intertripping Scheme"</u>	<u>as defined in the <b>Grid Code</b>;</u>
"CCGT Unit"	a <b>Generating Unit</b> within a <b>CCGT Module</b> ;
"Central Volume Allocation"	as defined in the <b>Balancing and Settlement Code</b> ;
"Charging Date"	as defined in the <b>Construction Agreement</b> ;
"Charging Dispute"	as defined in Paragraph 7.2.1;
"Charging Methodologies"	(a) the <b>Use of System Charging Methodology</b> ; and/or (b) the <b>Connection Charging Methodology</b> ;
"Charging Statements"	the <b>Statement of the Connection Charging Methodology</b> , the <b>Statement of the Use of System Charging Methodology</b> , and the <b>Statement of Use of System Charges</b> ;
<u>"Circuit Breaker"</u>	<u>a mechanical switching device, capable of making, carrying and breaking currents under normal circuit conditions and also of making, carrying for a specified time and breaking</u>

currents under specified abnormal circuit conditions, such as those of short circuit;

"CMRS"

as defined in the **Balancing and Settlement Code**;

"Code Administration Code of Practice"

the code of practice approved by the **Authority** and:

(a) developed and maintained by the code administrators in existence from time to time;

(b) amended subject to the **Authority's** approval from time to time; and

(c) re-published from time to time;

"Code Administrator"

**The Company** carrying out the role of Code Administrator pursuant to Section 8;

"Code of Practice"

as defined in the **Balancing and Settlement Code**;

"Combined Cycle Gas Turbine Module" or "CCGT Module"

a collection of **Generating Units** (registered under the **Grid Code PC**) comprising one or more **Gas Turbine Units** (or other gas based engine units) and one or more **Steam Units** where, in normal operation, the waste heat from the **Gas Turbine Units** is passed to the water/steam system of the associated **Steam Units** and where the component units within the **CCGT Module** are directly connected by steam or hot gas lines to enable those units to contribute to the efficiency of the combined cycle operation of the **CCGT Module**;

"Commercial Ancillary Services"

as defined in the **Grid Code**;

"Commercial Boundary"

(unless otherwise defined in the relevant **Mandatory Services Agreements**), the commercial boundary between either **The Company** or a **Public Distribution System Operator** (as the case may be) and the **User** at the higher voltage terminal of the generator step-up transformer;

"Commercial Services Agreement"

an agreement between **The Company** and a **User** or other person to govern the provision of and payment for one or more **Agreed Ancillary Services**;

"Commissioned"

in respect of **Plant** and **Apparatus** commissioned before the **Transfer Date** means **Plant** and **Apparatus** recognised as having



	been commissioned according to the commissioning procedures current at the time of commissioning and in respect of <b>Plant and Apparatus</b> commissioned after the <b>Transfer Date</b> means <b>Plant</b> and/or <b>Apparatus</b> certified by the <b>Independent Engineer</b> as having been commissioned in accordance with the relevant <b>Commissioning Programme</b> ;
"Commissioning Programme"	in relation to a particular user, as defined in its <b>Construction Agreement</b> ;
"Commissioning Programme Commencement Date"	as defined in relation to a particular <b>User</b> in the <b>Construction Agreement</b> ;
"Competent Authority"	the <b>Secretary of State</b> , the <b>Authority</b> and any local or national agency, authority, department, inspectorate, minister (including Scottish ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom or the European Community;
"Completion Date"	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;
"Composite Demand Charges"	in respect of a <b>User</b> its <b>Demand</b> related <b>Transmission Network Use of System Charges</b> for each <b>Transmission Network Use of System Demand Zone</b> ;
"Confidential Information"	all data and other information supplied to a <b>User</b> by another <b>CUSC Party</b> under the provisions of the <b>CUSC</b> or any <b>Bilateral Agreement</b> , <b>Construction Agreement</b> or <b>Mandatory Services Agreement</b> ;
"Connected Planning Data"	in relation to a particular user, as defined in its <b>Construction Agreement</b> ;
"Connection"	a direct connection to the <b>National Electricity Transmission System</b> by a <b>User</b> ;
"Connection Application"	an application for a <b>New Connection Site</b> in the form or substantially in the form set out in Exhibit B to the <b>CUSC</b> ;
"Connection Boundary"	shall be the boundary defined by Paragraph [insert reference to paragraph 1.6 of connection charging methodology];
"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 **National Electricity 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**);

"Connection Charging Methodology"	as defined in the <b>Transmission Licence</b> <u>and set out in Section x</u> ;
"Connection Conditions" or "CC"	that portion of the <b>Grid Code</b> which is identified as the <b>Connection Conditions</b> ;
"Connection Entry Capacity"	the figure specified as such for the <b>Connection Site</b> and each <b>Generating Units</b> as set out in Appendix C of the relevant <b>Bilateral Connection Agreement</b> ;
"Connection Offer"	an offer or (where appropriate) the offers for a <b>New Connection Site</b> in the form or substantially in the form set out in Exhibit C including any revision or extension of such offer or offers;
"Connection Site"	each location more particularly described in the relevant <b>Bilateral Agreement</b> at which a <b>User's Equipment</b> and <b>Transmission Connection Assets</b> required to connect that <b>User</b> to the <b>National Electricity Transmission System</b> are situated. If two or more <b>Users</b> own or operate <b>Plant</b> and <b>Apparatus</b> which is connected at any particular location that location shall constitute two (or the appropriate number of) <b>Connection Sites</b> ;
"Connection Site Demand Capability"	the capability of a <b>Connection Site</b> to take power to the maximum level forecast by the <b>User</b> from time to time and forming part of the <b>Forecast Data</b> supplied to <b>The Company</b> pursuant to the <b>Grid Code</b> together with such margin as <b>The Company</b> shall in its reasonable opinion consider necessary having regard to <b>The Company's</b> duties under its <b>Transmission</b>

	<b>Licence;</b>
"Consents"	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> , <del>and as provided for in Section 11;</del>
"Construction Agreement"	an agreement entered into pursuant to Paragraph 1.3.2;
"Construction Programme"	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;
"Construction Works"	In relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;
"Consumption"	as defined in the <b>Balancing and Settlement Code</b> in relation to a Consumption BM Unit;
"Control Telephony"	as defined in the <b>Grid Code</b> ;
"Contract Test"	a test (not being a <b>Reactive Test</b> ) described in a <b>Market Agreement</b> ;
"Contract Start Days"	as defined in Paragraph 3.3 of Schedule 3, Part I;
"Core Industry Documents"	as defined in the <b>Transmission Licence</b> ;
"Core Industry Document Owner"	in relation to a <b>Core Industry Document</b> , the body(ies) or entity(ies) responsible for the management and operation of procedures for making changes to such document;
"Corporate Functions Person"	any person who is: <ul style="list-style-type: none"> <li>(a) a director of <b>The Company</b>; or</li> <li>(b) an employee of <b>The Company</b> or any of its subsidiaries carrying out any administrative, finance or other corporate services of any kind which in part relate to the <b>Main Business</b>; or</li> <li>(c) engaged as an agent of or adviser to or performs work in relation to or services for the <b>Main Business</b>;</li> </ul>
"Cost Statement"	as defined in Paragraph 2.14.3;
"Credit Assessment Score"	a score between zero and ten given by an <b>Approved Agency</b> in the <b>Independent Credit Assessment</b> ;
"Credit Assessment Sum"	the proportion of the of the <b>Unsecured Credit Cover</b> extended by <b>NGC</b> to a <b>User</b> who does

	not meet the <b>Approved Credit Rating</b> and calculated in accordance with Paragraph 3.26.6;
"Credit Rating"	the credit requirements set by <b>The Company</b> from time to time in relation to <b>Termination Amounts</b> ;
"CUSC"	this <b>Connection and Use of System Code</b> ;
"CUSC Framework Agreement"	as defined in the <b>Transmission Licence</b> ;
"CUSC Implementation Date"	00.01 on the 18 September 2001;
"CUSC Modification Procedures"	the procedures for the modification of the <b>CUSC</b> (including the implementation of <b>Approved CUSC Modifications</b> ) as set out in Section 8;
"CUSC Modification Process"	the part of the <b>CUSC Modification Procedures</b> relating to consideration by the <b>CUSC Modifications Panel</b> and <b>Workgroups</b> , consultation by <b>the Workgroups and The Company</b> and preparation of an <b>CUSC Modification Report</b> by <b>The Company</b> ;
"CUSC Modification Proposal"	a proposal to modify the <b>CUSC</b> which is not rejected pursuant to Paragraphs 8.16.3-5 or 8.16.4-6 and has not yet been implemented;
"CUSC Modification Register"	as defined in Paragraph 8.13.1;
"CUSC Modification Report"	a report prepared pursuant to Paragraph 8.23;
"CUSC Modification Self-Governance Report"	a report prepared pursuant to Paragraph 8.25;
"CUSC Modifications Panel"	the body established and maintained pursuant to Paragraph 8.3;
<del>"CUSC Modifications Panel Assessment Vote"</del>	<del>The vote of <b>Panel Members</b> undertaken by the <b>Panel Chairman</b> in accordance with Paragraph 8.17.10 as to whether they believe each <b>CUSC Modification Proposal</b> is suitable for inclusion in a <b>Significant Code Review</b>.</del>
"CUSC Modifications Panel Recommendation Vote"	The vote of <b>Panel Members</b> undertaken by the <b>Panel Chairman</b> in accordance with Paragraph 8.24-23.4 as to whether they believe each <b>CUSC Modification Proposal</b> , or <b>Workgroup Alternative CUSC Modification</b> would better facilitate achievement of the applicable <b>CUSC Objective(s)</b> ;
"CUSC Modifications Panel Self-	The vote of <b>Panel Members</b> undertaken by the

<b>Governance Vote"</b>	<b>Panel Chairman</b> in accordance with Paragraph.8.25.9 as to whether they believe each <b>CUSC Modification Proposal</b> , or <b>Workgroup Alternative CUSC Modification</b> would better facilitate achievement of the <b>Applicable CUSC Objective(s)</b> ;
<b>"CUSC Party"</b>	as defined in the <b>Transmission Licence</b> ;
<b>"Customer"</b>	a person to whom electrical power is provided (whether or not he is the provider of such electrical power) other than power to meet <b>Station Demand</b> of that person;
<b>"Customer Services Team"</b>	the customer services team identified within <b>The Company</b> which manages the commercial interface with parties connected to the transmission network, as identified on the <b>Website</b> ;
<b>"DC Converter"</b>	As defined in the <b>Grid Code</b> ;
<b>"Data Registration Code" or "DRC"</b>	the portion of the <b>Grid Code</b> which is identified as the <b>Data Registration Code</b> ;
<b>"DCLF"</b>	<b>Direct Current Load Flow</b> ;
<b>"Deemed HH Forecasting Performance"</b>	the sum calculated in accordance with Appendix 2 Paragraph 3 as it may be revised in accordance with paragraph 3.22.7.
<b>"Deemed NHH Forecasting Performance"</b>	the sum calculated in accordance with Appendix 2 Paragraph 6 as it may be revised pursuant to Paragraph 3.22.8.
<b>"Deenergisation" or "Deenergise(d)"</b>	the movement of any isolator, breaker or switch or the removal of any fuse whereby no electricity can flow to or from the relevant <b>System</b> through the <b>User's Equipment</b> ;
<b>"Defaulting Party"</b>	as defined in Paragraph 4.3.2.11;
<b>"Defendant Party"</b>	as defined in Paragraph 7.5.1;
<b>"Delivering"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"De-Load"</b>	the difference (expressed in MW) between the <b>Maximum Export Limit</b> and the <b>Final Physical Notification Data</b> as adjusted by the <b>Acceptance Volume</b> in respect of a <b>Bid-Offer Acceptance</b> (if any), and <b>"De-Loaded"</b> shall be

	construed accordingly;
"Demand"	the demand of MW and Mvar of electricity (i.e. both <b>Active Power</b> and <b>Reactive Power</b> ), unless otherwise stated;
"Demand Forecast"	a <b>Users</b> forecast of its <b>Demand</b> submitted to <b>The Company</b> in accordance with paragraphs 3.10, 3.11 and 3.12;
"Depreciation Period"	in relation to a <b>Transmission Connection Asset</b> for a particular <b>User</b> , the period which commences on the asset's initial effective charging date, and which expires after the appropriate duration, which unless otherwise agreed upon connection is 40 years excluding FMS metering electronics that are agreed between the <b>User</b> and <b>The Company</b> ;
"Derogation"	a direction issued by the <b>Authority</b> relieving a <b>CUSC Party</b> from the obligation under its <b>Licence</b> to comply with such parts of the <b>Grid Code</b> or any <b>Distribution Code</b> or in the case of <b>The Company</b> the <b>Transmission Licence</b> as may be specified in such direction and " <b>Derogated</b> " shall be construed accordingly;
"Derogated Plant"	<b>Plant</b> or <b>Apparatus</b> which is the subject of a <b>Derogation</b> ;
"Design Variation"	is a connection design (which provides for connection to the <b>National Electricity Transmission System</b> ) which fails to satisfy the relevant deterministic criteria detailed for an Onshore Connection in paragraphs 2.5 to 2.13 and for an Offshore Connection in 7.7 to 7.19, as appropriate, of the <b>NETS SQSS</b> ;
"Designated Sum"	means such sum as shall be directed by the <b>Authority</b> as soon as practicable after the determination of an approved <b>Use of System Charging Methodology</b> ;
"De-synchronisation"	the act of taking a <b>BM Unit</b> off a <b>System</b> to which it has been <b>Synchronised</b> , by opening any connecting circuit breaker, and " <b>De-synchronised</b> " shall be construed accordingly;
"Detailed Planning Data"	detailed additional data which <b>The Company</b> requires under the <b>PC</b> in support of Standard Planning Data;
"Directive"	includes any present or future directive, requirement, instruction, direction or rule of any

	<p><b>Competent Authority</b>, (but only, if not having the force of law, if compliance with the <b>Directive</b> is in accordance with the general practice of persons to whom the <b>Directive</b> is addressed) and includes any modification, extension or replacement thereof then in force;</p>
<p>“Directly-Connected User” or “Directly-Connected Customer”</p>	<p>A large, usually industrial, consumer of electricity who is directly connected to the <b>National Electricity Transmission System</b>;</p>
<p>"Disconnect" or "Disconnection"</p>	<p>without prejudice to the interpretation of the terms "<b>Disconnect</b>" or "<b>Disconnection</b>" to <b>Users</b> acting in capacities other than those detailed, the following definitions shall apply:</p> <ul style="list-style-type: none"> <li>(a) for <b>Users</b> acting in their capacity as <b>Generators with Embedded Large Power Stations</b> or <b>Embedded Medium Power Stations</b>, passing power on to a <b>Distribution System</b> through a connection to a <b>Distribution System</b> which had not been commissioned as at the <b>Transfer Date</b>, means permanent physical disconnection of the <b>User's Equipment</b> at the site of connection to the <b>Distribution System</b>;</li> <li>(b) for <b>Users</b> who are <b>Trading Parties</b> (as defined in the <b>Balancing and Settlement Code</b>) acting in their capacity as responsible for <b>Small Power Stations</b> which are <b>Embedded</b>, means, permanent physical disconnection of the <b>User's Equipment</b> or <b>Equipment</b> for which the <b>User</b> is responsible (as defined in Section K of the <b>Balancing and Settlement Code</b>) at the site of connection to the <b>Distribution System</b>;</li> <li>(c) for <b>Users</b> acting in a capacity other than those detailed in (a) or (b), means permanent physical disconnection of a <b>User's Equipment</b> at any given <b>Connection Site</b> which permits removal thereof from the <b>Connection Site</b> or removal of all <b>Transmission Connection Assets</b> therefrom (as the case may be);</li> </ul>
<p>"Dispute Resolution Procedure"</p>	<p>the procedures set out in Section 7;</p>
<p>"Dispute Statement"</p>	<p>as defined in Paragraph 3.15.4;</p>

<b>"Distribution Agreement"</b>	an agreement entered into by a <b>User</b> with the owner/operator of the <b>Distribution System</b> for the connection of the <b>User's Equipment</b> (or equipment for which the <b>User</b> is responsible (as defined in Section K of the <b>Balancing and Settlement Code</b> ) to and use of such <b>Distribution System</b> ;
<b>"Distribution Code(s)"</b>	the <b>Distribution Code(s)</b> drawn up by <b>Public Distribution System Operators</b> pursuant to the terms of their respective <b>Licence(s)</b> as from time to time revised in accordance with those <b>Licences</b> ;
<b>"Distribution Connection Agreement"</b>	an agreement between a <b>User</b> who owns or operates a <b>Distribution System</b> and an owner of a <b>Power Station</b> for connection to that <b>User's Distribution System</b> .
<b>"Distribution Interconnector"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Distribution Interconnector Owner"</b>	the <b>Owner</b> of a <b>Distribution Interconnector</b> or of that part of a <b>Distribution Interconnector</b> directly connected to a <b>Distribution System</b> ;
<b>"Distribution Licence"</b>	a licence issued under section 6(1)(c) of the <b>Act</b> ;
<b>"Distribution System"</b>	the system consisting (wholly or mainly) of electric lines owned or operated by any <b>Authorised Electricity Operator</b> and used for the distribution of electricity from <b>Grid Supply Points</b> or generation sets or other entry points to the point of delivery to <b>Customers</b> or <b>Authorised Electricity Operators</b> , and includes any <b>Remote Transmission Assets</b> operated by such <b>Authorised Electricity Operator</b> and any electrical plant and meters owned or operated by the <b>Authorised Electricity Operator</b> in connection with the distribution of electricity, but shall not include any part of the <b>National Electricity Transmission System</b> ;
<b>"Distribution Voltage"</b>	a voltage of 132kV or below in England & Wales. A voltage of below 132kV in Scotland. Generally taken to be voltages lower than those defined as transmission voltages;
<b>"Dormant CUSC Party"</b>	a <b>CUSC Party</b> which does not enjoy any ongoing rights and/or obligations for the period of its dormancy under the <b>CUSC</b> , as provided



	for in Section 5;
"Earthing"	as defined in the <b>Grid Code</b> ;
"EdF Documents"	as defined in the <b>Balancing and Settlement Code</b> ;
"Election Timetable"	as defined in Paragraph 8A.1.2.1;
"Election Year"	as defined in Paragraph 8A.1.1.2;
"Electricity Arbitration Association"	as the phrase ' <b>Electricity Supply Industry Arbitration Association</b> ' is defined in the <b>Grid Code</b> ;
"Eligible Small Generator"	defined as an eligible generator in Standard Condition 13 of the Transmission Licence;
"Embedded"	<p>a direct connection to a <b>Distribution System</b> or the <b>System</b> of any other <b>User</b> to which <b>Customers</b> and/or <b>Power Stations</b> are connected;</p> <p>In the context of the <b>Charging Methodologies</b> it shall mean a direct connection to a <b>Distribution System</b> or the <b>System</b> of any other <b>User</b> to which <b>Customers</b> and/or <b>Power Stations</b> are connected, such connection being either a direct connection or a connection via a busbar of another <b>User</b> or of a <b>Transmission Licensee</b> (but with no other connection to the <b>National Electricity Transmission System</b>);</p>
"Embedded Generator MW Register"	the Register set up by <b>The Company</b> pursuant to Paragraph 6.35;
"Emergency Deenergisation Instruction"	<p>an instruction issued by <b>The Company</b> to a <b>User</b> to either:</p> <p>(a) <b>Deenergise</b> that <b>User's Equipment</b>, or</p> <p>(b) request the owner of the <b>Distribution System to which the User's Equipment</b> or equipment for which that <b>User</b> is responsible (as defined in Section K of the <b>Balancing and Settlement Code</b>) is connected to <b>Deenergise</b> that <b>User's Equipment</b> or equipment for which that <b>User</b> is responsible (as defined in Section K of the <b>Balancing and Settlement Code</b> or ;</p>

- (c) declare its **Maximum Export Limit** in respect of the **BM Unit(s)** associated with such **User's Equipment** to zero and to maintain it at that level during the **Interruption Period**,

where in **The Company's** reasonable opinion:

- (i) the condition or manner of operation of any **Transmission Plant** and/or **Apparatus** is such that it may cause damage or injury to any person or to the **National Electricity Transmission System**; and
- (ii) if the **User's Equipment** connected to such **Transmission Plant** and/or **Apparatus** was not **Deenergised** and/or the **Maximum Export Limit** of such **User's Equipment** connected to such **Transmission Plant** and/or **Apparatus** was not reduced to zero then it is likely that the **Transmission Plant** and/or **Apparatus** would automatically trip; and
- (iii) if such **Transmission Plant** and/or **Apparatus** had tripped automatically, then
  - (I) the **BM Unit** comprised in such **User's Equipment** (other than an **Interconnector Owner**); or
  - (II) an **Interconnector** of an **Affected User** who is an **Interconnector Owner**,

would, solely as a result of **Deenergisation of Plant** and **Apparatus** forming part of the **National Electricity Transmission System**, have been **Deenergised**.

**"Emergency Instruction"**

as defined in the **Grid Code**;

**"End Date"**

shall mean 5.00pm on the date 12 months from (and not including) the **Security Amendment Implement Date**;

<b>"Energisation" or "Energise(d)"</b>	the movement of any isolator, breaker or switch or the insertion of any fuse so as to enable <b>Energy</b> to flow from and to the relevant <b>System</b> through the <b>User's Equipment</b> ;
<b>"Energy"</b>	the electrical energy produced, flowing or supplied by an electric circuit during a time interval, being the integral with respect to time of the power, measured in units of watt-hours or standard multiples thereof i.e.  1000 Wh = 1KWh 1000 KWh = 1MWh 1000 MWh = 1GWh 1000 GWh = 1TWh;
<b>"Energy Metering Equipment"</b>	as the phrase " <b>Metering Equipment</b> " is defined in the <b>Balancing and Settlement Code</b> ;
<b>"Energy Metering System"</b>	as the phrase " <b>Metering System</b> " is defined in the <b>Balancing and Settlement Code</b> ;
<b>"Enforceable"</b>	<b>The Company</b> (acting reasonably) is satisfied that the security is legally enforceable and in this respect the <b>User</b> shall obtain such legal opinion at its expense as <b>The Company</b> (acting reasonably shall require);
<b>"Engineering Charge"</b>	as set out in the <b>Statement of Use of System Charges</b> from time to time;
<b>"Enhanced Reactive Power Service"</b>	as defined in Paragraph 1.2 of Schedule 3, Part I;
<b>"Enhanced Rate"</b>	in respect of any day the rate per annum which is 4% per annum above the <b>Base Rate</b> ;
<b>"Escrow Account"</b>	a separately designated bank account in the name of <b>The Company</b> at such branch of Barclays Bank PLC or such branch of any other bank, in the City of London as is notified by <b>The Company</b> to the <b>User</b> , bearing interest from (and including) the date of deposit of principal sums to (but excluding) the date of withdrawal of principal sums from such account, mandated for withdrawal of any sums solely by <b>The Company</b> ;
<b>"Estimated Demand"</b>	the forecast <b>Demand (Active Power)</b> data filed with <b>The Company</b> pursuant to the <b>Charging Statements</b> ;

<b>"ET Interface Operator"</b>	the operator of the <b>Onshore Distribution System</b> to which an <b>ET Offshore Transmission System</b> connects;
<b>"ET Interface Point"</b>	the electrical point of connection between an <b>Offshore Transmission System</b> and an <b>Onshore Distribution System</b> and in relation to a particular <b>User</b> as defined in its <b>Bilateral Connection Agreement</b> ;
<b>"ET Offshore Transmission System"</b>	an <b>Offshore Transmission System</b> connected at an <b>ET Interface Point</b> ;
<b>"ET Restrictions on Availability"</b>	is in the context of an <b>ET Offshore Transmission System</b> the reduction in capability as set out in the relevant <b>Notification of ET Restrictions on Availability</b> ;
<b>"ET Use of System Charges"</b>	the element of <b>Use of System Charges</b> consisting of charges payable by <b>The Company</b> to the <b>ET Interface Operator</b> in respect of the connection to a <b>Distribution System</b> by an <b>Offshore Transmission System</b> and use of such <b>Distribution System</b> by means of such <b>Offshore Transmission System</b> ;
<b>"Event"</b>	as defined in the <b>Grid Code</b> ;
<b>"Event of Default"</b>	any of the events set out in Section 5 as constituting an event of default;
<b>"Exchange Rate"</b>	the <b>Transmission Entry Capacity</b> available to a specific party as a direct result of a specific reduction in the <b>Transmission Entry Capacity</b> available to another party.
<b>"Exchange Rate Request"</b>	a joint request from a <b>User</b> and another <b>User</b> to calculate the Exchange Rate that would apply were they to agree to a <b>TEC Trade</b> .
<b>"Excitation System"</b>	the equipment providing the field current of a machine, including all regulating and control elements as well as field discharge or suppression equipment and protective devices;
<b>"Exemptable"</b>	where the person generating electricity at the relevant <b>Power Station</b> is, or would be (if it generated electricity at no other <b>Power Station</b> and/or did not hold a <b>Generation Licence</b> ) exempt from the requirement to hold a <b>Generation Licence</b> under the <b>Act</b> ;
<del><b>"Existing Offshore Generator"</b></del>	<del>as defined in the <b>Transmission Licence</b>;</del>
<b>"Exempt Export BM Unit"</b>	as defined in the <b>Balancing and Settlement</b>

<b>“Exempt Generator”</b>	<b>Code;</b> any generator who, under the terms of the Electricity (Class Exemptions from the Requirement for a Licence) Order 2001, is not obliged to hold a generation licence;
<b>“Exemptible Generation”</b>	generating plant where the party generating electricity at that generating plant is, or would (if it generated electricity at no other generating plant and/or did not hold a generation licence) be, exempt from the requirement to hold a generation licence (including Scottish generation that export between 50 and 100MW that was connected on or before 30 September 2000);
<b>“Exempt Power Station”</b>	a <b>Power Station</b> where the person generating electricity at that <b>Power Station</b> is exempt from the requirement to hold a <b>Generation Licence</b> under the <b>Act</b> ;
<b>“Existing Offshore Generator”</b>	as defined in the <b>Transmission Licence</b> ;
<b>“Existing Security Cover”</b>	the <b>Security Cover</b> held by <b>NGC</b> in respect of a <b>User</b> pursuant to <b>CUSC</b> Section 3 Part III immediately prior to the <b>Security Amendment Implementation Date</b> ;
<b>“Export”</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>“External Interconnection”</b>	as defined in the <b>Grid Code</b> ;
<b>“Externally Interconnected System Operator”</b>	as defined in the <b>Grid Code</b> ;
<b>“Final Adjustments Statement</b>	as defined in Paragraph 4.3.2.6(b);
<b>“Final Demand Reconciliation Statement”</b>	as defined in Paragraph 3.12.7(a);
<b>“Final Monthly Statement”</b>	as defined in Paragraph 4.3.2.6;
<b>“Final Physical Notification Data”</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>“Final Reconciliation Settlement Run”</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>“Final Reconciliation Volume Allocation Run”</b>	as defined in the <b>Balancing and Settlement Code</b> ;

"Final Statement"	as defined in Paragraph 4.3.2.6(a);
"Final Sums"	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;
"Financial Year"	the period of 12 months ending on 31st March in each calendar year;
"First Offer"	as defined in Paragraph 6.10.4;
"First User"	as defined in Paragraph 6.10.3;
"FMS Date"	1st April 1993;
"Force Majeure"	in relation to any <b>CUSC Party</b> any event or circumstance which is beyond the reasonable control of such <b>CUSC Party</b> and which results in or causes the failure of that <b>CUSC Party</b> to perform any of its obligations under the <b>CUSC</b> including act of God, strike, lockout or other industrial disturbance, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightning, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising from weather or environmental problems, explosion, fault or failure of <b>Plant</b> and <b>Apparatus</b> (which could not have been prevented by <b>Good Industry Practice</b> ), governmental restraint, Act of Parliament, other legislation, bye law and <b>Directive</b> (not being any order, regulation or direction under section 32, 33, 34 and 35 of the <b>Act</b> ) provided that lack of funds shall not be interpreted as a cause beyond the reasonable control of that <b>CUSC Party</b> and provided, for the avoidance of doubt, that weather conditions which are reasonably to be expected at the location of the event or circumstance are also excluded as not being beyond the reasonable control of that <b>CUSC Party</b> ;
"Forecasting Performance Related VAR "	the sum of <b>HH . Forecasting Performance Related VAR</b> and <b>NHH Forecasting Performance Related VAR</b> .
"Frequency"	the number of alternating current cycles per second (expressed in Hertz) at which a <b>System</b> is running;

"Frequency Deviation"	a positive or negative deviation from <b>Target Frequency</b> ;
"Frequency Response"	an automatic response by a <b>BM Unit</b> or <b>CCGT Unit</b> to a change in <b>Frequency</b> with the aim of containing <b>System Frequency</b> within the limits provided for under the <b>Grid Code</b> ;
"Frequency Sensitive Mode"	as defined in the <b>Grid Code</b> ;
"Fuel Security Code"	the document of that title designated as such by the <b>Secretary of State</b> as from time to time amended;
"GB Transmission System" or "GBTS"	for the purposes of Section 12 means the system consisting (wholly or mainly) of high voltage electric wires owned or operated by transmission licensees within <b>Great Britain</b> and used for the transmission of electricity from one <b>Power Station</b> to a sub-station or to another <b>Power Station</b> or between sub-stations or to or from any <b>External Interconnection</b> and includes any <b>Plant</b> and <b>Apparatus</b> or meters owned or operated by any transmission licensee within <b>Great Britain</b> in connection with the transmission of electricity but shall not include <b>Remote Transmission Assets</b> ;
"Gas Turbine Unit"	a <b>Generating Unit</b> driven by a gas turbine (for instance an aero-engine);
"Generating Plant"	a <b>Large Power Station</b> ;
"Generating Unit"	unless otherwise provided in the <b>Grid Code</b> any <b>Apparatus</b> which produces electricity;
"Generation Business"	the authorised business of <b>The Company</b> or any <b>Affiliate</b> or <b>Related Undertaking</b> in the generation of electricity or the provision of <b>Balancing Services</b> , in each case from pumped storage and from the Kielder hydro-electric generating station;
"Generation Capacity"	the normal full load capacity of a <b>Generating Unit</b> as declared by the <b>Generator</b> , less the MW consumed by the <b>Generating Unit</b> through the <b>Generating Unit's</b> unit transformer when producing the same;
"Generation Licence"	the licence granted to a <b>Generator</b> pursuant to section 6(1)(a) of the <b>Act</b> ;

<b>"Generation Reconciliation Statement"</b>	as defined in Paragraph 3.12.2;
<b>"Generator"</b>	a person who generates electricity under licence or exemption under the <b>Act</b> ;
<b>"Genset"</b>	as defined in the <b>Grid Code</b> ;
<b>"Good Industry Practice"</b>	in relation to any undertaking and any circumstances, the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances;
<b>"Great Britain"</b>	The landmass of England and Wales and Scotland, including internal waters;
<b>"Grid Code"</b>	the <b>Grid Code</b> drawn up pursuant to the <b>Transmission Licence</b> , as from time to time revised in accordance with the <b>Transmission Licence</b> ;
<b>"Grid Supply Point" ("GSP")</b>	a point of delivery from the <b>National Electricity Transmission System</b> to a <b>Distribution System</b> or a <b>Non-Embedded Customer</b> ;
<b>"Gross Asset Value"</b>	the value calculated by <b>The Company</b> in accordance with recognised accounting principles and procedures as published by <b>The Company</b> from time to time;
<b><u>"Group"</u></b>	<u>as defined in the <b>Grid Code</b>;</u>
<b>"GSP Group"</b>	<b>as defined in the <b>Balancing and Settlement Code</b>;</b>
<b>"HH Base Percentage"</b>	the % value for the relevant <b>Security Period</b> as specified in the table in paragraph 1 of Appendix 2.
<b>"HH Base Value at Risk"</b>	the sum as calculated in accordance with Paragraph 3.22.3.
<b>"HH Charges"</b>	that element of <b>Transmission Network Use of System Demand Charges</b> relating to half-hourly metered <b>Demand</b> .
<b>"HH Forecasting Performance Related VAR "</b>	the amount resulting from multiplying the <b>Deemed HH Forecasting Performance</b> and the <b>Indicative Annual HH TNUoS Charge</b> calculated on the basis of the latest <b>Demand</b>



	<b>Forecast</b> received by <b>The Company</b> .
<b>"High Frequency Response"</b>	as defined in the <b>Grid Code</b> ;
<b>"High Voltage" or "HV"</b>	a voltage exceeding 650 volts;
<b>"Holding Payment"</b>	that component of the payment for <b>Mode A Frequency Response</b> calculated in accordance with Paragraph 4.1.3.9;
<del><b>"Housekeeping Amendment"</b></del>	<del>an <b>Amendment Proposal</b> relating to the correction of cross referencing or paragraph numbering, corrections to tables of contents and contact details, spelling or typographical errors, the deletion or insertion of text which has previously been retained or deleted erroneously following implementation of an earlier <b>Proposed Amendment</b> where the <b>Amendments Panel</b> so agrees that the <b>Amendment Proposal</b> can be treated as a <b>Housekeeping Amendment</b>;</del>
<del><b>"Housekeeping Amendment Report"</b></del>	<del>the report submitted by <b>The Company</b> to the <b>Authority</b> in accordance with Paragraph 8.22.2.2;</del>
<b>"ICRP"</b>	<b>Investment Cost Related Pricing</b> ;
<b>"Implementation Date"</b>	is the date and time for implementation of an <u><b>Approved CUSC Modification</b></u> as specified in accordance with Paragraph 8.28.3;
<b>"Import"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Income Adjusting Event"</b>	as defined in the <b>Transmission Licence</b> ;
<b>"Indemnified Persons"</b>	as defined in Paragraph 8.44 <u>12</u> .1;
<b>"Independent Engineer"</b>	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;
<b>"Independent Credit Assessment"</b>	an assessment of the creditworthiness of a <b>User</b> by an <b>Approved Agency</b> as nominated by the <b>User</b> obtained in accordance with Paragraph 3.26.7, 3.26.8 and 3.26.9;
<b>"Independent Security Arrangement"</b>	a guarantee in favour of <b>The Company</b> in a form satisfactory to <b>The Company</b> and which is provided by an entity which meets the <b>Requirements</b> . In addition <b>The Company</b> may accept such a policy from an entity who does not meet the <b>Requirements</b> up to an <b>Agreed Value</b> where <b>The Company</b> agrees or where <b>The Company</b> does not agree as determined by an expert appointed by <b>The Company</b> and the <b>User</b> or failing their agreement as to the

	expert the expert nominated by the Director General of The Institute of Credit Management;
"Indicative Annual HH TNUoS charge"	<b>The Company's</b> forecast of the <b>User's</b> total <b>HH Charges</b> relating to a <b>Financial Year</b> .
"Indicative Annual NHH TNUoS charge"	<b>The Company's</b> forecast of the <b>User's</b> total <b>NHH Charges</b> relating to a <b>Financial Year</b> .
"Indicative Block LDTEC"	is the <b>Available LDTEC</b> .
"Indicative Maximum Generation Capability"	has the meaning attributed to it in Paragraph 4.2.3.2;
<u>"Industry Code"</u>	<u>Means a multilateral code or agreement created and maintained pursuant to a licence granted by the Authority under section 6 of the Act or under sections 7, 7ZA or 7A of the Gas Act 1986;</u>
"Initial Charge"	as defined in Paragraph 3.15.2;
"Initial Demand Reconciliation Statement"	as defined in Paragraph 3.12.4;
"Initial Volume Allocation Run"	as defined in the <b>Balancing and Settlement Code</b> ;
"Initial Settlement Run"	as defined in the <b>Balancing and Settlement Code</b> ;
"Insurance Performance Bond"	a <b>Performance Bond</b> provided by a company in the business of providing insurance which meets the <b>Requirements</b> . In addition <b>The Company</b> may accept such a policy from such a company who does not meet the <b>Requirements</b> up to an <b>Agreed Value</b> where <b>The Company</b> agrees or where <b>The Company</b> does not agree as determined by an expert appointed by <b>The Company</b> and the <b>User</b> or failing their agreement as to the expert the expert nominated by the Director General of The Institute of Credit Management;
"Intellectual Property" or "IPRs"	patents, trade marks, service marks, rights in designs, trade names, copyrights and topography rights (whether or not any of the same are registered and including applications for registration of any of the same) and rights under licences and consents in relation to any of the same and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of the same which may subsist anywhere in the world;
"Interconnected System Operator"	as defined in the <b>Balancing and Settlement</b>

	<b>Code;</b>
<b>"Interconnector"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Interconnector Asset Owner"</b>	the owner of an <b>Interconnector</b> ;
<b>"Interconnector Error Administrator"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Interconnector Owner"</b>	the owner of an <b>Interconnector</b> , or of that part of an <b>Interconnector</b> , directly connected to the <b>National Electricity Transmission System</b> ;
<b>"Interconnector User"</b>	<ul style="list-style-type: none"> <li>(a) in relation to an <b>Interconnector</b> connected to the <b>National Electricity Transmission System</b>, as defined in the <b>Balancing and Settlement Code</b>; and</li> <li>(b) in relation to a <b>Distribution Interconnector</b>, a Lead Party (as defined in the <b>Balancing and Settlement Code</b>) in respect of a single <b>BM Unit</b> where under Section K5 of the <b>Balancing and Settlement Code</b> the <b>BM Unit</b> has been allocated in relation to that <b>Distribution Interconnector</b> or if there is no such allocation, as defined in the <b>Balancing and Settlement Code</b>;</li> </ul>
<b>"Interface Agreement"</b>	the agreement(s) entered into pursuant to Paragraph 2.11 and Paragraph 9.15 based substantially on the forms set out in Exhibit O to the <b>CUSC</b> ;
<b>"Interim Panel and Alternate Election process"</b>	As defined in Paragraph 8A.4.3.2
<b>"Interruption"</b>	<p>where either:-</p> <ul style="list-style-type: none"> <li>(i) solely as a result of <b>Deenergisation of Plant and Apparatus</b> forming part of the <b>National Electricity Transmission System</b>; or</li> <li>(ii) in accordance with an <b>Emergency Deenergisation Instruction</b>;</li> </ul> <ul style="list-style-type: none"> <li>a) a <b>BM Unit</b> comprised in the <b>User's Equipment</b> of an <b>Affected User</b> (other than an <b>Interconnector Owner</b>) is <b>Deenergised</b>; or</li> <li>b) an <b>Interconnector</b> of an <b>Affected User</b> who is an <b>Interconnector Owner</b> is</li> </ul>

**Deenergised.**; or

- c) The **Maximum Export Limit** in respect of the **BM Unit(s)** associated with such **User's Equipment** is zero.

**"Interruption Payment"**

the payment for each day or part thereof of the **Interruption Period** calculated as follows:

1. In the case of a **Relevant Interruption** arising as a result of a **Planned Outage** the higher of:

- A. the £ per MW calculated by reference to the total TNUoS income derived from generators divided by the total system **Transmission Entry Capacity**, in each case using figures for the **Financial Year** prior to that in which the **Relevant Interruption** occurs, this is then divided by 365 to give a daily £ per MW rate; or
- B. the actual £ per MW of an **Affected User** by reference to the tariff in the **Use of System Charging Statement** for the **Financial Year** in which the **Relevant Interruption** occurs divided by 365 to give a daily £ per MW rate.

A or B are then multiplied by:

- a) in the case of an **Affected User** other than an **Interconnected Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and
- b) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**.

2. In the case of a **Relevant Interruption** arising as a result of an **Emergency Deenergisation Instruction**:

- (a) sum equal to the price in £/MWh for the relevant **Settlement Period(s)** (as provided for in Section T 4.4.5 of the

**Balancing and Settlement Code**) for each **Settlement Period** (or part thereof) from the time when the **Emergency Deenergisation Instruction** was issued by **The Company** until the first **Settlement Period** for which **Gate Closure** had not (at the time the **Emergency Deenergisation Instruction** was issued by **The Company**) occurred

multiplied by:

- (i) in the case of an **Affected User** other than an **Interconnected Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and
  - (ii) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**,
- (b) For each subsequent **Settlement Period** of the **Relevant Interruption** which occurs within the first 24 hours of the **Relevant Interruption**, a sum equal to the price in £/MWh for the relevant **Settlement Period(s)** (as provided for in Section T 1.5.3 of the **Balancing and Settlement Code**)

multiplied by:

- (i) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection site**; and
  - (ii) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**; and
- (c) and after the first 24 hours a sum

calculated as 1 above

3. In the case of all other **Relevant Interruptions**:

For each **Settlement Period** of the **Relevant Interruption** which occurs within the first 24 hours of the **Relevant Interruption**, a sum equal to the price in £/MWh for the relevant **Settlement Period(s)** (as provided for in Section T 1.5.3 of the **Balancing and Settlement Code**).

Multiplied by:

- a) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and
- b) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**

and after the first 24 hours a sum calculated as 1 above.

Provided always that an **Affected User** shall not receive payment for more than one **Relevant Interruption** in any given day;

**"Interruption Period"**

the period in days commencing with the notification by **The Company** to the **Affected User** of the start of **Relevant Interruption** and ending on the notification by **The Company** the **Affected User** that the **Relevant Interruption** has ended;

**"Intertrip Contracted Unit"**

(i) in the case of a **Power Park Module**, the collection of **Non-Synchronous Generating Units** which are registered as a **Power Park Module** under the **Grid Code**; and

(ii) all other cases, a **Generating Unit**,

unless, in either case, the **Bilateral Agreement** specifies otherwise.

**"Intertrip Payment"**

as defined in Paragraph 4.2A.4(c);

**"Isolation"**

as defined in the **Grid Code**;

**"Joint System Incident"**

Paragraphs (a) and (b) below are without prejudice to the application of Paragraph 6.4 to **Users** acting in capacities other than those detailed in Paragraphs (a) and (b),

- (a) for **Users** in respect of their **Connection Sites** which were not **Commissioned** as at the **Transfer Date**, shall have the meaning given to that term in the **Grid Code**;
- (b) for **Users** acting in their capacity as **Generators** with **Embedded Large Power Stations** or **Embedded Medium Power Stations** and who are passing power onto a **Distribution System** through a connection with a **Distribution System** which was not **Commissioned** as at the **Transfer Date**, means an event wherever occurring (other than on an **Embedded Medium Power Station** or **Embedded Small Power Station**) which, in the opinion of **The Company** or a **User** has or may have a serious and/or widespread effect, being (in the case of an event on a **User(s) System(s)**) (other than on an **Embedded Medium Power Station** or **Embedded Small Power Station**), on the **National Electricity Transmission System** , and (in the case of an event on the **National Electricity Transmission System**), on a **User(s) System(s)** (other than on an **Embedded Independent Generating Plant**);

**"Joint Temporary TEC Exchange Users"**

means the **Temporary TEC Exchange Donor User** and the **Temporary TEC Exchange Recipient User**.

**"Lagging"**

in relation to **Reactive Power**, exporting Mvar;

**"Land Charge"**

the charge (if any) set out in Appendix B to a **Bilateral Connection Agreement**.

**"Large Power Station"**

as defined in the **Grid Code**;

**"LDTEC"**

Is, in the case of an accepted **LDTEC Block Offer**, **Block LDTEC** or, in the case of an accepted **LDTEC Indicative Block Offer**, **Indicative Block LDTEC**.

**"LDTEC Availability Notification"**

the form set out in Exhibit T to the **CUSC**.

<b>"LDTEC Block Offer"</b>	is an offer made by <b>NGC</b> for <b>Short Term Capacity</b> in accordance with the terms of Paragraphs 6.32.4.6 and 6.32.6.1 in response to an <b>LDTEC Request</b> .
<b>"LDTEC Charge"</b>	being a component of the <b>Use of System Charges</b> which is made or levied by <b>NGC</b> and to be paid by the <b>User</b> , in the case of an accepted <b>LDTEC Block Offer</b> , for <b>Block LDTEC</b> and in the case of an accepted <b>LDTEC Indicative Block Offer</b> for <b>Requested LDTEC</b> and in the case of an accepted <b>Temporary TEC Exchange Rate Offer</b> for <b>Temporary Received TEC</b> , in each case calculated in accordance with the <b>Charging Statements</b> .
<b>"LDTEC Indicative Block Offer"</b>	is an offer made by <b>NGC</b> for <b>Short Term Capacity</b> in accordance with the terms of Paragraphs 6.32.6.4 and 6.32.6.2 in response to an <b>LDTEC Request</b> .
<b>"LDTEC Indicative Profile"</b>	is a profile in MW that indicates <b>NGC's</b> assessment of the MW capacity that may be available to a <b>User</b> for the <b>LDTEC Period</b> which has been prepared solely for the purpose of enabling a <b>User</b> to make its assessment of an <b>LDTEC Indicative Block Offer</b> .
<b>"LDTEC Offer"</b>	is an <b>LDTEC Block Offer</b> and/or an <b>LDTEC Indicative Offer</b> .
<b>"LDTEC Period"</b>	is,  (a) a period of weeks or part thereof within a <b>Financial Year</b> as specified by the <b>User</b> in its <b>LDTEC Request Form</b> for a minimum period of seven weeks commencing on a Monday at 0.00 hours and finishing at 23.59 on any given day no later than the last day of such <b>Financial Year</b> , or  (b) in the case of a n accepted <b>Temporary TEC Exchange Offer</b> , the <b>Temporary TEC Exchange Period</b> .
<b>"LDTEC Profile"</b>	is a profile in MW of <b>NGC's</b> assessment of the MW capacity that is available to a <b>User</b> for the <b>LDTEC Period</b> (not exceeding the maximum level in the <b>LDTEC Request</b> ) in an <b>LDTEC</b>



**Block Offer.**

"LDTEC Request"	is an application made by a user for an <b>LDTEC Block Offer</b> and/or an <b>LDTEC Indicative Block Offer</b> made using an <b>LDTEC Request Form</b> .
"LDTEC Request Fee"	the fee to be paid by the <b>User</b> to <b>NGC</b> for an <b>LDTEC Request</b> as detailed in the <b>Charging Statements</b> .
"LDTEC Request Form"	is the form set out in Exhibit S to the <b>CUSC</b> .
"LDTEC Week"	is a week or part thereof within an <b>LDTEC Period</b> commencing on Monday at 0.00 and finishing on 23:59 on the last day within such week.
<del>"Large Power Station"</del>	<del>as defined in the <b>Grid Code</b>;</del>
"Leading"	in relation to <b>Reactive Power</b> , importing Mvar;
"Legal Challenge"	an appeal to the Competition Commission or a judicial review in respect of the <b>Authority's</b> decision to approve or not to approve an <del>Amendment</del> <b>CUSC Modification Proposal</b> ;
"Less than 100MW"	Is defined as not having the capability to export 100MW to the <b>Total System</b> ;
"Letter of Credit"	(a) in respect of Paragraph 2.22 shall mean an irrevocable standby letter of credit in a form reasonably satisfactory to <b>The Company</b> but in any case expressed to be governed by the Uniform Customs and Practice for Documentary Credits 1993 Revision ICC Publication No. 500 or such other form as may be reasonably satisfactory to <b>The Company</b> and allowing for partial drawings and providing for the payment to <b>The Company</b> on demand forthwith on and against <b>The Company's</b> delivery to the issuer thereof of a <b>Notice of Drawing</b> of the amount demanded therein;  (b) in all other cases shall mean an unconditional irrevocable standby letter of credit in such form as <b>The Company</b> may reasonably

	approve issued for the account of the <b>User</b> in sterling in favour of <b>The Company</b> , allowing for partial drawings and providing for the payment to <b>The Company</b> forthwith on demand by any United Kingdom clearing bank or any other bank which in each case has a long term debt rating of not less than single "A" by Standard and Poor's Corporation or by Moody's Investors Services, or such other bank as <b>The Company</b> may approve and which shall be available for payment at a branch of the issuing bank;
"Licence"	any licence granted pursuant to Section 6 of the <b>Act</b> ;
"Licence Standards"	the standards to be met by <b>The Company</b> under Standard Condition C17 of the <b>Transmission Licence</b> ;
"Licensable Generation"	generating plant that is not <b>Exemptible Generation</b> ;
"Liquidated Damages"	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;
"Local Safety Instructions"	as defined in the <b>Grid Code</b> ;
"MCUSA"	the <b>Master Connection and Use of System Agreement</b> dated 30 March 1990 (now amended to become the <b>CUSC Framework Agreement</b> );
"Main Business"	any business of <b>The Company</b> or any of its subsidiaries as at the <b>Transfer Date</b> or which it is required to carry on under the <b>Transmission Licence</b> , other than the <b>Generation Business</b> ;
"Main Business Person"	any employee of <b>The Company</b> or any director or employee of its subsidiaries who is engaged solely in the <b>Main Business</b> and " <b>Main Business Personnel</b> " shall be construed accordingly;
"Maintenance Reconciliation Statement"	the statement prepared in accordance with Paragraph 2.14.5 and Paragraph 9.9.5;
"Mandatory Ancillary Services"	<b>Part 1 System Ancillary Services</b> ;
"Mandatory Services Agreement"	an agreement between <b>The Company</b> and a <b>User</b> to govern the provision of and payment for <b>Mandatory Ancillary Services</b> or to govern the payment by <b>The Company</b> to a <b>User</b> for <b>Obligatory Reactive Power Service</b> provided

	by an <b>Offshore Transmission Licensee</b> in accordance with the <b>STC</b> ;
<b>"Market Agreement"</b>	as defined in Paragraph 3.1 of Schedule 3, Part I;
<b>"Market Day"</b>	as defined in Paragraph 3.3 of Schedule 3, Part I;
<b>"Material Effect"</b>	an effect causing <b>The Company</b> or a <b>Relevant Transmission Licensee</b> to effect any works or to alter the manner of operation of <b>Transmission Plant</b> and/or <b>Transmission Apparatus</b> at the <b>Connection Site</b> or the site of connection or a <b>User</b> to effect any works or to alter the manner of operation of its <b>Plant</b> and/or <b>Apparatus</b> at the <b>Connection Site</b> or the site of connection which in either case involves that party in expenditure of more than £10,000;
<b>"Materially Affected Party"</b>	any person or class of persons designated by the <b>Authority</b> as such, in relation to the <b>Charging Methodologies</b> ;
<b>"Maximum Export Capacity"</b>	as defined in the <b>Grid Code</b> and in relation to a particular <b>User</b> , as defined in its <b>Bilateral Connection Agreement</b> ;
<b>"Maximum Export Limit"</b>	as defined in the <b>Grid Code</b> ;
<b>"Maximum Generation"</b>	means a Balancing Service provided from the Available BM Units by generating at a level above the MEL so as to increase the total export of Active Power from the Power Station to the <b>National Electricity Transmission System</b> , contributing towards <b>The Company's</b> requirement for additional short-term generation output, all as more particularly described in Paragraph 4.2;
<b>"Maximum Generation BM Unit"</b>	means, as between <b>The Company</b> and a User, the BM Units, specified in the Maximum Generation Service Agreement;
<b>"Maximum Generation Energy Fee"</b>	the amount (£/MWh) set out in the Maximum Generation Service Agreement as the same may be revised from time to time in accordance with Paragraph 4.2.5;
<b>"Maximum Generation Energy Payment"</b>	has the meaning attributed to it in Paragraph 4.2.5.1;
<b>"Maximum Generation Instruction"</b>	has the meaning attributed to it in

Paragraph 4.2.4.1;

"Maximum Generation Redeclaration"	has the meaning attributed to it in Paragraph 4.2.3.3;
"Maximum Generation Service Agreement"	an agreement between <b>The Company</b> and a User specifying, amongst other things, the BM Units and the Maximum Generation Energy Fee applicable to the provision of Maximum Generation;
"Maximum Import Capacity"	as defined in the <b>Grid Code</b> and in relation to a particular <b>User</b> , as defined in its <b>Bilateral Connection Agreement</b> ;
"Medium Power Station"	as defined in the <b>Grid Code</b> ;
"Meters"	as defined in the <b>Balancing and Settlement Code</b>
"Metering Equipment"	as defined in the <b>Balancing and Settlement Code</b> ;
"Meter Operator Agent"	as defined in the <b>Balancing and Settlement Code</b> ;
"Metering System"	as defined in the <b>Balancing and Settlement Code</b> ;
"Methodology"	the <b>Statement of the Use of System Charging Methodology</b> or the <b>Statement of the Connection Charging Methodology</b> (and " <b>Methodologies</b> " shall be construed accordingly);
"Mode A Frequency Response"	as defined in Paragraph 4.1.3.3;
"Modification"	any actual or proposed replacement, renovation, modification, alteration, or construction by or on behalf of a <b>User</b> or <b>The Company</b> to either the <b>User's Plant</b> or <b>Apparatus</b> or the manner of its operation or <b>Transmission Plant</b> or <b>Transmission Apparatus</b> or the manner of its operation which in either case has or may have a <b>Material Effect</b> on another <b>CUSC Party</b> at a particular <b>Connection Site</b> ;
"Modification Affected User"	as defined in Paragraph 6.9.3.2;
"Modification Application"	an application in the form or substantially in the form set out in Exhibit I to the <b>CUSC</b> ;

<b>"Modification Notification"</b>	a notification in the form or substantially in the form set out in Exhibit K to the <b>CUSC</b> ;
<b>"Modification Offer"</b>	an offer in the form or substantially in the form set out in Exhibit J to the <b>CUSC</b> , including any revision or extension of such offer;
<b>"National Consumer Council"</b>	the body of that name established by Part I, section 1 of the Consumers, Estate Agents and Redress Act 2007'.
<b>"National Electricity Transmission System"</b>	the system consisting (wholly or mainly) of high voltage electric wires owned or operated by transmission licensees within <b>Great Britain</b> and <b>Offshore</b> and used for the transmission of electricity from one <b>Power Station</b> to a sub-station or to another <b>Power Station</b> or between sub-stations or to or from any <b>External Interconnection</b> and includes any <b>Plant</b> and <b>Apparatus</b> or meters owned or operated by any transmission licensee within <b>Great Britain</b> and <b>Offshore</b> in connection with the transmission of electricity but shall not include <b>Remote Transmission Assets</b> ;
<b>"National Electricity Transmission System SQSS" or "NETS SQSS"</b>	is the National Electricity Transmission System Security and Quality of Supply Standards (version 1) issued under Standard Condition C17 of the <b>Transmission Licence</b> (as amended, varied or replaced from time to time);
<b>"Natural Demand"</b>	the <b>Demand (Active Power)</b> which is necessary to meet the needs of <b>Customers</b> excluding that <b>Demand (Active Power)</b> met by <b>Embedded Generating Units</b> whose generation is not traded by <b>Trading Parties</b> through <b>Energy Metering Systems</b> registered under the <b>Balancing and Settlement Code</b> ;
<b>"Net Asset Value"</b>	the <b>Gross Asset Value</b> of the <b>Transmission Connection Asset</b> in question less depreciation over the <b>Replacement Period</b> calculated in accordance with recognised accounting principles and procedures;
<b>"New Connection Site"</b>	a proposed <b>Connection Site</b> in relation to which there is no <b>Bilateral Agreement</b> in force between the <b>CUSC Parties</b> ;
<b>"New CUSC Party"</b>	as defined in Paragraph 6.13;
<b>"Net Demand"</b>	Sum of the <b>BM Unit Metered Volumes (QM<sub>ij</sub>)</b> of the <b>Trading Unit</b> during the three <b>Settlement</b>

	<b>Periods of the Triad</b> expressed as a positive number (i.e. $\sum QM_{ij}$ );
<b>"NGC Prescribed Level"</b>	the forecast value of the regulatory asset value of <b>NGC</b> for a <b>Financial Year</b> as set out in the document published from time to time by Ofgem setting this out and currently know as "Ofgem's Transmission Price Control Review of NGC – Transmission Owner Final Proposals" such values to be published on the <b>NGC Website</b> by reference to the <b>NGC</b> credit arrangements no later than 31 January prior to the beginning of the <b>Financial Year</b> to which such value relates;
<b>"NHH Base Percentage"</b>	the % value for the relevant <b>Security Period</b> as specified in the table in paragraph 2 of Appendix 2.
<b>"NHH Charges"</b>	that element of <b>Transmission Network Use of System Demand Charges</b> relating to non-half-hourly metered <b>Demand</b> .
<b>"NHH Base Value at Risk"</b>	the sum as calculated in accordance with Paragraph 3.22.4.
<b>"NHH Forecasting Performance Related VAR "</b>	the amount resulting from multiplying the <b>Deemed NHH Forecasting Performance</b> and the <b>Indicative Annual HH TNUoS Charge</b> calculated on the basis of the latest <b>Demand Forecast</b> received by <b>The Company</b> .
<b>"Nominated Registered Capacity"</b>	as defined in Appendix 5 of Schedule 3, Part I;
<b>"Non- Performing Party"</b>	as defined in Paragraph 6.19;
<b>"Non-Embedded Customer"</b>	a <b>Customer</b> except for a <b>Public Distribution System Operator</b> receiving electricity direct from the <b>National Electricity Transmission System</b> irrespective of from whom it is supplied;
<b>"Non-Embedded User"</b>	A <b>User</b> , except for a <b>Public Distribution System Operator</b> , receiving electricity direct from the <b>National Electricity Transmission System</b> irrespective of from whom it is supplied;
<b>"Non Standard Boundary"</b>	where the division of ownership of <b>Plant</b> and <b>Apparatus</b> is contrary to the principles of ownership set out in <b>CUSC</b> Paragraph 2.12;
<b>"Non-Synchronous Generating Unit"</b>	as defined in the <b>Grid Code</b> .
<b>"Notice of Drawing"</b>	a notice of drawing signed by or on behalf of <b>The Company</b> substantially in the form set out in Exhibit N to the <b>CUSC</b> ;

<b>"Notification Date"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Notification of Circuit Outage"</b>	as defined in the relevant <b>Bilateral Connection Agreement</b> or <b>Bilateral Embedded Generation Agreement</b> ;
<b>"Notification of Circuit Restriction"</b>	as defined in the relevant <b>Bilateral Connection Agreement</b> or <b>Bilateral Embedded Generation Agreement</b> ;
<b>"Notification of Restrictions on Availability"</b>	as defined in the relevant <b>Bilateral Connection Agreement</b> or <b>Bilateral Embedded Generation Agreement</b> ;
<b>"Notification of ET Restrictions on Availability"</b>	as defined in the relevant <b>Bilateral Connection Agreement</b> ;
<b>"Notional Amount"</b>	as defined in Paragraph 3.13;
<b>"Nuclear Generator"</b>	as defined in Paragraph 6.11;
<b>"Nuclear Site Licence Provisions Agreement"</b>	shall mean each of the following agreements (as from time to time amended) (a) the agreement between <b>The Company</b> and Magnox Electric plc (formally called Nuclear Electric plc) dated 30 March 1990, (b) the agreement between <b>The Company</b> and British Energy Generation Limited dated 31 March 1996, (c) the agreement between SP Transmission Limited and British Energy Generation (UK) Limited dated 29 May 1991 in relation to Hunterston power station and Torness power station, and (d) the agreement between SP Transmission Limited and British Nuclear Fuels plc in relation to Chapelcross power station.
<b>"Obligatory Reactive Power Service"</b>	as defined in Paragraph 1.1 of Schedule 3, Part I or provided by an <b>Offshore Transmission Licensee</b> in accordance with the <b>STC</b> ;
<b>"Offer"</b>	an offer for connection to and/or use of the <b>National Electricity Transmission System</b> made by <b>The Company</b> in relation to the <b>CUSC</b> ;
<b>"Offshore"</b>	means wholly or partly in the <b>Offshore Waters</b> and when used in conjunction with another defined term and the terms together are not otherwise defined means that the associated term is to be read accordingly;
<b>"Offshore Construction Works"</b>	In relation to a particular <b>User</b> means those elements of the <b>Construction Works</b> to be



	undertaken by an <b>Offshore Transmission Licensee</b> on the <b>Offshore Transmission System</b> as defined in its <b>Construction Agreement</b> ;
"Offshore Grid Entry Point"	as defined in the <b>Grid Code</b> ;
"Offshore Platform"	a single structure comprising of <b>Plant</b> and <b>Apparatus</b> located <b>Offshore</b> which includes one or more <b>Offshore Grid Entry Points</b> ;
"Offshore Standard Design"	is a connection design (which provides for connection to the <b>National Electricity Transmission System</b> ) of a <b>Connection Site</b> located <b>Offshore</b> which satisfies the minimum deterministic criteria detailed in paragraphs 7.7 to 7.19 of the <b>NETS SQSS</b> but does not satisfy the deterministic criteria detailed in paragraphs 2.5 to 2.13 of the <b>NETS SQSS</b> ;
"Offshore Tender Process"	that process followed by the <b>Authority</b> to make, in prescribed cases, a determination on a competitive basis of the person to whom an offshore transmission licence is to be granted;
"Offshore Tender Regulations"	those regulations made by the Authority in accordance with section 6C of the Act to facilitate the determination on a competitive basis of the person to whom an offshore transmission licence is to be granted;
"Offshore Transmission"	means as defined in the Energy Act 2004;
"Offshore Transmission Implementation Plan"	as defined in the <b>Transmission Licence</b> ;
"Offshore Transmission Licensee"	means such person in relation to whose <b>Licence</b> the standard conditions in Section E (offshore transmission owner standard conditions) of such <b>Licence</b> have been given effect or any person in that prospective role;
"Offshore Transmission Owner"	means either (a) such person in relation to whose <b>Licence</b> the standard conditions in Section E (offshore transmission owner standard conditions) of such <b>Licence</b> have been given effect; or (b) a party who has acceded to the <b>STC</b> prior to the grant of a <b>Licence</b> referred to in (a) above as a requirement of the <b>Offshore Tender Regulations</b> ;
"Offshore Transmission System"	a part of the <b>National Electricity Transmission System</b> used for the purposes of <b>Offshore</b>



	<b>Transmission</b> and for which there is an <b>Offshore Transmission Licensee</b> ;
"Offshore Waters"	has the meaning given to "offshore waters" in Section 90(9) of the Energy Act 2004;
"Offtaking"	as defined in the <b>Balancing and Settlement Code</b> ;
"One Off Charge"	the costs, including profits and overheads of carrying out the <b>One Off Works</b> , together with the <b>Net Asset Value</b> of any asset made redundant as a result of the <b>Construction Works</b> an estimate of which is specified in Appendix B1 to the relevant <b>Construction Agreement</b> and/or <b>Bilateral Agreement</b> ;
"One Off Works"	the works described in Appendix B1 to the relevant <b>Construction Agreement</b> and/or <b>Bilateral Agreement</b> ;
"Onshore"	means within <b>Great Britain</b> and when used in conjunction with another defined term and the terms together are not otherwise defined means that the associated term is to be read accordingly;
"Onshore Construction Works"	in relation to a particular <b>User</b> , means those elements of the <b>Construction Works</b> to be undertaken other than on the <b>Offshore Transmission System</b> as defined in its <b>Construction Agreement</b> ;
"Operating Agreement(s)"	the operating agreements or arrangements identified in the <b>Bilateral Connection Agreement</b> between <b>The Company</b> and the <b>Interconnector Owner</b> of the relevant <b>Interconnector</b> and made between either <b>The Company</b> and the relevant <b>Interconnector Owner</b> and/or <b>The Company</b> and the relevant <b>Interconnected System Operator</b> ;
"Operating Code" or "OC"	the portion of the <b>Grid Code</b> which is identified as the <b>Operating Code</b> ;
"Operation Diagrams"	as defined in the <b>Grid Code</b> ;
"Operational"	in relation to a <b>Connection Site</b> means that the same has been <b>Commissioned</b> (which for the avoidance of doubt does not necessarily include commissioning of <b>Generating Units</b> connected at the <b>Connection Site</b> ) and that the <b>User</b> can use such <b>User's Equipment</b> to undertake those

	acts and things capable of being undertaken by <b>BSC Parties</b> ;
"Operational Date"	the date on which <b>The Company</b> issues the <b>Operational Notification</b> ;
"Operational Effect"	any effect on the operation of any <b>System</b> which causes that <b>System</b> to operate (or be at a materially increased risk of operating) differently to the way in which it would have normally operated in the absence of that effect;
"Operational Intertripping"	the automatic tripping of circuit breakers to prevent abnormal system conditions occurring, such as over voltage, overload, system instability etc. after the tripping of other circuit breakers following power system fault(s) which includes <b>System to Power Station</b> and <b>System to Demand</b> intertripping schemes;
"Operational Metering Equipment"	meters, instrument transformers (both voltage and current), transducers, metering protection equipment including alarms circuitry and their associated outstations as may be necessary for the purpose of <b>CC.6.5.6</b> of the <b>Grid Code</b> and the corresponding provision of the relevant <b>Distribution Code</b> ;
"Operational Notification"	the notice of that name given to the <b>User</b> by <b>The Company</b> under Paragraphs 1.5.5 or 3.2.6 as appropriate;
"Original Party"	as defined in the <b>CUSC Framework Agreement</b> ;
"Other Dispute"	as defined in Paragraph 7.2.3;
"Other Party"	as defined in Paragraph 7.5.1;
"Other User"	as defined in Paragraph 6.10.3;
<del>"Ownership boundary"</del>	<del>shall be the boundary defined in Paragraph 2.12;</del>
"Output"	the actual <b>Active Power</b> or <b>Reactive Power</b> output achieved by a <b>BM Unit</b> ;
"Output Useable"	Shall have the meaning given to that term in the <b>Grid Code</b> ;
"Panel Chairman"	a person appointed as such in accordance with Paragraph 8.34.1;

"Panel Member"	any of the persons listed in Paragraph 8.23.1.2(b);
"Panel Member Interim Vacancies"	as defined in Paragraph 8A.4.3.3;
"Panel Secretary"	a person appointed as such in accordance with Paragraph 8.23.1.3(c);
"Part 1 System Ancillary Services"	as defined in <b>Grid Code</b> CC 8.1;
"Part 2 System Ancillary Services"	as defined in <b>Grid Code</b> CC 8.1;
"Partial Shutdown "	as defined in the <b>Grid Code</b> ;
"Party Liable"	as defined in Paragraph 6.12.1;
"Payment Date"	as defined in the <b>Balancing and Settlement Code</b> ;
"Payment Record Sum"	the proportion of the <b>Unsecured Credit Cover</b> extended by <b>NGC</b> to a <b>User</b> who does meeting the <b>Approved Credit Rating</b> calculated in accordance with Paragraph 3.26.4 and 3.26.5;
<u>"Pending AmendmentCUSC Modification Proposal"</u>	an <u>AmendmentCUSC Modification Proposal</u> in respect of which, at the relevant time, the <b>Authority</b> has not yet made a decision as to whether to direct such <b>Proposed AmendmentCUSC Modification</b> to be made pursuant to the <b>Transmission Licence</b> (whether or not an <u>AmendmentCUSC Modification Report</u> <del>or</del> <u>Housekeeping Amendment Report</u> has been submitted in respect of such <u>AmendmentCUSC Modification Proposal</u> );
"Performance Bond"	an on first demand without proof or conditions irrevocable performance bond or performance guarantee executed as a deed in a form reasonably satisfactory to <b>The Company</b> but in any case allowing for partial drawings and providing for the payment to <b>The Company</b> on demand forthwith on and against <b>The Company's</b> delivery to the issuer thereof of a <b>Notice of Drawing</b> of the amount demanded therein;
"Permitted Activities"	activities carried on for the purposes of the <b>Main Business</b> ;
"Physical Notification"	as defined in the <b>Balancing and Settlement Code</b> ;

"Planned Outage"	as defined in the <b>Grid Code</b> ;
"Planning Code" or PC	that portion of the <b>Grid Code</b> which is identified as the <b>Planning Code</b> ;
"Plant"	fixed and moveable items used in the generation and/or supply and/or transmission of electricity other than <b>Apparatus</b>
"Pool Member"	as defined in the <b>Balancing and Settlement Code</b> ;
"Pooling and Settlement Agreement"	as defined in the <b>Balancing and Settlement Code</b> ;
"Power Park Module"	as defined in the <b>Grid Code</b> .
"Power Park Unit"	as defined in the <b>Grid Code</b> ;
"Power Station"	as defined in the <b>Grid Code</b> ;
"Practical Completion Date"	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b>
"Preference Votes"	as defined in Paragraph 8A.3.2.1;
"Prescribed Rate"	the rate of interest set for the relevant period as the statutory interest rate for the purposes of the Late Payment of Commercial Debts (interest) Act 1998;
"Proceedings"	as defined in Paragraph 6.23.1;
"Production"	as defined in the <b>Balancing and Settlement Code</b> in relation to a Production BM Unit;
"Progress Report"	as defined in Paragraph 8.1314;
"Primary Response"	as defined in the <b>Grid Code</b> ;
<del>"Proposed Amendment"</del>	<del>an amendment to the <b>CUSC</b> which has been proposed by way of <b>Amendment Proposal</b> but which has not been made;</del>
"Proposed Implementation Date"	the implementation date proposed by <del>The Company</del> <u>the Code Administrator</u> in its <del>Amendment</del> <u>CUSC Modification Report</u> ;
"Proposer"	in relation to a particular <del>Amendment</del> <u>CUSC Modification Proposal</u> , the person who makes such <del>Amendment</del> <u>CUSC Modification Proposal</u> ;

<b>"Protected Information"</b>	any information relating to the affairs of a <b>CUSC Party</b> which is furnished to <b>Business Personnel</b> pursuant to the <b>CUSC</b> or a <b>Bilateral Agreement</b> or a <b>Mandatory Services Agreement</b> or a <b>Construction Agreement</b> or pursuant to a direction under section 34 of the <b>Act</b> or pursuant to the provisions of the <b>Fuel Security Code</b> unless, prior to such information being furnished, such <b>CUSC Party</b> has informed the recipient thereof by notice in writing or by endorsement on such information, that the said information is not to be regarded as <b>Protected Information</b> ;
<b>"Provisional Statement"</b>	as defined in Paragraph 4.3.2.1(a);
<b>"Provisional Monthly Statement"</b>	as defined in Paragraph 4.3.2.1;
<b>"Provisional Adjustments Statement"</b>	as defined in Paragraph 4.3.2.1(b);
<b>"Public Distribution System Operator"</b>	a holder of a <b>Distribution Licence</b> who was the holder, or is a successor to a company which was the holder of a <b>Public Electricity Supply Licence</b> relating to distribution activities in <b>Great Britain</b> on the <b>CUSC Implementation Date</b>
<b>"Public Electricity Supply Licence"</b>	a licence issued under section 6(1)(c) of the <b>Act</b> prior to the coming in force of section 30 of the Utilities Act 2000;
<b>"Qualified Bank" or "Qualifying Bank"</b>	a City of London branch of a bank, its successors and assigns, which has throughout the validity period of the <b>Performance Bond</b> or <b>Letter of Credit</b> it issues in favour of <b>The Company</b> , a rating of at least A- in Standard and Poor's long term debt rating or A3 in Moody's long term debt rating provided that such bank is not during such validity period put on any credit watch or any similar credit surveillance which gives <b>The Company</b> reasonable cause to doubt that such bank may not be able to maintain the aforesaid rating throughout the validity period and no other event has occurred which gives <b>The Company</b> reasonable cause to have such doubt;
<b>"Qualified Company" or "Qualifying Company"</b>	a company which is a public company or a private company within the meaning of section 1(3) of the Companies Act 1985 and which is either :  (a) a shareholder of the User or any

holding company of such shareholder-or

(b) any subsidiary of any such holding company, but only where the subsidiary

(i) demonstrates to The Company's satisfaction that it has power under its constitution to give a Performance Bond other than in respect of its subsidiary;

(ii) provides an extract of the minutes of a meeting of its directors recording that the directors have duly concluded that the giving of the Performance Bond is likely to promote the success of that subsidiary for the benefit of its members;

(iii) provides certified copies of the authorisation by every holding company of the subsidiary up to and including the holding company of the User, of the giving of the Performance Bond,

(the expressions "holding company" and "subsidiary" having the respective meanings assigned thereto by section 736, Companies Act 1985 as supplemented by section 144(3), Companies Act 1989) and which has throughout the validity period of the Performance Bond it gives in favour of The Company, a rating of at least A- in Standard and Poor's long term debt rating or A3 in Moody's long term debt rating or such lesser rating which The Company may in its absolute discretion allow by prior written notice given pursuant to a resolution of its board of directors for such period and on such terms as such resolution may specify provided that such company is not during such validity period put on any credit watch or any similar credit surveillance procedure which gives The Company reasonable cause to doubt that such company may not be able to maintain the aforesaid rating throughout the validity period of the Performance Bond and no other event has occurred which gives The Company reasonable cause to have such doubt;

### "Qualifying Guarantee"

a guarantee in favour of **The Company** in a form proposed by the **User** and agreed by **The Company** (whose agreement shall not be unreasonably withheld or delayed) and which is provided by an entity which holds an **Approved Credit Rating** provided that such guarantee

cannot secure a sum greater than the level of **User's Allowed Credit** that would be available to that entity in accordance with Paragraph 3.26 if it was a User;

"Rated MW"	as defined in the <b>Grid Code</b> ;
"Reactive Despatch Instruction"	an instruction relating to <b>Reactive Power</b> given by <b>The Company</b> to a <b>Generator</b> in accordance with <b>Grid Code BC2</b> ;
"Reactive Despatch Network Restriction"	as defined in the <b>Grid Code</b> ;
"Reactive Energy"	as defined in the <b>Balancing and Settlement Code</b> ;
"Reactive Power"	the product of voltage and current and the sine of the phase angle between them measured in units of voltamperes reactive and standard multiples thereof i.e.:- 1000 Var = 1Kvar 1000 Kvar = 1Mvar;
"Reactive Test"	a test conducted pursuant to <b>Grid Code OC 5.5.1</b> ;
"Reasonable Charges"	reasonable cost reflective charges comparable to charges for similar services obtainable in the open market;
"Reconciled Charge"	as defined in Paragraph 3.15.1 and like terms shall be construed accordingly;
"Reconciliation Settlement Run"	as defined in the <b>Balancing and Settlement Code</b> ;
"Reenergisation" or "Reenergised"	any <b>Energisation</b> after a <b>Deenergisation</b> ;
"Registered Capacity"	has the meaning given in the <b>Grid Code</b> ;
"Registered Data"	those items of <b>Standard Planning Data</b> and <b>Detailed Planning Data</b> which upon connection become fixed (subject to any subsequent changes);
"Registrant"	as defined in the <b>Balancing and Settlement Code</b> ;
"Regulations"	the Electricity Supply Regulations 1988 or any amendment or re-enactment thereof;
"Rejected Amendment <u>CUSC</u> "	an <u>Amendment <u>CUSC</u> Modification Proposal</u> in respect of which the <b>Authority</b> has decided



**Modification Proposal**"

not to direct **The Company** to modify the **Code** pursuant to the **Transmission Licence** in the manner set out herein;

**"Related Undertaking"**

in relation to **The Company** (and for the purposes of Paragraph 6.15, a **User**) means any undertaking in which **The Company** has a participating interest as defined by section 260(1) of the Companies Act 1985 as substituted by section 22 of the Companies Act 1989;

**"Release Date"**

as defined in Paragraph 2.22.2;

**"Relevant Embedded Medium Power Station"**

an **Embedded Medium Power Station** which is an **Exempt Power Station**, and does not intend to be the subject of a **Bilateral Agreement**;

**"Relevant Embedded Small Power Station"**

an **Embedded Small Power Station** that the **User** who owns or operates the **Distribution System** to which the **Embedded Small Power Station** intends to connect reasonably believes may have a significant system effect on the **National Electricity Transmission System**.

**"Relevant Interruption"**

an **Interruption** other than an **Allowed Interruption**;

**"Relevant Offshore Agreement"**

as defined in the **Transmission Licence**;

**"Relevant Party"**

as defined in Paragraph 8.16.10(a);

**"Relevant Transmission Licensee"**

means SP Transmission Limited in south of Scotland, Scottish Hydro- Electric Transmission Limited in north of Scotland and in respect of each Offshore Transmission System the Offshore Transmission Licensee for that Offshore Transmission System;

**"Remote Transmission Assets"**

any **Plant** and **Apparatus** or meters owned by **The Company** which (a) are embedded in a **Distribution System** or a **User System** and which are not directly connected by **Plant** and/or **Apparatus** owned by **The Company** to a **sub-station** owned by **The Company** and (b) are by agreement between **The Company** and such **Public Distribution System Operator** or **User** under the direction and control of such **Public Distribution System Operator** or **User**;

**"Replacement Period"**

in relation to a **Transmission Connection Asset**, the period commencing on the date on which such **Transmission Connection Asset** is or was originally **Commissioned**, after which it is assumed for accounting purposes such **Transmission Connection Asset** will need to



	<p>be replaced, which shall be 40 years except</p> <p>(a) in the case of <b>Transmission Connection Assets</b> located <b>Offshore</b> where it shall be 20 years, or</p> <p>(b) unless otherwise agreed between the <b>CUSC Parties</b> to a <b>Bilateral Agreement</b> and recorded in the relevant <b>Bilateral Agreement</b>;</p>
<b>"Reported Period(s) of Increase"</b>	the period of time during which a <b>User's Demand</b> increased not being more than 20 <b>Business Days</b> , as notified to <b>The Company</b> under paragraph 3.22.7 or paragraph 3.22.8.
<b>"Request for a Statement of Works"</b>	a request in the form or substantially in the form set out in Exhibit S to the <b>CUSC</b> .
<b>"Request for a STTEC Authorisation"</b>	a request made by a <b>User</b> in accordance with the terms Paragraph 6.31 for <b>Short Term Capacity</b> for a <b>STTEC</b> Period.
<b>"Requested LDTEC"</b>	the figure in MW for the <b>LDTEC Period</b> (not exceeding the maximum level in the <b>LDTEC Request</b> ) specified in the <b>User's</b> acceptance of the <b>LDTEC Indicative Block Offer</b> in accordance with paragraph 6.32.6.5.
<b>"Required Amount"</b>	as defined in Paragraph 2.21.2(c);
<b>"Required Sovereign Credit Rating"</b>	a long term debt rating of not less than A by Standard and Poor's Corporation or a rating not less than A2 by Moody's Investor Services or a short term rating which correlates to those long term ratings or an equivalent rating from any other reputable credit agency approved by <b>The Company</b> in respect of non local currency obligations;
<b>"Required Standard"</b>	in relation to an item of <b>Derogated Plant</b> , the respective standard required of that item (which shall not exceed that required by the <b>Grid Code</b> or the <b>Licence Standards</b> , as the case may be) as specified in or pursuant to the relevant <b>Derogation</b> ;
<b>"Requirements"</b>	shall mean an entity who throughout the validity period of the <b>Bilateral Insurance Policy, Insurance Performance Bond</b> or <b>Independent Security Arrangement</b> : <p>(a) holds a rating of at least A- in Standard and Poor's long term debt rating or A3 in Moody's long term debt rating provided that such entity is not during such validity</p>

period put on any credit watch or any similar credit surveillance which gives **The Company** reasonable cause to doubt that such entity may not be able to retain the aforesaid rating throughout the validity period; and

(b) the country of residence of such entity meets the **Required Sovereign Credit Rating**; and

(c) the security provided is **Enforceable**; and

(d) there are no material conditions preventing the exercise by **The Company** of its rights under the **Bilateral Insurance Policy, Insurance Performance Bond or Independent Security Arrangement**.

**"Resigning Alternate Member"**

As defined in Paragraph 8A.4.1.3

**"Resigning Panel Member"**

as defined in Paragraph 8A.4.1.

**"Response"**

**Primary Response, Secondary Response and High Frequency Response** or any of them as the case may be;

**"Response Energy Payment"**

that component of the payment for Mode A **Frequency Response** calculated in accordance with Paragraph 4.1.3.9A;

**"Restricted Export Level Payment"**

in respect of each **Restricted Export Level Period**, the payment for each day comprised within the **Restricted Export Level Period** or (where the **Restricted Export Level Period** starts or ends during a day) part of a day calculated as follows:

The higher of:

A. the £ per MW calculated by reference to the total TNUoS income derived from generators divided by the total system **Transmission Entry Capacity**, in each case using figures for the **Financial Year** prior to that in which the **System to Generator Operational Intertripping Scheme** trips, this is then divided by 365 to give a daily £ per MW rate; or

B. the actual £ per MW of the **User** (who requests in accordance with Clause 4.2A.4) by reference to the tariff in the **Use of System Charging Statement** for

the **Financial Year** in which the **System to Generator Operational Intertripping Scheme** trips divided by 365 to give a daily £ per MW rate.

A or B are then multiplied by:

the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the **Restricted MW Export Level**;

"**Restricted Export Level Period**"

as defined in Paragraph 4.2A.4(b)(ii):

"**Restricted MW Export Level**"

as defined in Paragraph 4.2A.2.1(c)(i):

"**Restrictions on Availability**"

is, in the context of a **Design Variation** or an **Offshore Connection**, the outage or reduction in capability as set out in the relevant **Notification of Restrictions on Availability**;

"**Retail Price Index**"

the general index of retail prices published by the Office for National Statistics each month in respect of all items or:

- (a) if the said index for any month in any year shall not have been published on or before the last day of the third month after such month such index for such month or months as the parties hereto agree produces as nearly as possible the same result shall be substituted or in default of the parties reaching agreement within six weeks after the last day of such three month period then as determined by a sole Chartered Accountant appointed by agreement by both parties or in the absence of agreement on the application of either party by the President of the **Electricity Arbitration Association** who shall act as an expert and whose decision shall be final and binding on the parties; or
- (b) if there is a material change in the basis of the said index, such other index as the parties agree produces as nearly as possible the same result shall be substituted or in default of the parties reaching agreement within six weeks after the occurrence of the material change in the basis of the said index then as determined by the sole Chartered Accountant appointed by agreement by

both parties or in the absence of agreement on the application of either party by the President of the **Electricity Arbitration Association** who shall act as an expert and whose decision shall be final and binding on the parties;

"Revised Indicative Annual HH TNUoS charge"	the value calculated in accordance with Appendix 2 paragraph 5.
"Revised Indicative Annual NHH TNUoS charge"	the value calculated in accordance with Appendix 2 paragraph 8.
"Safety Coordinator(s)"	a person or persons nominated by <b>The Company</b> and each <b>User</b> in relation to <b>Connection Points</b> (as defined in the <b>Grid Code</b> ) in England and Wales or nominated by the <b>Relevant Transmission Licensee</b> and each <b>User</b> in relation to <b>Connection Points</b> in Scotland or <b>Offshore</b> to be responsible for the co-ordination of <b>Safety Precautions</b> (as defined in the <b>Grid Code</b> ) at each <b>Connection Point</b> when work and/or testing is to be carried out on a system which necessitates the provision of Safety Precautions on HV <b>Apparatus</b> , pursuant to OC8;
"Safety Rules"	the rules of <b>The Company</b> , a <b>Relevant Transmission Licensee</b> or a <b>User</b> that seek to ensure that persons working on <b>Plant</b> and/or <b>Apparatus</b> to which the rules apply are safeguarded from hazards arising from the <b>System</b> ;
"Second Offer"	as defined in Paragraph 6.10.4;
"Secondary Response"	as defined in the <b>Grid Code</b> ;
"Secretary of State"	has the meaning given to that term in the <b>Act</b> ;
"Secured Amount Statement"	a statement accompanying the <b>Bi-annual Estimate</b> setting out the amount to be secured by the <b>User</b> under Paragraph 2.21 based on figures contained in the <b>Bi-annual Estimate</b> being the amount for which security shall be provided to <b>The Company</b> pursuant to that Paragraph such statement to be substantially in the form set out in Exhibit M to the <b>CUSC</b> ;
"Secured Event"	<u>as defined in the <b>Grid Code</b>;</u>
"Security Amendment"	the <b>Proposed Amendment</b> in respect of <b>Amendment Proposal 089\090\091</b> ;

<b>"Security Amendment Implementation Date"</b>	the <b>Implementation Date</b> of the <b>Security Amendment</b> ;
<b>"Security Amount"</b>	in respect of the <b>User</b> the aggregate of available amounts of each outstanding (a) <b>Letter of Credit</b> , (b) <b>Qualifying Guarantee</b> and (c) the principal amount (if any) of cash that the <b>User</b> has paid to the credit of the <b>Escrow Account</b> (and which has not been repaid to the <b>User</b> ); for the purpose of this definition, in relation to a <b>Letter of Credit</b> or <b>Qualifying Guarantee</b> "available amount" means the face amount thereof less (i) payments already made thereunder and (ii) claims made thereunder but not yet paid;
<b>"Security Cover"</b>	for each <b>User</b> , the <b>User's Security Requirement</b> less the <b>User's Allowed Credit</b> ;
<b>"Security Period"</b>	the period from 1 April to 30 June (inclusive), 1 July to 30 September (inclusive), 1 October to 31 December (inclusive), or 1 January to 31 March (inclusive) as appropriate.
<b><u>"Security and Quality of Supply Standard"</u></b>	<u>as defined in the <b>Grid Code</b>:</u>
<b>"Security Requirement"</b>	the aggregate amount for the time being which the <b>User</b> shall be required by <b>NGC</b> to provide and maintain by way of <b>Security Cover</b> and its <b>User's Allowed Credit</b> in accordance with Paragraph 3.22;
<b>"Security Standard"</b>	the <b>Security and Quality of Supply Standard</b> ;
<b>"Self-Governance Criteria"</b>	a <b>CUSC Modification Proposal</b> that, if implemented, <ul style="list-style-type: none"> <li>(a) is unlikely to have a material effect on: <ul style="list-style-type: none"> <li>(i) existing or future electricity consumers; and</li> <li>(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity; and</li> <li>(iii) the operation of the <b>National Electricity Transmission System</b>; and</li> <li>(iv) matters relating to sustainable development, safety or security of supply, or the management</li> </ul> </li> </ul>

of market or network emergencies; and

(v) the **CUSC**'s governance procedures or the **CUSC**'s modification procedures, and

(b) is unlikely to discriminate between different classes of **CUSC Parties**;

**"Self-Governance Statement"**

the statement made by the **CUSC Modifications Panel** and submitted to the **Authority**:

(a) confirming that, in its opinion, the **Self-Governance Criteria** are met and the **CUSC Modification Proposal** is suitable for the self-governance route; and

(b) providing a detailed explanation of the **CUSC Modification Panel**'s reasons for that opinion;

**"Separate Business"**

the **Transmission Business** taken separately from any other business of **The Company**, but so that where all or any part of such business is carried out by an **Affiliate** or **Related Undertaking** of **The Company** such part of the business as is carried out by that **Affiliate** or **Related Undertaking** shall be consolidated with any other such business of **The Company** (and of any other **Affiliate** or **Related Undertaking**) so as to form a single **Separate Business**;

**"Settlement Administration Agent (SAA)"**

as defined in the **Balancing and Settlement Code**;

**"Settlement Day"**

as defined in the **Balancing and Settlement Code**;

**"Settlement Period"**

as defined in the **Balancing and Settlement Code**;

**"Settlement Run"**

as defined in the **Balancing and Settlement Code**;

**"Short Term Capacity"**

the right to export on to the **National Electricity Transmission System** power in accordance with the provisions of **CUSC**.

**"Significant Code Review"**

a review of one or more matters which the **Authority** considers is likely to:

(a) relate to the **CUSC** (either on its own or in conjunction with other Industry Codes); and

(b) be of particular significance in relation to its principal objective and/or general duties (under section 3A of the Act), statutory functions and/or relevant obligations arising under EU law, and

concerning which the **Authority** has issued a notice to the **CUSC Parties** (among others, as appropriate) stating:

(i) that the review will constitute a significant code review;

(ii) the start date of the significant code review; and

(iii) the matters that will fall within the scope of the review;

**“Significant Code Review Phase”**

the period commencing on the start date of a **Significant Code Review** as stated in the noticed issued by the **Authority**, and ending either:

(a) on the date on which the **Authority** issues a statement that no directions will be issued in relation to the **CUSC**; or

(b) if no statement is made under (a), on the date on which **The Company** has made a **CUSC Modification Proposal** in accordance with Paragraph 8.17.5; or

(c) immediately, if neither a statement nor directions are issued by the **Authority** up to and including twenty eight (28) days from the **Authority’s** publication of its **Significant Code Review** conclusions;

**“Site Common Drawings”**

as defined in the **Grid Code**;

**“Site Load”**

the sum of the **BM Unit Metered Volumes (QM<sub>ij</sub>)**, expressed as a positive number, of **BM Units** within the **Trading Unit** with QM<sub>ij</sub> less than zero during the three **Settlement Periods** of the **Triad** (i.e.  $\sum QM_{ij}$  where  $QM_{ij} < 0$ ), which may comprise **Station Load** and **Additional Load**;

**“Site Responsibility Schedule”**

a schedule containing the information and prepared on the basis of the provisions set out in Appendix 1 of the **CC**;

**“Site Specific Maintenance Charge”**

the element of the **Connection Charges** relating to maintenance and repair calculated in

	accordance with the <b>Connection Charging Methodology</b> ;
"Site Specific Requirements"	those requirements reasonably required by <b>The Company</b> in accordance with the <b>Grid Code</b> at the site of connection of a <b>Relevant Embedded Medium Power Station</b> or a <b>Relevant Embedded Small Power Station</b> .
"Small Independent Generating Plant"	a <b>Medium Power Station</b> ;
"Small Participant"	(a) a generator, supplier, distributor, or new entrants to the electricity market in Great Britain that can demonstrate to the <b>Code Administrator</b> that it is resource-constrained and, therefore in particular need of assistance; (b) any other participant or class of participant that the <b>Code Administrator</b> considers to be in particular need of assistance; and (c) a participant or class of participant that the <b>Authority</b> has notified to the <b>Code Administrator</b> as being in particular need of assistance;
"Small Power Station"	as defined in the <b>Grid Code</b> ;
"Small Power Station Trading Party"	a <b>Trading Party</b> trading on behalf of one or more <b>Small Power Stations</b> whether owned by the <b>Trading Party</b> or another person;
"SMRS"	as defined in the <b>Balancing and Settlement Code</b> ;
"Sole Trading Unit"	as defined in the <b>Balancing and Settlement Code</b> ;
"Standard CUSC Modification Proposal"	<u>A <b>CUSC Modification Proposal</b> that is neither suitable for inclusion in a <b>Significant Code Review</b> nor meets the <b>Self-Governance Criteria</b>;</u>
"Statement of the Connection Charging Methodology"	the statement produced pursuant to and in accordance with Standard Condition C6 of the <b>Transmission Licence</b> , as modified from time to time;
"Statement of Use of System Charges"	the statement produced pursuant to and in accordance with Standard Condition C4 of the <b>Transmission Licence</b> , as modified from time to time;
"Statement of the Use of System Charging Methodology"	the statement produced pursuant to Standard Condition C5 of the <b>Transmission Licence</b> , as



modified from time to time;

**"Station Demand"**

in respect of any generating station and **Generator**, means that consumption of electricity (excluding any supply to any **Customer** of the relevant **Generator** who is neither such **Generator** nor a member of a qualifying group of which such **Generator** is a part) from the **National Electricity Transmission System** or a **Distribution System** at premises on the same site as such generating station, with premises being treated as on the same site as each other if they are:

- (i) the same premises;
- (ii) immediately adjoining each other;
- (iii) separated from each other only by road, railway or watercourse or by other premises (other than a pipe-line, electric line or similar structure) occupied by the consumer in question or by any other person who together with that consumer forms a qualifying group; and for the purpose of this definition "generating station" and "qualifying group" shall have the meanings given those expressions when used in the Electricity (Class Exemptions from the Requirement for a Licence) Order 1990;

**"Station Load"**

the **Station Load** is equal to the sum of the demand of **BM Units** solely comprising the **Station Transformers** within the **Power Station**. For the avoidance of doubt, **Station Load** excludes **BM Units** comprising **Additional Load**;

**"Station Transformer"**

has the meaning given in the **Grid Code**;

**"Steam Unit"**

a **Generating Unit** whose prime mover converts the heat energy in steam to mechanical energy;

**"STTEC"**

the figure in MW (if any) for the **STTEC Period** granted by **The Company** in accordance with Paragraph 6.31 of the **CUSC** and specified as such in Appendix C of the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement**.

**"STTEC Authorisation"**

the authorisation notified by **The Company** for **Short Term Capacity** in accordance with the terms of Paragraph 6.3.1.6.1 in response to a

## **Request for a STTEC Authorisation.**

<b>"STTEC Charge"</b>	being a component of the <b>Use of System Charges</b> which is made or levied by <b>The Company</b> and to be paid by the <b>User</b> for <b>STTEC</b> calculated in accordance with the <b>Charging Statements</b> .
<b>"STTEC Offer"</b>	an offer made by <b>The Company</b> for <b>Short Term Capacity</b> in accordance with the terms of Paragraphs 6.31.6.2 and 6.31.6.3 in response to an <b>Application for a STTEC Offer</b> .
<b>"STTEC Period"</b>	in the case of a <b>STTEC Authorisation</b> , a period of 28 days commencing on a Monday at 00.00 hours and finishing at 23.59 on a Sunday. In the case of a <b>STTEC Offer</b> , a period of either 28, 35, or 42 days (as specified by the <b>User</b> in its <b>STTEC Request Form</b> ) commencing on a Monday at 0.00 hours and finishing at 23.59 on a Sunday.
<b>"STTEC Request"</b>	either a <b>Request for a STTEC Authorisation</b> or an <b>Application for a STTEC Offer</b> .
<b>"STTEC Request Fee"</b>	the non-refundable fee to be paid by the <b>User</b> to <b>The Company</b> as detailed in the <b>Charging Statements</b> .
<b>"STTEC Request Form"</b>	the form set out in Exhibit P to the <b>CUSC</b> .
<b>"Subsidiary"</b>	has the meaning given to that term in section 736A of the Companies Act 1985;
<b>"Supplemental Agreement"</b>	an agreement entered into pursuant to clause 2 of the <b>MCUSA</b> ;
<b>"Supplier"</b>	a person who holds a <b>Supply Licence</b> ;
<b>"Supply Agreement"</b>	an agreement between a <b>Non-Embedded Customer</b> and a <b>Supplier</b> for the supply of electricity to the <b>Non-Embedded Customer's Connection Site</b> ;
<b>"Supplier Half Hourly Demand"</b>	means <b>BM Unit Metered Volumes (QM<sub>ij</sub>)</b> expressed as a positive number (i.e. $\sum QM_{ij}$ ) of the <b>Trading Unit</b> during the three <b>Settlement Periods</b> of the <b>Triad</b> due to half-hourly metered imports;
<b>"Supply Licence"</b>	a licence granted under section 6(1)(d) of the <b>Act</b> ;

"Supplier Non Half-Hourly Demand"	means <b>BM Metered Volumes (QM<sub>ij</sub>)</b> expressed as a positive number (i.e. $\sum QM_{ij}$ ) of the <b>Trading Unit</b> over the charging year between <b>Settlement Periods</b> 33 to 38 due to Non-half-hourly metered imports;
"Supplier Volume Allocation"	as defined in the <b>Balancing and Settlement Code</b> ;
"Synchronous Compensation"	the operation of rotating synchronous apparatus for the specific purpose of either generation or absorption of <b>Reactive Power</b> ;
"Synchronised"	the condition where an incoming <b>BM Unit</b> or <b>CCGT Unit</b> or <b>System</b> is connected to the busbars of another <b>System</b> so that the <b>Frequencies</b> and phase relationships of that <b>BM Unit</b> or <b>CCGT Unit</b> or the <b>System</b> , as the case may be, and the <b>System</b> to which it is connected are identical;
"System Ancillary Services"	<b>Mandatory Ancillary Services</b> and <b>Part 2 System Ancillary Services</b> ;
"System"	any <b>User System</b> or the <b>National Electricity Transmission System</b> as the case may be;
<u>"System to Generator Operational Intertripping"</u>	<u>as defined in the <b>Grid Code</b></u> ;
<u>"System to Generator Operational Intertripping Scheme"</u>	<u>as defined in the <b>Grid Code</b></u> ;
"System Operator - Transmission Owner Code or STC"	the <b>STC</b> entered into by <b>The Company</b> pursuant to the <b>Transmission Licence</b> as from time to time revised in accordance with the <b>Transmission Licence</b> ;
"Target Frequency"	the <b>Frequency</b> determined by <b>The Company</b> in its reasonable opinion as the desired operating <b>Frequency</b> of the <b>Total System</b> . This will normally be 50.00 Hz plus or minus 0.05 Hz, except in exceptional circumstances as determined by <b>The Company</b> in its reasonable opinion. An example of exceptional circumstances may be difficulties caused in operating the <b>System</b> during disputes affecting fuel supplies;
"TEC Increase Request"	a request for an increase in <b>Transmission Entry Capacity</b> pursuant to <b>CUSC</b> paragraph 6.30.2.

<b>"TEC Register"</b>	the register set up by <b>The Company</b> pursuant to Paragraph 6.30.3.1.
<b>"TEC Trade"</b>	a trade between parties of their respective <b>Transmission Entry Capacity</b> .
<b>"Tendered Capability Breakpoints"</b>	as defined in Paragraph 1.4 of Appendix 5 of Schedule 3, Part I;
<b>"Temporary Donated TEC"</b>	is the temporary MW reduction in the export rights of the <b>Temporary TEC Exchange Donor User</b> arising from acceptance of a <b>Temporary TEC Exchange Offer</b> .
<b>"Temporary Received TEC"</b>	is at any time the <b>Temporary TEC Exchange Rate</b> .
<b>"Temporary TEC Exchange Donor User"</b>	is a <b>User</b> that has jointly made a <b>Temporary TEC Exchange Rate Request</b> to reduce its rights to export for the duration of the <b>Temporary TEC Exchange Period</b> .
<b>"Temporary TEC Exchange Notification of Interest Form"</b>	is the form set out in Exhibit X to the <b>CUSC</b> .
<b>"Temporary TEC Exchange Offer"</b>	is an offer made by <b>The Company</b> for a <b>Temporary TEC Exchange Rate</b> in accordance with the terms of Paragraphs 6.34.4.6.
<b>"Temporary TEC Exchange Period"</b>	is a period within a <b>Financial Year</b> as specified in the <b>Temporary TEC Exchange Rate Request Form</b> being for a minimum of four weeks and commencing at 0.00 hours on a Monday and finishing at 23.59 on any given day no later than the last day of such <b>Financial Year</b> .
<b>"Temporary TEC Exchange Rate Request Fee"</b>	is the single fee to be paid to <b>The Company</b> for a <b>Temporary TEC Exchange Rate Request</b> as detailed in the <b>Charging Statements</b> .
<b>"Temporary TEC Exchange Rate Request Form"</b>	is the form set out in Exhibit W to the <b>CUSC</b> .
<b>"Temporary TEC Exchange Rate Request"</b>	is a joint application made by a <b>Temporary TEC Exchange Donor User</b> and a <b>Temporary TEC Exchange Recipient User</b> for a <b>Temporary TEC Exchange Rate Offer</b> .
<b>"Temporary TEC Exchange Rate"</b>	is a weekly profile of the additional export rights in MW available to the

**Temporary TEC Exchange Recipient User** as a direct result of the temporary reduction in export rights in MW of the **Temporary TEC Exchange Donor User**.

"Temporary TEC Exchange Recipient User"	is a <b>User</b> that has jointly made a <b>Temporary TEC Exchange Rate Request</b> to increase its rights to export for the duration of the <b>Temporary TEC Exchange Period</b> .
"Temporary TEC Trade Exchange"	a trade made pursuant to CUSC Paragraph 6.34
"Tenders"	as defined in Paragraph 3.3 of Schedule 3, Part I;
"Tenderers"	as defined in Paragraph 3.3 of Schedule 3, Part I;
"Tender Period"	as defined in Paragraph 3.3 of Schedule 3, Part I;
"Term"	without prejudice to the interpretation of <b>Term</b> in respect of <b>Users</b> acting in other capacities, for <b>Users</b> acting in respect of their <b>Connection Sites</b> which were not <b>Commissioned</b> at the <b>Transfer Date</b> , it means the term of the relevant <b>Bilateral Connection Agreement</b> commencing on the date of the <b>Bilateral Connection Agreement</b> and ending in accordance with Clause 9 of that agreement;
"Termination Amount"	in relation to a <b>Connection Site</b> , the amount calculated in accordance with the <b>Charging Statements</b> ;
"The Company"	National Grid Electricity Transmission plc (No: 2366977) whose registered office is at 1-3 Strand, London, WC2N 5EH;
"The Company Credit Rating"	any one of the following:- (a) a credit rating for long term debt of A- and A3 respectively as set by Standard and Poor's or Moody's respectively; (b) an indicative long term private credit rating of A- and A3 respectively as set by Standard and Poor's or Moody's as

the basis of issuing senior unsecured debt;

(c) a short term rating by Standard and Poor's or Moody's which correlates to a long term rating of A- and A3 respectively; or

(d) where the **User's Licence** issued under the Electricity Act 1989 (as amended by the Utilities Act 2000) requires that User to maintain a credit rating, the credit rating defined in that **User's Licence**.

**"The Company's Engineering Charges"**

the charges levied by **The Company** in relation to an application for connection and/or use of the **National Electricity Transmission System**;

**"Third Party Claim"**

as defined in Paragraph 7.5.3;

**"Third Party Works"**

in relation to a particular **User** those works, defined as such in its **Construction Agreement**; being works undertaken on assets belonging to someone other than **The Company** or the **User** where such works are required by **The Company** to enable it to provide the connection to and/or use of the **National Electricity Transmission System** by the **User** or required as a consequence of connection to and/or use of the **National Electricity Transmission System** by the **User**; the **National Electricity Transmission System** and all **User Systems** in **Great Britain** and **Offshore**;

**"Total System"**

**"Total System Chargeable HH Demand"**

the total of all half-hourly metered **Demands** for which **HH Charges** are paid, taken over a period of time which may or may not be that to which **HH Charges** relate.

**"Total System Chargeable NHH Demand"**

the total of all half-hourly metered **Demands** for which **NHH Charges** are paid, taken over a period of time which may or may not be that to which **NHH Charges** relate.

**"Trading Party"**

as defined in the **Balancing and Settlement**

	<b>Code;</b>
"Trading Unit"	as defined in the <b>Balancing and Settlement Code</b> ;
"Transfer Date"	"24.00" hours on 30th March 1990;
"Transfer Scheme"	schemes made under sections 65 and 66 of the <b>Act</b> and effected on the <b>Transfer Date</b> ;
"Transmission"	means, when used in conjunction with another term relating to equipment, whether defined or not, that the associated term is to be read as being part of or directly associated with the <b>National Electricity Transmission System</b> and not of or with the <b>User System</b> ;
"Transmission Business"	the authorised business of <b>The Company</b> or any <b>Affiliate</b> or <b>Related Undertaking</b> in the planning, development, construction and maintenance of the <b>National Electricity Transmission System</b> (whether or not pursuant to directions of the Secretary of State made under section 34 or 35 of the <b>Act</b> ) and the operation of such system for the transmission of electricity, including any business in providing connections to the <b>National Electricity Transmission System</b> but shall not include (i) any other <b>Separate Business</b> or (ii) any other business (not being a <b>Separate Business</b> ) of <b>The Company</b> or any <b>Affiliate</b> or <b>Related Undertaking</b> in the provision of services to or on behalf of any one or more persons;
"Transmission Charging Methodology Forum"	the charging methodology forum (and related arrangements) established to facilitate meetings between <b>The Company</b> and any other persons whose interests are materially affected by the applicable <b>Charging Methodologies</b> for the purpose of discussing the further development of the applicable <b>Charging Methodologies</b> ;
"Transmission Connection Assets"	the <b>Transmission Plant</b> and <b>Transmission Apparatus</b> necessary to connect the <b>User's Equipment</b> to the <b>National Electricity Transmission System</b> at any particular <b>Connection Site</b> in respect of which <b>The Company</b> charges <b>Connection Charges</b> (if any) as listed or identified in Appendix A to the <b>Bilateral Connection Agreement</b> relating to each such <b>Connection Site</b> ;
"Transmission Connection Asset"	in relation to a particular <b>User</b> , as defined in its

<b>Works"</b>	<b>Construction Agreement;</b>
<b>"Transmission Entry Capacity"</b>	the figure specified as such as set out in Appendix C of the relevant <b>Bilateral Connection Agreement</b> or <b>Bilateral Embedded Generation Agreement;</b>
<b>"Transmission Licence"</b>	the licence granted to <b>The Company</b> under section 6(1)(b) of the <b>Act;</b>
<b>"Transmission Licences"</b>	the licence granted to <b>The Company</b> , SP Transmission Limited and Scottish Hydro Electric Transmission Limited under the Act; <i>[Note: There is potential for confusion over the use of the singular to refer to The Company's licence and the plural to refer to all three licences and it may be helpful to distinguish between the two terms more clearly]</i>
<b>"Transmission Network Services"</b>	as defined in the <b>Transmission Licence;</b>
<b>"Transmission Network Use of System Charges"</b>	the element of <b>Use of System Charges</b> payable in respect of <b>Transmission Network Services</b> (including for the avoidance of doubt <b>Transmission Network Use of System Demand Reconciliation Charges</b> and <b>ET Use of System Charges</b> );
<b>"Transmission Network Use of System Demand Charges"</b>	that element of <b>Transmission Network Use of System Charges</b> relating to <b>Demand;</b>
<b>"Transmission Network Use of System Demand Zone"</b>	each of the zones identified by <b>The Company</b> in the <b>Charging Statements</b> for charging of <b>Transmission Network Use of System Charges</b> in relation to <b>Demand;</b>
<b>"Transmission Network Use of System Demand Reconciliation Charges"</b>	sums payable by the <b>User</b> to <b>The Company</b> under invoices issued to the <b>User</b> pursuant to Paragraph 3.12.7;
<b>"Transmission Owner Activity"</b>	The Function of the Transmission Licensees' Transmission Business as defined in the <b>Transmission Licences;</b>
<b>"Transmission Related Agreement"</b>	an agreement between <b>The Company</b> and a <b>User</b> substantially in the form of Schedule 2 Exhibit 5;
<b>"Transmission Services Activity"</b>	as defined in the <b>Transmission Licence;</b>
<b>"Transmission Services Use of System Charges"</b>	the element of <b>Use of System Charges</b> payable in respect of the <b>Transmission</b>



## Services Activity;

"Transmission Reinforcement Works"	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> or <b>BELLA</b> as appropriate;
"Transmission Voltage"	In Scotland voltages of 132kV and above; in England and Wales voltages above 132kV – usually 275kV and 400kV;
"Transmission Works Register"	the register set up by <b>The Company</b> pursuant to Paragraph 6.36.1;
"Transmission Works"	in relation to a particular <b>User</b> , those works which are specified in Appendix H to the relevant <b>Construction Agreement</b> , where Part 1 is works required for the <b>User</b> and Part 2 is works required for wider system reasons;
"Triad"	is used as a short hand way to describe the three <b>Settlement Periods</b> of highest transmission systems <b>Demand</b> , namely the half hour <b>Settlement Period</b> of system peak <b>Demand</b> and the two half hour <b>Settlement Periods</b> of next highest <b>Demand</b> , which are separated from the system peak <b>Demand</b> and from each other by at least <b>10 Clear Days</b> , between November to February inclusive;
"Undertaking"	as defined in section 259 of the Companies Act 1985;
"Unsecured Credit Cover"	the maximum amount of unsecured credit available to each <b>User</b> for the purposes of Part III of Section 3 of the <b>CUSC</b> at any time which shall be a sum equal to 2% of the <b>NGC Prescribed Level</b> in the relevant <b>Financial Year</b> ;
"Unusual Load Characteristics"	loads which have characteristics which are significantly different from those of the normal range of domestic, commercial and industrial loads (including loads which vary considerably in duration or magnitude).
"Urgent Amendment <u>CUSC Modification Proposal</u> "	an <u>Amendment CUSC Modification Proposal</u> treated or to be treated as an <b>Urgent Amendment CUSC Modification Proposal</b> in accordance with Paragraph 8.21 <del>24</del> ;
"Use of System"	use of the <b>National Electricity Transmission System</b> for the transport of electricity by any <b>Authorised Electricity Operator</b> or <b>Interconnector User</b> or <b>Interconnector Error Administrator</b> ;
"Use of System Application"	an application for a <b>Bilateral Embedded Generation Agreement</b> or for <b>Use of System</b>

in the form or substantially in the form set out in Exhibit D or F to the **CUSC** as appropriate;

**"Use of System Charges"**

charges made or levied or to be made or levied by **The Company** for the provision of services as part of the **Transmission Business** to any **Authorised Electricity Operator** as more fully described at Standard Condition C4 and C5 of the **Transmission Licence** and in the **Bilateral Agreements** and Section 3 and Section 9 Part II and as amended in accordance with Standard Condition C13 of the **Transmission Licence** but shall not include **Connection Charges**;

**"Use of System Charging Methodology"**

as defined in the **Transmission Licence** and set out in Section x;

**"Use of System Interconnector Confirmation Notice"**

the part of the **Use of System Interconnector Offer and Confirmation Notice** by which **The Company** confirms the use of the **National Electricity Transmission System** by an **Interconnector User** or an **Interconnector Error Administrator**;

**"Use of System Interconnector Offer and Confirmation Notice"**

the notice which combines the offer and confirmation in relation to the use of the **National Electricity Transmission System** by an **Interconnector User** or an **Interconnector Error Administrator**, in the form set out in Exhibit H to the **CUSC**;

**"Use of System Interconnector Offer Notice"**

the part of the **Use of System Interconnector Offer and Confirmation Notice** by which **The Company** offers an **Interconnector User** or an **Interconnector Error Administrator** use of the **National Electricity Transmission System**;

**"Use of System Offer"**

an offer (or in the case of a use of system generation offer and where appropriate, offers) made by **The Company** to a **User** pursuant to Paragraph 3.7 or 9.21 substantially in the form of Exhibit G (**Use of System Supply Offer**) or Exhibit E (**Use of System Generation Offer**) or Exhibit H (**Use of System Interconnector Offer**) to the **CUSC**;

**"Use of System Payment Date"**

the date for payment of **Use of System Charges**;

**"Use of System Supply Confirmation Notice"**

the part of the **Use of System Supply Offer and Confirmation Notice** by which **The Company** confirms the use of the **National**

	<b>Electricity Transmission System</b> by a <b>Supplier</b> ;
<b>"Use of System Supply Offer and Confirmation Notice"</b>	the notice which combines the offer and confirmation in relation to the use of the <b>National Electricity Transmission System</b> by a <b>Supplier</b> , in the form set out in Exhibit G to the <b>CUSC</b> ;
<b>"Use of System Supply Offer Notice"</b>	the part of the <b>Use of System Supply Offer and Confirmation Notice</b> by which <b>The Company</b> offers a <b>Supplier</b> use of the <b>National Electricity Transmission System</b> ;
<b>"Use of System Termination Notice"</b>	the notice to be given to terminate <b>Use of System</b> by a <b>Supplier</b> or an <b>Interconnector User</b> , or an <b>Interconnector Error Administrator</b> in accordance with the <b>CUSC</b> ;
<b>"User"</b>	a person who is a party to the <b>CUSC Framework Agreement</b> other than <b>The Company</b> ;
<b>"User Development"</b>	shall have the meaning set out in the <b>Connection Application</b> or the <b>Use of System Application</b> as the case may be;
<b>"User's Allowed Credit"</b>	that proportion of the <b>Unsecured Credit Cover</b> extended to a <b>User</b> by <b>NGC</b> as calculated in accordance with Paragraph 3.26;
<b>"User's Equipment"</b>	the <b>Plant</b> and <b>Apparatus</b> owned by a <b>User</b> (ascertained in the absence of agreement to the contrary by reference to the rules set out in Paragraph 2.12) which: (a) is connected to the <b>Transmission Connection Assets</b> forming part of the <b>National Electricity Transmission System</b> at any particular <b>Connection Site</b> to which that <b>User</b> wishes so to connect, or (b) is connected to a <b>Distribution System</b> to which that <b>User</b> wishes so to connect;
<b>"User's Licence"</b>	a <b>User's</b> licence to carry on its business granted pursuant to Section 6 of the <b>Act</b> ;
<b>"User System"</b>	any system owned or operated by a <b>User</b> comprising <b>Generating Units</b> and/or <b>Distribution Systems</b> (and/or other systems consisting (wholly or mainly) of electric lines which are owned or operated by a person other than a <b>Public Distribution System Operator</b> and <b>Plant</b> and/or <b>Apparatus</b> connecting <b>Generating Units</b> , <b>Distribution Systems</b>

(and/or other systems consisting wholly or mainly of electric lines which are owned or operated by a person other than a **Public Distribution System Operator** or **Non-Embedded Customers** to the **National Electricity Transmission System** or (except in the case of **Non-Embedded Customers**) to the relevant other **User System**, as the case may be, including any **Remote Transmission Assets** operated by such **User** or other person and any **Plant** and/or **Apparatus** and meters owned or operated by such **User** or other person in connection with the distribution of electricity but does not include any part of the **National Electricity Transmission System**;

"Valid"	valid for payment to be made thereunder against delivery of a <b>Notice of Drawing</b> given within the period stated therein;
"Value Added Tax"	United Kingdom value added tax or any tax supplementing or replacing the same;
"Value At Risk Amendment"	the <b>Proposed Amendment</b> in respect of <b>Amendment Proposal 127</b> .
"Value At Risk Amendment Implementation Date"	the <b>Implementation Date</b> of the <b>Value At Risk Amendment</b> .
"Value At Risk Amendment Implementation End Date"	the date one year following the <b>Value At Risk Amendment Implementation Date</b> .
<u>"Website"</u>	<u>the site established by <b>The Company</b> on the World-Wide Web for the exchange of information among <b>CUSC Parties</b> and other interested persons in accordance with such restrictions on access as may be determined from time to time by <b>The Company</b>;</u>
"Week"	means a period of seven <b>Calendar Days</b> commencing at 05.00 hours on a Monday and terminating at 05.00 hours on the next following Monday;
"Weekly Maximum Generation Declaration"	has the meaning attributed to it in Paragraph 4.2.3.1;
" <del>Working Group</del> <u>Workgroup</u> "	a <del>Working Group</del> <u>Workgroup</u> established by the <del>Amendments</del> <u>CUSC Modifications</u> Panel pursuant to Paragraph 8.17 <u>20.1</u> ;

**"~~Working Group~~Workgroup  
Consultation"**

As defined in Paragraph 8.1720.10, and any further consultation which may be directed by the **AmendmentsCUSC Modifications Panel** pursuant to Paragraph 8.1720.17;

**"WG Consultation Alternative Request"**

any request from a **CUSC Party, a BSC Party or the National Consumer Council** –for a ~~Working Group~~Workgroup **Alternative AmendmentCUSC Modification** be developed by the ~~Working Group~~Workgroup expressed as such and which contains the information referred to at Paragraph 8.1720.13. For the avoidance of doubt any **WG Consultation Alternative Request** does not constitute either an ~~AmendmentCUSC Modification Proposal~~ or a Workgroup Alternative CUSC Modification; *[Note: This amendment should have been made pursuant to CAP180]*

**"~~Working Group~~Workgroup  
Alternative AmendmentCUSC  
Modification"**

An alternative ~~amendment~~modification to the **AmendmentCUSC Modification Proposal** developed by the ~~Working Group~~Workgroup under the ~~Working Group~~Workgroup terms of reference (either as a result of a ~~Working Group~~Workgroup **Consultation** or otherwise) and which is believed by a majority of the members of the ~~Working Group~~Workgroup or by the chairman of the ~~Working Group~~Workgroup to better facilitate the **Applicable CUSC Objectives** than the **AmendmentCUSC Modification Proposal** or the current version of the **CUSC**;

**END OF SECTION 11**

## **PART 6 – LEGAL TEXT: CUSC SECTION 11 (CLEAN)**

Part 6 of Volume 2 includes the proposed consolidated changes to CUSC Section 11 arising from CAPs 183, 184, 185 and 188. The change marking has been removed from this version of the proposed legal text to make it easier to read.

## **CUSC - SECTION 11**

### **INTERPRETATION AND DEFINITIONS**

#### **CONTENTS**

- 11.1 Introduction
- 11.2 Interpretation and Construction
- 11.3 Definitions

***[Note: Definitions from Charging Methodologies have been incorporated, but not yet fully harmonised with CUSC or updated]***

## SECTION 11

### INTERPRETATION AND DEFINITIONS

#### 11.1 INTRODUCTION

This Section sets out general rules to be applied in interpreting the **CUSC, Bilateral Agreements, Construction Agreements** and **Mandatory Services Agreements**. It also sets out the defined terms used by the **CUSC** (other than those defined elsewhere in the **CUSC**) and other agreements. Those other agreements may, in accordance with Paragraph 11.2.2, have their own further interpretation rules and defined terms which apply only to the individual agreements.

#### 11.2 INTERPRETATION AND CONSTRUCTION:

11.2.1 In the **CUSC** and in each **Bilateral Agreement** and in each **Mandatory Services Agreement** and each **Construction Agreement**:

- (a) the interpretation rules in this Paragraph 11.2; and
- (b) the words and expressions defined in Paragraph 11.3,

shall, unless the subject matter or context otherwise requires or is inconsistent therewith, apply.

11.2.2 Save as otherwise expressly provided in the **CUSC**, in the event of any inconsistency between the provisions of any **Bilateral Agreement, Mandatory Services Agreement** or **Construction Agreement** and the **CUSC**, the provisions of the **Bilateral Agreement** or **Mandatory Services Agreement** or **Construction Agreement** shall prevail in relation to the **Connection Site** which is the subject thereof to the extent that the rights and obligations of **Users** not party to that **Bilateral Agreement, Mandatory Services Agreement** or **Construction Agreement** are not affected.

11.2.3 If in order to comply with any obligation in the **CUSC**, any **Bilateral Agreement** or any **Construction Agreement** any **CUSC Party** is under a duty to obtain the consent or approval (including any statutory licence or permission) ("the **Consent**") of a third party (or the **Consent** of another **CUSC Party**) such obligation shall be deemed to be subject to the obtaining of such **Consent** which the **CUSC Party** requiring the **Consent** shall use its reasonable endeavours to obtain including (if there are reasonable grounds therefor) pursuing any appeal in order to obtain such **Consent**.

11.2.4 If such **Consent** is required from any **CUSC Party** then such **CUSC Party** shall grant such **Consent** unless it is unable to do so or it would be unlawful for it to do so provided that such grant by such **CUSC Party** may be made subject to such reasonable conditions as such **CUSC Party** shall reasonably determine.

11.2.5 For the avoidance of doubt if the **CUSC Party** who is under a duty to obtain such **Consent** fails to obtain such **Consent** having complied with this Paragraph 11.2 the obligation on that **CUSC Party** (in relation to which such **Consent** is required) shall cease.



11.2.6 In the **CUSC** and in each **Bilateral Agreement** and in each **Mandatory Services Agreement** and each **Construction Agreement**:

- (a) unless the context otherwise requires all references to a particular Paragraph, Part, Section, Schedule or Exhibit shall be a reference to that Paragraph, Part, Section, Schedule or Exhibit in or to the **CUSC** and all references to a particular Appendix shall be a reference to that Appendix to a **Bilateral Agreement** or **Mandatory Services Agreement** or **Construction Agreement** (as the case may be);
- (b) a table of contents and headings are inserted for convenience only and shall be ignored in construing the **CUSC** or a **Bilateral Agreement**, **Construction Agreement** or **Mandatory Services Agreement** as the case may be;
- (c) references to the words "include" or "including" are to be construed without limitation to the generality of the preceding words;
- (d) unless the context otherwise requires any reference to an Act of Parliament or any part or section or other provision of or schedule to an Act of Parliament shall be construed, at the particular time, as including a reference to any modification, extension or re-enactment thereof then in force and to all instruments, orders or regulations then in force and made under or deriving validity from the relevant Act of Parliament; and
- (e) references to the masculine shall include the feminine and references in the singular shall include the plural and vice versa and words denoting persons shall include any individual, partnership, firm, company, corporation, joint venture, trust, association, organisation or other entity, in each case whether or not having separate legal personality.

### 11.3 DEFINITIONS

The following terms shall have the following meanings:

"10 Clear Days"	defined as 10 complete periods of 24 hours from 00:00hrs to 24:00hrs;
"ABSVD Methodology Statement"	the document entitled "Applicable Balancing Services Volume Data Methodology Statement", as published by <b>The Company</b> as the same may be amended from time to time;
"Accession Agreement"	an agreement in or substantially in the form of Exhibit A to the <b>CUSC</b> whereby an applicant accedes to the <b>CUSC Framework Agreement</b> ;
"Acceptance Volume"	as defined in the <b>Balancing and Settlement Code</b> ;
"Act"	the Electricity Act 1989;
"Active Power"	the product of voltage and the in-phase component of alternating current measured in

units of watts and standard multiples thereof i.e.

1000 watts = 1kW  
1000 kW = 1MW  
1000 MW = 1GW  
1000 GW = 1TW;

**"Actual Amount"**

as defined in Paragraph 3.13;

**"Additional Load"**

**Site Load** other than **Station Load** and importing **Generating Units** for processes other than the production of electricity;

**"Additional Scheduling Data"**

as defined in the **Grid Code** on the day prior to the **NETA Go-live Date**;

**"Adjusted LDTEC Profile"**

the **LDTEC Profile** as adjusted by the MW cap specified by the **User** in its acceptance of the **LDTEC Block Offer** in accordance with **CUSC** Paragraph 6.32.6.4.

<b>"Affected User"</b>	<p>a <b>User</b>:</p> <p>a) with <b>Transmission Entry Capacity</b> for the <b>Connection Site</b> against which the affected <b>BM Unit</b> is registered and who is paying or in receipt of generator <b>Transmission Network Use of System Charges</b> by reference to such <b>Transmission Entry Capacity</b>; or</p> <p>b) an <b>Interconnector Owner</b>;</p>
<b>"Affiliate"</b>	<p>in relation to <b>The Company</b> (and in relation to Paragraphs 6.14 and 8A.4.2.2, any <b>User</b>) means any holding company or subsidiary of <b>The Company</b> (or the <b>User</b> as the case may be) or any subsidiary of a holding company of <b>The Company</b> (or the <b>User</b> as the case may be), in each case within the meaning of sections 736, 736A and 736B of the Companies Act 1985 as substituted by section 144 of the Companies Act 1989;</p>
<b>"Agency Business"</b>	<p>any business of <b>The Company</b> or any <b>Affiliate</b> or <b>Related Undertaking</b> in the purchase or other acquisition or sale or other disposal of electricity as agent for any other <b>Authorised Electricity Operator</b>;</p>
<b>"Agreed Ancillary Services"</b>	<p><b>Part 2 System Ancillary Services and Commercial Ancillary Services</b>;</p>
<b>"Agreed Value"</b>	<p>the value attributed by <b>The Company</b> to the form of security provided that if <b>The Company</b> and the <b>User</b> cannot agree on such value then the value will be determined by an expert appointed by <b>The Company</b> and the <b>User</b> or, failing their agreement as to the expert, the expert nominated by the Director General of The Institute of Credit Management;</p>
<b>"Alternate Election Process"</b>	<p>As defined in Paragraph 8A.4.4.2</p>
<b>"Alternate Members"</b>	<p>persons appointed as such pursuant to Paragraph 8.7.2;</p>
<b>"Alternate Member Interim Vacancies"</b>	<p>as defined in Paragraph 8A.4.3.3</p>
<b>"Allowed Interruption"</b>	<p>shall mean an <b>Interruption</b> as a result of any of the following:</p> <p>a) an <b>Event</b> other than an <b>Event</b> on the <b>National Electricity Transmission</b></p>

**System;**

- b) an event of **Force Majeure** pursuant to Paragraph 6.19 of the **CUSC**;
- c) a **Total Shutdown** or **Partial Shutdown**;
- d) action taken under the **Fuel Security Code**;
- e) **Disconnection** or **Deenergisation** by or at the request of **The Company** under Section 5 of the **CUSC**, except in the case of an **Emergency Deenergisation Instruction**;
- f) the result of a direction of the Authority or **Secretary of State**;
- g) tripping of the **User's Circuit Breaker(s)** following receipt of a signal from a **System to Generator Operational Intertripping Scheme** which has been armed in accordance with Paragraph 4.2A.2.1(b).

or if provided for in a **Bilateral Agreement** with the affected **User**;

**"Ancillary Services"**

**System Ancillary Services** and/or **Commercial Ancillary Services** as the case may be;

**"Ancillary Services Agreement"**

an agreement between **The Company** and a **User** or other person to govern the provision of and payment for one or more **Ancillary Services**, which term shall include without limitation a **Mandatory Services Agreement**;

**"Annual Average Cold Spell (ACS) Conditions"**

a particular combination of weather elements which gives rise to a level of peak **Demand** within an **The Company Financial Year** which has a 50% chance of being exceeded as a result of weather variation alone;

**"Apparatus"**

all equipment in which electrical conductors are used, supported or of which they may form a part;

<b>"Applicant"</b>	a person applying for connection and/or use of system under the <b>CUSC</b> ;
<b>"Applicable CUSC Objectives"</b>	as defined in the <b>Transmission Licence</b> ;
<b>"Applicable Value"</b>	The highest contractual <b>Transmission Entry Capacity</b> figure for year "t" provided to <b>The Company</b> up to and including 31 October in year "t-1" for publication in the October update of the <b>Seven Year Statement</b> ;
<b>"Application for a STTEC"</b>	an application made by a <b>User</b> in accordance with the <b>Offer</b> " Paragraph 6.31 for <b>Short Term Capacity</b> for a <b>STTEC Period</b> .
<b>"Approved Agency"</b>	the panel of three independent assessment agencies appointed by <b>NGC</b> and other network operators from time to time for the purpose of providing <b>Independent Credit Assessments</b> details of such agencies to be published on the <b>NGC Website</b> ;
<b>"Approved CUSC Modification"</b>	as defined in Paragraph 8.23.7;
<b>"Applicable Balancing Services Volume Data"</b>	has the meaning given in the <b>Balancing and Settlement Code</b>
<b>"Approved Credit Rating"</b>	a long term debt rating of not less than BB- by Standard and Poor's Corporation or a rating not less than Ba3 by Moody's Investor Services, or a short term rating which correlates to those long term ratings, or an equivalent rating from any other reputable credit agency approved by <b>The Company</b> ; or such other lower rating as may be reasonably approved by <b>The Company</b> from time to time;
<b>"Authorised Electricity Operator"</b>	any person (other than <b>The Company</b> in its capacity as operator of the <b>National Electricity Transmission System</b> ) who is authorised to generate, participate in the transmission of, distribute or supply electricity and for the purposes of Standard Condition C4 of the <b>Transmission Licence</b> shall include any person who has made application to be so authorised which application has not been refused and any person transferring electricity to or from <b>Great Britain</b> across an interconnector or who has made application for use of interconnector which has not been refused;

<b>"Authorised Recipient"</b>	in relation to any <b>Protected Information</b> , means any <b>Business Person</b> who, before the <b>Protected Information</b> had been divulged to him by <b>The Company</b> or any <b>Subsidiary of The Company</b> , had been informed of the nature and effect of Paragraph 6.15.1 and who requires access to such <b>Protected Information</b> for the proper performance of his duties as a <b>Business Person</b> in the course of <b>Permitted Activities</b> ;
<b>"Authority"</b>	the Director General of Electricity Supply appointed for the time being pursuant to section 1 of the <b>Act</b> or, after the coming into force of section 1 of the Utilities Act 2000, the Gas and Electricity Markets Authority established by that section;
<b>"Available LDTEC"</b>	is the level of MW for an <b>LDTEC Week</b> as notified by <b>NGC</b> to a <b>User</b> in (in the case of the first seven <b>LDTEC Weeks</b> ) the <b>LDTEC Indicative Block Offer</b> and for subsequent <b>LDTEC Weeks</b> in an <b>LDTEC Availability Notification</b> .
<b>"Back Stop Date"</b>	in relation to an item of <b>Derogated Plant</b> , the date by which it is to attain its <b>Required Standard</b> , as specified in or pursuant to the relevant <b>Derogation</b> ;
<b>"Balancing and Settlement Code" or "BSC"</b>	as defined in the <b>Transmission Licence</b> ;
<b>"Balancing Code" or "BC"</b>	as defined in the <b>Grid Code</b> ;
<b>"Balancing Mechanism"</b>	as defined in the <b>Transmission Licence</b> ;
<b>"Balancing Services"</b>	as defined in the <b>Transmission Licence</b> ;
<b>"Balancing Services Activity"</b>	as defined in the <b>Transmission Licence</b> ;
<b>"Balancing Services Agreement"</b>	an agreement between <b>The Company</b> and a <b>User</b> or other person governing the provision of and payment for one or more <b>Balancing Services</b> ;
<b>"Balancing Services Use of System Charges"</b>	the element of <b>Use of System Charges</b> payable in respect of the <b>Balancing Services Activity</b> ;
<b>"Balancing Services Use of System Reconciliation Statement"</b>	as defined in Paragraph 3.15.1

"Bank Account"	a separately designated bank account in the name of <b>The Company</b> at such branch of Barclays Bank PLC, or such branch of any other bank, in the City of London as is notified by <b>The Company</b> to the <b>User</b> , bearing interest from (and including) the date of deposit of principal sums to (but excluding) the date of withdrawal of principal sums from such account, mandated for withdrawal of principal solely by <b>The Company</b> against delivery of a <b>Notice of Drawing</b> for the amount demanded therein and mandated for the transfer of any interest accrued to the <b>Bank Account</b> to such bank account as the <b>User</b> may specify;
"Base Rate"	in respect of any day, the rate per annum which is equal to the base lending rate from time to time of Barclays Bank PLC as at the close of business on the immediately preceding <b>Business Day</b> ;
"Base Value at Risk"	The sum of HH Base Value at Risk and the NHH Base Value at Risk
"BELLA Application"	an application for a <b>BELLA</b> in the form or substantially in the form set out in Exhibit Q;
"BELLA Offer"	an offer for a <b>BELLA</b> in the form or substantially the form set out in Exhibit R including any revision or extension of such offer;
"Bi-annual Estimate"	an estimate pursuant to Paragraph 2.21.2 of all payments to be made or which may be required to be made by the <b>User</b> in any relevant period, such estimate to be substantially in the form set out in Exhibit L to the <b>CUSC</b> ;
"Bid"	as defined in the <b>Balancing and Settlement Code</b> ;
"Bid-Offer Acceptance"	as defined in the <b>Balancing and Settlement Code</b> ;
"Bid-Offer Volume"	as defined in the <b>Balancing and Settlement Code</b> ;
"Bilateral Agreement"	in relation to a <b>User</b> , a <b>Bilateral Connection Agreement</b> or a <b>Bilateral Embedded Generation Agreement</b> , or a <b>BELLA</b> between <b>The Company</b> and the <b>User</b> ;
"Bilateral Connection Agreement"	an agreement entered into pursuant to Paragraph 1.3.1 a form of which is set out in

	Exhibit 1 to <b>Schedule 2</b> ;
<b>"Bilateral Embedded Generation Agreement"</b>	an agreement entered into pursuant to Paragraph 1.3.1, a form of which is set out in Exhibit 2 to <b>Schedule 2</b> ;
<b>"Bilateral Embedded Licence exemptable Large power station Agreement" or "BELLA"</b>	an agreement in respect of an <b>Embedded Exemptable Large Power Station</b> entered into pursuant to Paragraph 1.3.1, a form of which is set out in Exhibit 5 to <b>Schedule 2</b> ;
<b>"Bilateral Insurance Policy"</b>	a policy of insurance taken out by the <b>User</b> with a company in the business of providing insurance who meets the <b>Requirements</b> for the benefit of <b>The Company</b> and upon which <b>The Company</b> can claim if the circumstances set out in <b>CUSC</b> Paragraph 5.3.1(b) (i) to (v) arise in respect of such <b>User</b> and which shall provide security for the <b>Agreed Value</b> . In addition <b>The Company</b> may accept such a policy from such a company who does not meet the <b>Requirements</b> up to an <b>Agreed Value</b> where <b>The Company</b> agrees or where <b>The Company</b> does not agree as determined by an expert appointed by <b>The Company</b> and the <b>User</b> or failing their agreement as to the expert the expert nominated by the Director General of The Institute of Credit Management;
<b>"Block LDTEC"</b>	is at any given time the lower of the MW figure in the <b>LDTEC Profile</b> or <b>Adjusted LDTEC Profile</b> for an <b>LDTEC Period</b>
<b>"BM Unit"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"BM Unit Identifiers"</b>	the identifiers (as defined in the <b>Balancing and Settlement Code</b> ) of the <b>BM Units</b> ;
<b>"BM Unit Metered Volume"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Boundary Point Metering System"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"British Grid Systems Agreement"</b>	the agreement made on 30 March 1990 of that name between <b>The Company</b> , Scottish Hydro Electric plc, and Scottish Power plc;
<b>"BSC Agent"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"BSC Framework Agreement"</b>	as defined in the <b>Transmission Licence</b> ;



"BSC Panel"	the Panel as defined in the <b>Balancing and Settlement Code</b> ;
"BSC Party"	a person who is for the time being bound by the <b>Balancing and Settlement Code</b> by virtue of being a party to the <b>BSC Framework Agreement</b> ;
"Business Day"	any week-day other than a Saturday on which banks are open for domestic business in the City of London;
"Business Person"	any person who is a <b>Main Business Person</b> or a <b>Corporate Functions Person</b> and " <b>Business Personnel</b> " shall be construed accordingly;
<u>"Capability Payment"</u>	<u>as defined in Paragraph 4.2A.4(a)(i):</u>
<u>"Category 1 Intertripping Scheme"</u>	<u>as defined in the <b>Grid Code</b>:</u>
<u>"Category 2 Intertripping Scheme"</u>	<u>as defined in the <b>Grid Code</b>:</u>
<u>"Category 3 Intertripping Scheme"</u>	<u>as defined in the <b>Grid Code</b>:</u>
<u>"Category 4 Intertripping Scheme"</u>	<u>as defined in the <b>Grid Code</b>:</u>
"CCGT Unit"	a <b>Generating Unit</b> within a <b>CCGT Module</b> ;
"Central Volume Allocation"	as defined in the <b>Balancing and Settlement Code</b> ;
"Charging Date"	as defined in the <b>Construction Agreement</b> ;
"Charging Dispute"	as defined in Paragraph 7.2.1;
"Charging Methodologies"	(a) the <b>Use of System Charging Methodology</b> ; and/or (b) the <b>Connection Charging Methodology</b> ;
"Charging Statements"	the <b>Statement of the Connection Charging Methodology</b> , the <b>Statement of the Use of System Charging Methodology</b> , and the <b>Statement of Use of System Charges</b> ;
<u>"Circuit Breaker"</u>	<u>a mechanical switching device, capable of making, carrying and breaking currents under normal circuit conditions and also of making, carrying for a specified time and breaking currents under specified abnormal circuit conditions, such as those of short circuit;</u>
"CMRS"	as defined in the <b>Balancing and Settlement Code</b> ;

<p><b>“Code Administration Code of Practice”</b></p>	<p>the code of practice approved by the <b>Authority</b> and:</p> <ul style="list-style-type: none"> <li>(a) developed and maintained by the code administrators in existence from time to time;</li> <li>(b) amended subject to the <b>Authority's</b> approval from time to time; and</li> <li>(c) re-published from time to time;</li> </ul>
<p><b>“Code Administrator”</b></p>	<p><b>The Company</b> carrying out the role of Code Administrator pursuant to Section 8;</p>
<p><b>"Code of Practice"</b></p>	<p>as defined in the <b>Balancing and Settlement Code</b>;</p>
<p><b>"Combined Cycle Gas Turbine Module" or "CCGT Module"</b></p>	<p>a collection of <b>Generating Units</b> (registered under the <b>Grid Code PC</b>) comprising one or more <b>Gas Turbine Units</b> (or other gas based engine units) and one or more <b>Steam Units</b> where, in normal operation, the waste heat from the <b>Gas Turbine Units</b> is passed to the water/steam system of the associated <b>Steam Units</b> and where the component units within the <b>CCGT Module</b> are directly connected by steam or hot gas lines to enable those units to contribute to the efficiency of the combined cycle operation of the <b>CCGT Module</b>;</p>
<p><b>"Commercial Ancillary Services"</b></p>	<p>as defined in the <b>Grid Code</b>;</p>
<p><b>"Commercial Boundary"</b></p>	<p>(unless otherwise defined in the relevant <b>Mandatory Services Agreements</b>), the commercial boundary between either <b>The Company</b> or a <b>Public Distribution System Operator</b> (as the case may be) and the <b>User</b> at the higher voltage terminal of the generator step-up transformer;</p>
<p><b>"Commercial Services Agreement"</b></p>	<p>an agreement between <b>The Company</b> and a <b>User</b> or other person to govern the provision of and payment for one or more <b>Agreed Ancillary Services</b>;</p>
<p><b>"Commissioned"</b></p>	<p>in respect of <b>Plant</b> and <b>Apparatus</b> commissioned before the <b>Transfer Date</b> means <b>Plant</b> and <b>Apparatus</b> recognised as having been commissioned according to the commissioning procedures current at the time of commissioning and in respect of <b>Plant</b> and <b>Apparatus</b> commissioned after the <b>Transfer Date</b> means <b>Plant</b> and/or <b>Apparatus</b> certified by the <b>Independent Engineer</b> as having been commissioned in accordance with the relevant</p>

	<b>Commissioning Programme;</b>
<b>"Commissioning Programme"</b>	in relation to a particular user, as defined in its <b>Construction Agreement;</b>
<b>"Commissioning Programme Commencement Date"</b>	as defined in relation to a particular <b>User</b> in the <b>Construction Agreement;</b>
<b>"Competent Authority"</b>	the <b>Secretary of State</b> , the <b>Authority</b> and any local or national agency, authority, department, inspectorate, minister (including Scottish ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom or the European Community;
<b>"Completion Date"</b>	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement;</b>
<b>"Composite Demand Charges"</b>	in respect of a <b>User</b> its <b>Demand</b> related <b>Transmission Network Use of System Charges</b> for each <b>Transmission Network Use of System Demand Zone;</b>
<b>"Confidential Information"</b>	all data and other information supplied to a <b>User</b> by another <b>CUSC Party</b> under the provisions of the <b>CUSC</b> or any <b>Bilateral Agreement, Construction Agreement</b> or <b>Mandatory Services Agreement;</b>
<b>"Connected Planning Data"</b>	in relation to a particular user, as defined in its <b>Construction Agreement;</b>
<b>"Connection"</b>	a direct connection to the <b>National Electricity Transmission System</b> by a <b>User;</b>
<b>"Connection Application"</b>	an application for a <b>New Connection Site</b> in the form or substantially in the form set out in Exhibit B to the <b>CUSC;</b>
<b>"Connection Boundary"</b>	shall be the boundary defined by Paragraph [insert reference to paragraph 1.6 of connection charging methodology];
<b>"Connection Charges"</b>	charges made or levied or to be made or levied for the carrying out (whether before or after the date on which the <b>Transmission Licence</b> 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 <b>National Electricity Transmission System</b> , together with charges in respect of maintenance and repair of such items in so far as not otherwise recoverable as <b>Use of System Charges</b> , all as more fully

	described in the <b>Transmission Licence</b> , whether or not such charges are annualised, including all charges provided for in the statement of <b>Connection Charging Methodology</b> (such as <b>Termination Amounts</b> and <b>One-off Charges</b> );
<b>"Connection Charging Methodology"</b>	as defined in the <b>Transmission Licence</b> and set out in Section x;
<b>"Connection Conditions" or "CC"</b>	that portion of the <b>Grid Code</b> which is identified as the <b>Connection Conditions</b> ;
<b>"Connection Entry Capacity"</b>	the figure specified as such for the <b>Connection Site</b> and each <b>Generating Units</b> as set out in Appendix C of the relevant <b>Bilateral Connection Agreement</b> ;
<b>"Connection Offer"</b>	an offer or (where appropriate) the offers for a <b>New Connection Site</b> in the form or substantially in the form set out in Exhibit C including any revision or extension of such offer or offers;
<b>"Connection Site"</b>	each location more particularly described in the relevant <b>Bilateral Agreement</b> at which a <b>User's Equipment</b> and <b>Transmission Connection Assets</b> required to connect that <b>User</b> to the <b>National Electricity Transmission System</b> are situated. If two or more <b>Users</b> own or operate <b>Plant</b> and <b>Apparatus</b> which is connected at any particular location that location shall constitute two (or the appropriate number of) <b>Connection Sites</b> ;
<b>"Connection Site Demand Capability"</b>	the capability of a <b>Connection Site</b> to take power to the maximum level forecast by the <b>User</b> from time to time and forming part of the <b>Forecast Data</b> supplied to <b>The Company</b> pursuant to the <b>Grid Code</b> together with such margin as <b>The Company</b> shall in its reasonable opinion consider necessary having regard to <b>The Company's</b> duties under its <b>Transmission Licence</b> ;
<b>"Consents"</b>	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;
<b>"Construction Agreement"</b>	an agreement entered into pursuant to Paragraph 1.3.2;
<b>"Construction Programme"</b>	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;

"Construction Works"	In relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;
"Consumption"	as defined in the <b>Balancing and Settlement Code</b> in relation to a Consumption BM Unit;
"Control Telephony"	as defined in the <b>Grid Code</b> ;
"Contract Test"	a test (not being a <b>Reactive Test</b> ) described in a <b>Market Agreement</b> ;
"Contract Start Days"	as defined in Paragraph 3.3 of Schedule 3, Part I;
"Core Industry Documents"	as defined in the <b>Transmission Licence</b> ;
"Core Industry Document Owner"	in relation to a <b>Core Industry Document</b> , the body(ies) or entity(ies) responsible for the management and operation of procedures for making changes to such document;
"Corporate Functions Person"	any person who is: <ul style="list-style-type: none"> <li>(a) a director of <b>The Company</b>; or</li> <li>(b) an employee of <b>The Company</b> or any of its subsidiaries carrying out any administrative, finance or other corporate services of any kind which in part relate to the <b>Main Business</b>; or</li> <li>(c) engaged as an agent of or adviser to or performs work in relation to or services for the <b>Main Business</b>;</li> </ul>
"Cost Statement"	as defined in Paragraph 2.14.3;
"Credit Assessment Score"	a score between zero and ten given by an <b>Approved Agency</b> in the <b>Independent Credit Assessment</b> ;
"Credit Assessment Sum"	the proportion of the of the <b>Unsecured Credit Cover</b> extended by <b>NGC</b> to a <b>User</b> who does not meet the <b>Approved Credit Rating</b> and calculated in accordance with Paragraph 3.26.6;
"Credit Rating"	the credit requirements set by <b>The Company</b> from time to time in relation to <b>Termination Amounts</b> ;
"CUSC"	this <b>Connection and Use of System Code</b> ;
"CUSC Framework Agreement"	as defined in the <b>Transmission Licence</b> ;
"CUSC Implementation Date"	00.01 on the 18 September 2001;

" <b>CUSC Modification Procedures</b> "	the procedures for the modification of the <b>CUSC</b> (including the implementation of <b>Approved CUSC Modifications</b> ) as set out in Section 8;
" <b>CUSC Modification Process</b> "	the part of the <b>CUSC Modification Procedures</b> relating to consideration by the <b>CUSC Modifications Panel</b> and <b>Workgroups</b> , consultation by <a href="#">the Workgroups</a> and <a href="#">The Company</a> and preparation of an <b>CUSC Modification Report</b> by <b>The Company</b> ;
" <b>CUSC Modification Proposal</b> "	a proposal to modify the <b>CUSC</b> which is not rejected pursuant to Paragraphs 8.16.5 or 8.16.6 and has not yet been implemented;
" <b>CUSC Modification Register</b> "	as defined in Paragraph 8.13.1;
" <b>CUSC Modification Report</b> "	a report prepared pursuant to Paragraph 8.23;
<b>"CUSC Modification Self-Governance Report"</b>	<a href="#">a report prepared pursuant to Paragraph 8.25;</a>
" <b>CUSC Modifications Panel</b> "	the body established and maintained pursuant to Paragraph 8.3;
" <b>CUSC Modifications Panel Recommendation Vote</b> "	The vote of <b>Panel Members</b> undertaken by the <b>Panel Chairman</b> in accordance with Paragraph <a href="#">8.23.4</a> as to whether they believe each <b>CUSC Modification Proposal</b> , or <b>Workgroup Alternative CUSC Modification</b> would better facilitate achievement of the applicable <b>CUSC Objective(s)</b> ;
<b>"CUSC Modifications Panel Self-Governance Vote"</b>	<a href="#">The vote of <b>Panel Members</b> undertaken by the <b>Panel Chairman</b> in accordance with Paragraph <a href="#">8.25.9</a> as to whether they believe each <b>CUSC Modification Proposal</b>, or <b>Workgroup Alternative CUSC Modification</b> would better facilitate achievement of the <b>Applicable CUSC Objective(s)</b>;</a>
" <b>CUSC Party</b> "	as defined in the <b>Transmission Licence</b> ;
" <b>Customer</b> "	a person to whom electrical power is provided (whether or not he is the provider of such electrical power) other than power to meet <b>Station Demand</b> of that person;

“Customer Services Team”	the customer services team identified within <b>The Company</b> which manages the commercial interface with parties connected to the transmission network, as identified on the <b>Website</b> ;
“DC Converter”	As defined in the <b>Grid Code</b> ;
"Data Registration Code" or "DRC"	the portion of the <b>Grid Code</b> which is identified as the <b>Data Registration Code</b> ;
“DCLF”	Direct Current Load Flow;
"Deemed HH Forecasting Performance"	the sum calculated in accordance with Appendix 2 Paragraph 3 as it may be revised in accordance with paragraph 3.22.7.
"Deemed NHH Forecasting Performance"	the sum calculated in accordance with Appendix 2 Paragraph 6 as it may be revised pursuant to Paragraph 3.22.8.
"Deenergisation" or "Deenergise(d)"	the movement of any isolator, breaker or switch or the removal of any fuse whereby no electricity can flow to or from the relevant <b>System</b> through the <b>User's Equipment</b> ;
"Defaulting Party"	as defined in Paragraph 4.3.2.11;
"Defendant Party"	as defined in Paragraph 7.5.1;
“Delivering”	as defined in the <b>Balancing and Settlement Code</b> ;
"De-Load"	the difference (expressed in MW) between the <b>Maximum Export Limit</b> and the <b>Final Physical Notification Data</b> as adjusted by the <b>Acceptance Volume</b> in respect of a <b>Bid-Offer Acceptance</b> (if any), and "De-Loaded" shall be construed accordingly;
"Demand"	the demand of MW and Mvar of electricity (i.e. both <b>Active Power</b> and <b>Reactive Power</b> ), unless otherwise stated;
"Demand Forecast"	a <b>Users</b> forecast of its <b>Demand</b> submitted to <b>The Company</b> in accordance with paragraphs 3.10, 3.11 and 3.12;
“Depreciation Period”	in relation to a <b>Transmission Connection Asset</b> for a particular <b>User</b> , the period which commences on the asset's initial effective charging date, and which expires after the appropriate duration, which unless otherwise agreed upon connection is 40 years excluding FMS metering electronics that are agreed

between the **User** and **The Company**;

**"Derogation"**

a direction issued by the **Authority** relieving a **CUSC Party** from the obligation under its **Licence** to comply with such parts of the **Grid Code** or any **Distribution Code** or in the case of **The Company** the **Transmission Licence** as may be specified in such direction and **"Derogated"** shall be construed accordingly;

**"Derogated Plant"**

**Plant** or **Apparatus** which is the subject of a **Derogation**;

**"Design Variation"**

is a connection design (which provides for connection to the **National Electricity Transmission System**) which fails to satisfy the relevant deterministic criteria detailed for an Onshore Connection in paragraphs 2.5 to 2.13 and for an Offshore Connection in 7.7 to 7.19, as appropriate, of the **NETS SQSS**;

**"Designated Sum"**

means such sum as shall be directed by the **Authority** as soon as practicable after the determination of an approved **Use of System Charging Methodology**;

**"De-synchronisation"**

the act of taking a **BM Unit** off a **System** to which it has been **Synchronised**, by opening any connecting circuit breaker, and **"De-synchronised"** shall be construed accordingly;

**"Detailed Planning Data"**

detailed additional data which **The Company** requires under the **PC** in support of Standard Planning Data;

**"Directive"**

includes any present or future directive, requirement, instruction, direction or rule of any **Competent Authority**, (but only, if not having the force of law, if compliance with the **Directive** is in accordance with the general practice of persons to whom the **Directive** is addressed) and includes any modification, extension or replacement thereof then in force;

**"Directly-Connected User" or  
"Directly-Connected Customer"**

A large, usually industrial, consumer of electricity who is directly connected to the **National Electricity Transmission System**;

**"Disconnect" or "Disconnection"**

without prejudice to the interpretation of the terms **"Disconnect"** or **"Disconnection"** to **Users** acting in capacities other than those detailed, the following definitions shall apply:

- (a) for **Users** acting in their capacity as **Generators with Embedded Large Power Stations** or **Embedded Medium Power**



**Stations**, passing power on to a **Distribution System** through a connection to a **Distribution System** which had not been commissioned as at the **Transfer Date**, means permanent physical disconnection of the **User's Equipment** at the site of connection to the **Distribution System**;

(b) for **Users** who are **Trading Parties** (as defined in the **Balancing and Settlement Code**) acting in their capacity as responsible for **Small Power Stations** which are **Embedded**, means, permanent physical disconnection of the **User's Equipment** or **Equipment** for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) at the site of connection to the **Distribution System**;

(c) for **Users** acting in a capacity other than those detailed in (a) or (b), means permanent physical disconnection of a **User's Equipment** at any given **Connection Site** which permits removal thereof from the **Connection Site** or removal of all **Transmission Connection Assets** therefrom (as the case may be);

**"Dispute Resolution Procedure"**

the procedures set out in Section 7;

**"Dispute Statement"**

as defined in Paragraph 3.15.4;

**"Distribution Agreement"**

an agreement entered into by a **User** with the owner/operator of the **Distribution System** for the connection of the **User's Equipment** (or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) to and use of such **Distribution System**;

**"Distribution Code(s)"**

the **Distribution Code(s)** drawn up by **Public Distribution System Operators** pursuant to the terms of their respective **Licence(s)** as from time to time revised in accordance with those **Licences**;

**"Distribution Connection Agreement"**

an agreement between a **User** who owns or operates a **Distribution System** and an owner of a **Power Station** for connection to that **User's Distribution System**.

**"Distribution Interconnector"**

as defined in the **Balancing and Settlement Code**;

"Distribution Interconnector Owner"	the <b>Owner</b> of a <b>Distribution Interconnector</b> or of that part of a <b>Distribution Interconnector</b> directly connected to a <b>Distribution System</b> ;
"Distribution Licence"	a licence issued under section 6(1)(c) of the <b>Act</b> ;
"Distribution System"	the system consisting (wholly or mainly) of electric lines owned or operated by any <b>Authorised Electricity Operator</b> and used for the distribution of electricity from <b>Grid Supply Points</b> or generation sets or other entry points to the point of delivery to <b>Customers</b> or <b>Authorised Electricity Operators</b> , and includes any <b>Remote Transmission Assets</b> operated by such <b>Authorised Electricity Operator</b> and any electrical plant and meters owned or operated by the <b>Authorised Electricity Operator</b> in connection with the distribution of electricity, but shall not include any part of the <b>National Electricity Transmission System</b> ;
"Distribution Voltage"	a voltage of 132kV or below in England & Wales. A voltage of below 132kV in Scotland. Generally taken to be voltages lower than those defined as transmission voltages;
"Dormant CUSC Party"	a <b>CUSC Party</b> which does not enjoy any ongoing rights and/or obligations for the period of its dormancy under the <b>CUSC</b> , as provided for in Section 5;
"Earthing"	as defined in the <b>Grid Code</b> ;
"EdF Documents"	as defined in the <b>Balancing and Settlement Code</b> ;
"Election Timetable"	as defined in Paragraph 8A.1.2.1;
"Election Year"	as defined in Paragraph 8A.1.1.2;
"Electricity Arbitration Association"	as the phrase ' <b>Electricity Supply Industry Arbitration Association</b> ' is defined in the <b>Grid Code</b> ;
"Eligible Small Generator"	defined as an eligible generator in <b>Standard Condition 13 of the Transmission Licence</b> ;
"Embedded"	a direct connection to a <b>Distribution System</b> or the <b>System</b> of any other <b>User</b> to which <b>Customers</b> and/or <b>Power Stations</b> are connected;  In the context of the <b>Charging Methodologies</b>

it shall mean a direct connection to a **Distribution System** or the **System** of any other **User** to which **Customers** and/or **Power Stations** are connected, such connection being either a direct connection or a connection via a busbar of another **User** or of a **Transmission Licensee** (but with no other connection to the **National Electricity Transmission System**);

**"Embedded Generator MW Register"**

the Register set up by **The Company** pursuant to Paragraph 6.35;

**"Emergency Deenergisation Instruction"**

an instruction issued by **The Company** to a **User** to either:

- (a) **Deenergise** that **User's Equipment**, or
- (b) request the owner of the **Distribution System to which the User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) is connected to **Deenergise** that **User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code** or ;
- (c) declare its **Maximum Export Limit** in respect of the **BM Unit(s)** associated with such **User's Equipment** to zero and to maintain it at that level during the **Interruption Period**,

where in **The Company's** reasonable opinion:

- (i) the condition or manner of operation of any **Transmission Plant** and/or **Apparatus** is such that it may cause damage or injury to any person or to the **National Electricity Transmission System**; and
- (ii) if the **User's Equipment** connected to such **Transmission Plant** and/or **Apparatus** was not **Deenergised** and/or the **Maximum Export Limit** of such **User's Equipment** connected to such **Transmission Plant** and/or **Apparatus** was not reduced to zero then it is likely that the **Transmission Plant** and/or

**Apparatus** would automatically trip;  
and

(iii) if such **Transmission Plant** and/or **Apparatus** had tripped automatically, then

(I) the **BM Unit** comprised in such **User's Equipment** (other than an **Interconnector Owner**); or

(II) an **Interconnector** of an **Affected User** who is an **Interconnector Owner**,

would, solely as a result of **Deenergisation of Plant** and **Apparatus** forming part of the **National Electricity Transmission System**, have been **Deenergised**.

**"Emergency Instruction"**

as defined in the **Grid Code**;

**"End Date"**

shall mean 5.00pm on the date 12 months from (and not including) the **Security Amendment Implement Date**;

**"Energisation" or "Energise(d)"**

the movement of any isolator, breaker or switch or the insertion of any fuse so as to enable **Energy** to flow from and to the relevant **System** through the **User's Equipment**;

**"Energy"**

the electrical energy produced, flowing or supplied by an electric circuit during a time interval, being the integral with respect to time of the power, measured in units of watt-hours or standard multiples thereof i.e.

1000 Wh = 1KWh

1000 KWh = 1MWh

1000 MWh = 1GWh

1000 GWh = 1TWh;

**"Energy Metering Equipment"**

as the phrase **"Metering Equipment"** is defined in the **Balancing and Settlement Code**;

**"Energy Metering System"**

as the phrase **"Metering System"** is defined in the **Balancing and Settlement Code**;

**"Enforceable"**

**The Company** (acting reasonably) is satisfied that the security is legally enforceable and in this respect the **User** shall obtain such legal opinion at its expense as **The Company** (acting

	reasonably shall require);
<b>“Engineering Charge”</b>	as set out in the <b>Statement of Use of System Charges</b> from time to time;
<b>“Enhanced Reactive Power Service”</b>	as defined in Paragraph 1.2 of Schedule 3, Part I;
<b>“Enhanced Rate”</b>	in respect of any day the rate per annum which is 4% per annum above the <b>Base Rate</b> ;
<b>“Escrow Account”</b>	a separately designated bank account in the name of <b>The Company</b> at such branch of Barclays Bank PLC or such branch of any other bank, in the City of London as is notified by <b>The Company</b> to the <b>User</b> , bearing interest from (and including) the date of deposit of principal sums to (but excluding) the date of withdrawal of principal sums from such account, mandated for withdrawal of any sums solely by <b>The Company</b> ;
<b>“Estimated Demand”</b>	the forecast <b>Demand (Active Power)</b> data filed with <b>The Company</b> pursuant to the <b>Charging Statements</b> ;
<b>“ET Interface Operator”</b>	the operator of the <b>Onshore Distribution System</b> to which an <b>ET Offshore Transmission System</b> connects;
<b>“ET Interface Point”</b>	the electrical point of connection between an <b>Offshore Transmission System</b> and an <b>Onshore Distribution System</b> and in relation to a particular <b>User</b> as defined in its <b>Bilateral Connection Agreement</b> ;
<b>“ET Offshore Transmission System”</b>	an <b>Offshore Transmission System</b> connected at an <b>ET Interface Point</b> ;
<b>“ET Restrictions on Availability”</b>	is in the context of an <b>ET Offshore Transmission System</b> the reduction in capability as set out in the relevant <b>Notification of ET Restrictions on Availability</b> ;
<b>“ET Use of System Charges”</b>	the element of <b>Use of System Charges</b> consisting of charges payable by <b>The Company</b> to the <b>ET Interface Operator</b> in respect of the connection to a <b>Distribution System</b> by an <b>Offshore Transmission System</b> and use of such <b>Distribution System</b> by means of such <b>Offshore Transmission System</b> ;
<b>“Event”</b>	as defined in the <b>Grid Code</b> ;
<b>“Event of Default”</b>	any of the events set out in Section 5 as

	constituting an event of default;
<b>"Exchange Rate"</b>	the <b>Transmission Entry Capacity</b> available to a specific party as a direct result of a specific reduction in the <b>Transmission Entry Capacity</b> available to another party.
<b>"Exchange Rate Request"</b>	a joint request from a <b>User</b> and another <b>User</b> to calculate the Exchange Rate that would apply were they to agree to a <b>TEC Trade</b> .
<b>"Excitation System"</b>	the equipment providing the field current of a machine, including all regulating and control elements as well as field discharge or suppression equipment and protective devices;
<b>"Exemptable"</b>	where the person generating electricity at the relevant <b>Power Station</b> is, or would be (if it generated electricity at no other <b>Power Station</b> and/or did not hold a <b>Generation Licence</b> ) exempt from the requirement to hold a <b>Generation Licence</b> under the <b>Act</b> ;
<b>"Exempt Export BM Unit"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Exempt Generator"</b>	any generator who, under the terms of the Electricity (Class Exemptions from the Requirement for a Licence) Order 2001, is not obliged to hold a generation licence;
<b>"Exemptible Generation"</b>	generating plant where the party generating electricity at that generating plant is, or would (if it generated electricity at no other generating plant and/or did not hold a generation licence) be, exempt from the requirement to hold a generation licence (including Scottish generation that export between 50 and 100MW that was connected on or before 30 September 2000);
<b>"Exempt Power Station"</b>	a <b>Power Station</b> where the person generating electricity at that <b>Power Station</b> is exempt from the requirement to hold a <b>Generation Licence</b> under the <b>Act</b> ;
<b>"Existing Offshore Generator"</b>	as defined in the <b>Transmission Licence</b> ;
<b>"Existing Security Cover"</b>	the <b>Security Cover</b> held by <b>NGC</b> in respect of a <b>User</b> pursuant to <b>CUSC</b> Section 3 Part III immediately prior to the <b>Security Amendment Implementation Date</b> ;
<b>"Export"</b>	as defined in the <b>Balancing and Settlement Code</b> ;

"External Interconnection"	as defined in the <b>Grid Code</b> ;
"Externally Interconnected System Operator"	as defined in the <b>Grid Code</b> ;
"Final Adjustments Statement"	as defined in Paragraph 4.3.2.6(b);
"Final Demand Reconciliation Statement"	as defined in Paragraph 3.12.7(a);
"Final Monthly Statement"	as defined in Paragraph 4.3.2.6;
"Final Physical Notification Data"	as defined in the <b>Balancing and Settlement Code</b> ;
"Final Reconciliation Settlement Run"	as defined in the <b>Balancing and Settlement Code</b> ;
"Final Reconciliation Volume Allocation Run"	as defined in the <b>Balancing and Settlement Code</b> ;
"Final Statement"	as defined in Paragraph 4.3.2.6(a);
"Final Sums"	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;
"Financial Year"	the period of 12 months ending on 31st March in each calendar year;
"First Offer"	as defined in Paragraph 6.10.4;
"First User"	as defined in Paragraph 6.10.3;
"FMS Date"	1st April 1993;
"Force Majeure"	in relation to any <b>CUSC Party</b> any event or circumstance which is beyond the reasonable control of such <b>CUSC Party</b> and which results in or causes the failure of that <b>CUSC Party</b> to perform any of its obligations under the <b>CUSC</b> including act of God, strike, lockout or other industrial disturbance, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightning, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising from weather or environmental problems, explosion, fault or failure of <b>Plant and Apparatus</b> (which could not have been prevented by <b>Good Industry Practice</b> ), governmental restraint, Act of Parliament, other legislation, bye law and <b>Directive</b> (not being any order, regulation or direction under section

32, 33, 34 and 35 of the **Act**) provided that lack of funds shall not be interpreted as a cause beyond the reasonable control of that **CUSC Party** and provided, for the avoidance of doubt, that weather conditions which are reasonably to be expected at the location of the event or circumstance are also excluded as not being beyond the reasonable control of that **CUSC Party** ;

**"Forecasting Performance Related VAR "**

the sum of **HH . Forecasting Performance Related VAR** and **NHH Forecasting Performance Related VAR**.

**"Frequency"**

the number of alternating current cycles per second (expressed in Hertz) at which a **System** is running;

**"Frequency Deviation"**

a positive or negative deviation from **Target Frequency**;

**"Frequency Response"**

an automatic response by a **BM Unit** or **CCGT Unit** to a change in **Frequency** with the aim of containing **System Frequency** within the limits provided for under the **Grid Code**;

**"Frequency Sensitive Mode"**

as defined in the **Grid Code**;

**"Fuel Security Code"**

the document of that title designated as such by the **Secretary of State** as from time to time amended;

**"GB Transmission System" or "GBTS"**

for the purposes of Section 12 means the system consisting (wholly or mainly) of high voltage electric wires owned or operated by transmission licensees within **Great Britain** and used for the transmission of electricity from one **Power Station** to a sub-station or to another **Power Station** or between sub-stations or to or from any **External Interconnection** and includes any **Plant** and **Apparatus** or meters owned or operated by any transmission licensee within **Great Britain** in connection with the transmission of electricity but shall not include **Remote Transmission Assets**;

**"Gas Turbine Unit"**

a **Generating Unit** driven by a gas turbine (for instance an aero-engine);

**"Generating Plant"**

a **Large Power Station**;

**"Generating Unit"**

unless otherwise provided in the **Grid Code** any **Apparatus** which produces electricity;

**"Generation Business"**

the authorised business of **The Company** or



	any <b>Affiliate</b> or <b>Related Undertaking</b> in the generation of electricity or the provision of <b>Balancing Services</b> , in each case from pumped storage and from the Kielder hydro-electric generating station;
"Generation Capacity"	the normal full load capacity of a <b>Generating Unit</b> as declared by the <b>Generator</b> , less the MW consumed by the <b>Generating Unit</b> through the <b>Generating Unit's</b> unit transformer when producing the same;
"Generation Licence"	the licence granted to a <b>Generator</b> pursuant to section 6(1)(a) of the <b>Act</b> ;
"Generation Reconciliation Statement"	as defined in Paragraph 3.12.2;
"Generator"	a person who generates electricity under licence or exemption under the <b>Act</b> ;
"Genset"	as defined in the <b>Grid Code</b> ;
"Good Industry Practice"	in relation to any undertaking and any circumstances, the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances;
"Great Britain"	The landmass of England and Wales and Scotland, including internal waters;
"Grid Code"	the <b>Grid Code</b> drawn up pursuant to the <b>Transmission Licence</b> , as from time to time revised in accordance with the <b>Transmission Licence</b> ;
"Grid Supply Point" ("GSP")	a point of delivery from the <b>National Electricity Transmission System</b> to a <b>Distribution System</b> or a <b>Non-Embedded Customer</b> ;
"Gross Asset Value"	the value calculated by <b>The Company</b> in accordance with recognised accounting principles and procedures as published by <b>The Company</b> from time to time;
"Group"	<u>as defined in the <b>Grid Code</b>;</u>
"GSP Group"	as defined in the <b>Balancing and Settlement Code</b> ;
"HH Base Percentage"	the % value for the relevant <b>Security Period</b> as specified in the table in paragraph 1 of Appendix

	2.
"HH Base Value at Risk"	the sum as calculated in accordance with Paragraph 3.22.3.
"HH Charges"	that element of <b>Transmission Network Use of System Demand Charges</b> relating to half-hourly metered <b>Demand</b> .
"HH Forecasting Performance Related VAR "	the amount resulting from multiplying the <b>Deemed HH Forecasting Performance</b> and the <b>Indicative Annual HH TNUoS Charge</b> calculated on the basis of the latest <b>Demand Forecast</b> received by <b>The Company</b> .
"High Frequency Response"	as defined in the <b>Grid Code</b> ;
"High Voltage" or "HV"	a voltage exceeding 650 volts;
"Holding Payment"	that component of the payment for <b>Mode A Frequency Response</b> calculated in accordance with Paragraph 4.1.3.9;
<b>"ICRP"</b>	<b>Investment Cost Related Pricing;</b>
"Implementation Date"	is the date and time for implementation of an <b>Approved CUSC Modification</b> as specified in accordance with Paragraph 8.28.3;
<b>"Import"</b>	<b>as defined in the Balancing and Settlement Code;</b>
<b>"Income Adjusting Event"</b>	<b>as defined in the Transmission Licence;</b>
"Indemnified Persons"	as defined in Paragraph 8.12.1;
"Independent Engineer"	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;
"Independent Credit Assessment"	an assessment of the creditworthiness of a <b>User</b> by an <b>Approved Agency</b> as nominated by the <b>User</b> obtained in accordance with Paragraph 3.26.7, 3.26.8 and 3.26.9;
"Independent Security Arrangement"	a guarantee in favour of <b>The Company</b> in a form satisfactory to <b>The Company</b> and which is provided by an entity which meets the <b>Requirements</b> . In addition <b>The Company</b> may accept such a policy from an entity who does not meet the <b>Requirements</b> up to an <b>Agreed Value</b> where <b>The Company</b> agrees or where <b>The Company</b> does not agree as determined by an expert appointed by <b>The Company</b> and the <b>User</b> or failing their agreement as to the

	expert the expert nominated by the Director General of The Institute of Credit Management;
"Indicative Annual HH TNUoS charge"	<b>The Company's</b> forecast of the <b>User's</b> total <b>HH Charges</b> relating to a <b>Financial Year</b> .
"Indicative Annual NHH TNUoS charge"	<b>The Company's</b> forecast of the <b>User's</b> total <b>NHH Charges</b> relating to a <b>Financial Year</b> .
"Indicative Block LDTEC"	is the <b>Available LDTEC</b> .
"Indicative Maximum Generation Capability"	has the meaning attributed to it in Paragraph 4.2.3.2;
"Industry Code"	Means a multilateral code or agreement created and maintained pursuant to a licence granted by the Authority under section 6 of the Act or under sections 7, 7ZA or 7A of the Gas Act 1986;
"Initial Charge"	as defined in Paragraph 3.15.2;
"Initial Demand Reconciliation Statement"	as defined in Paragraph 3.12.4;
"Initial Volume Allocation Run"	as defined in the <b>Balancing and Settlement Code</b> ;
"Initial Settlement Run"	as defined in the <b>Balancing and Settlement Code</b> ;
"Insurance Performance Bond"	a <b>Performance Bond</b> provided by a company in the business of providing insurance which meets the <b>Requirements</b> . In addition <b>The Company</b> may accept such a policy from such a company who does not meet the <b>Requirements</b> up to an <b>Agreed Value</b> where <b>The Company</b> agrees or where <b>The Company</b> does not agree as determined by an expert appointed by <b>The Company</b> and the <b>User</b> or failing their agreement as to the expert the expert nominated by the Director General of The Institute of Credit Management;
"Intellectual Property" or "IPRs"	patents, trade marks, service marks, rights in designs, trade names, copyrights and topography rights (whether or not any of the same are registered and including applications for registration of any of the same) and rights under licences and consents in relation to any of the same and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of the same which may subsist anywhere in the world;
"Interconnected System Operator"	as defined in the <b>Balancing and Settlement Code</b> ;

"Interconnector"	as defined in the <b>Balancing and Settlement Code</b> ;
"Interconnector Asset Owner"	the owner of an <b>Interconnector</b> ;
"Interconnector Error Administrator"	as defined in the <b>Balancing and Settlement Code</b> ;
"Interconnector Owner"	the owner of an <b>Interconnector</b> , or of that part of an <b>Interconnector</b> , directly connected to the <b>National Electricity Transmission System</b> ;
"Interconnector User"	<ul style="list-style-type: none"> <li>(a) in relation to an <b>Interconnector</b> connected to the <b>National Electricity Transmission System</b>, as defined in the <b>Balancing and Settlement Code</b>; and</li> <li>(b) in relation to a <b>Distribution Interconnector</b>, a Lead Party (as defined in the <b>Balancing and Settlement Code</b>) in respect of a single <b>BM Unit</b> where under Section K5 of the <b>Balancing and Settlement Code</b> the <b>BM Unit</b> has been allocated in relation to that <b>Distribution Interconnector</b> or if there is no such allocation, as defined in the <b>Balancing and Settlement Code</b>;</li> </ul>
"Interface Agreement"	the agreement(s) entered into pursuant to Paragraph 2.11 and Paragraph 9.15 based substantially on the forms set out in Exhibit O to the <b>CUSC</b> ;
"Interim Panel and Alternate Election process"	As defined in Paragraph 8A.4.3.2
"Interruption"	<p>where either:-</p> <ul style="list-style-type: none"> <li>(i) solely as a result of <b>Deenergisation of Plant and Apparatus</b> forming part of the <b>National Electricity Transmission System</b>; or</li> <li>(ii) in accordance with an <b>Emergency Deenergisation Instruction</b>;</li> </ul> <ul style="list-style-type: none"> <li>a) a <b>BM Unit</b> comprised in the <b>User's Equipment</b> of an <b>Affected User</b> (other than an <b>Interconnector Owner</b>) is <b>Deenergised</b>; or</li> <li>b) an <b>Interconnector</b> of an <b>Affected User</b> who is an <b>Interconnector Owner</b> is <b>Deenergised</b>.; or</li> <li>c) The <b>Maximum Export Limit</b> in respect of the <b>BM Unit(s)</b> associated with such</li> </ul>

**User's Equipment** is zero.

**"Interruption Payment"**

the payment for each day or part thereof of the **Interruption Period** calculated as follows:

1. In the case of a **Relevant Interruption** arising as a result of a **Planned Outage** the higher of:
  - A. the £ per MW calculated by reference to the total TNUoS income derived from generators divided by the total system **Transmission Entry Capacity**, in each case using figures for the **Financial Year** prior to that in which the **Relevant Interruption** occurs, this is then divided by 365 to give a daily £ per MW rate; or
  - B. the actual £ per MW of an **Affected User** by reference to the tariff in the **Use of System Charging Statement** for the **Financial Year** in which the **Relevant Interruption** occurs divided by 365 to give a daily £ per MW rate.A or B are then multiplied by:
  - a) in the case of an **Affected User** other than an **Interconnected Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and
  - b) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**.
2. In the case of a **Relevant Interruption** arising as a result of an **Emergency Deenergisation Instruction**:
  - (a) sum equal to the price in £/MWh for the relevant **Settlement Period(s)** (as provided for in Section T 4.4.5 of the **Balancing and Settlement Code**) for each **Settlement Period** (or part thereof) from the time when the **Emergency Deenergisation Instruction** was issued by **The Company** until the first **Settlement**

**Period** for which **Gate Closure** had not (at the time the **Emergency Deenergisation Instruction** was issued by **The Company**) occurred

multiplied by:

- (i) in the case of an **Affected User** other than an **Interconnected Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and
  - (ii) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**,
- (b) For each subsequent **Settlement Period** of the **Relevant Interruption** which occurs within the first 24 hours of the **Relevant Interruption**, a sum equal to the price in £/MWh for the relevant **Settlement Period(s)** (as provided for in Section T 1.5.3 of the **Balancing and Settlement Code**)

multiplied by:

- (i) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection site**; and
  - (ii) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**; and
- (c) and after the first 24 hours a sum calculated as 1 above
3. In the case of all other **Relevant Interruptions**:
- For each **Settlement Period** of the **Relevant Interruption** which occurs within the first 24 hours of the **Relevant Interruption**, a sum equal to the price in

£/MWh for the relevant **Settlement Period(s)** (as provided for in Section T 1.5.3 of the **Balancing and Settlement Code**).

Multiplied by:

- a) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and
- b) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**

and after the first 24 hours a sum calculated as 1 above.

Provided always that an **Affected User** shall not receive payment for more than one **Relevant Interruption** in any given day;

**"Interruption Period"**

the period in days commencing with the notification by **The Company** to the **Affected User** of the start of **Relevant Interruption** and ending on the notification by **The Company** the **Affected User** that the **Relevant Interruption** has ended;

**"Intertrip Contracted Unit"**

- (i) in the case of a **Power Park Module**, the collection of **Non-Synchronous Generating Units** which are registered as a **Power Park Module** under the **Grid Code**; and

- (ii) all other cases, a **Generating Unit**,

unless, in either case, the **Bilateral Agreement** specifies otherwise.

**"Intertrip Payment"**

**"Isolation"**

as defined in Paragraph 4.2A.4(c):

as defined in the **Grid Code**;

**"Joint System Incident"**

Paragraphs (a) and (b) below are without prejudice to the application of Paragraph 6.4 to **Users** acting in capacities other than those detailed in Paragraphs (a) and (b),

- (a) for **Users** in respect of their **Connection Sites** which were not **Commissioned** as at the **Transfer Date**, shall have the meaning given to that term in the **Grid**

**Code;**

- (b) for **Users** acting in their capacity as **Generators** with **Embedded Large Power Stations** or **Embedded Medium Power Stations** and who are passing power onto a **Distribution System** through a connection with a **Distribution System** which was not **Commissioned** as at the **Transfer Date**, means an event wherever occurring (other than on an **Embedded Medium Power Station** or **Embedded Small Power Station**) which, in the opinion of **The Company** or a **User** has or may have a serious and/or widespread effect, being (in the case of an event on a **User(s) System(s)**) (other than on an **Embedded Medium Power Station** or **Embedded Small Power Station**), on the **National Electricity Transmission System** , and (in the case of an event on the **National Electricity Transmission System**), on a **User(s) System(s)** (other than on an **Embedded Independent Generating Plant**);

**"Joint Temporary TEC Exchange Users"**

means the **Temporary TEC Exchange Donor User** and the **Temporary TEC Exchange Recipient User**.

**"Lagging"**

in relation to **Reactive Power**, exporting Mvar;

**"Land Charge"**

the charge (if any) set out in Appendix B to a **Bilateral Connection Agreement**.

**"Large Power Station"**

as defined in the **Grid Code**;

**"LDTEC"**

Is, in the case of an accepted **LDTEC Block Offer**, **Block LDTEC** or, in the case of an accepted **LDTEC Indicative Block Offer**, **Indicative Block LDTEC**.

**"LDTEC Availability Notification"**

the form set out in Exhibit T to the **CUSC**.

**"LDTEC Block Offer"**

is an offer made by **NGC** for **Short Term Capacity** in accordance with the terms of Paragraphs 6.32.4.6 and 6.32.6.1 in response to an **LDTEC Request** .

**"LDTEC Charge"**

being a component of the **Use of System Charges** which is made or levied by **NGC** and to be paid by the **User** , in the case of an accepted **LDTEC Block Offer**, for **Block LDTEC** and in the case of an accepted **LDTEC Indicative Block Offer** for **Requested LDTEC** and in the case of an accepted **Temporary TEC**



**Exchange Rate Offer for Temporary Received TEC**, in each case calculated in accordance with the **Charging Statements**.

**"LDTEC Indicative Block Offer"**

is an offer made by **NGC** for **Short Term Capacity** in accordance with the terms of Paragraphs 6.32.6.4 and 6.32.6.2 in response to an **LDTEC Request**.

**"LDTEC Indicative Profile"**

is a profile in MW that indicates **NGC's** assessment of the MW capacity that may be available to a **User** for the **LDTEC Period** which has been prepared solely for the purpose of enabling a **User** to make its assessment of an **LDTEC Indicative Block Offer**.

**"LDTEC Offer"**

is an **LDTEC Block Offer** and/or an **LDTEC Indicative Offer**.

**"LDTEC Period"**

is,

(a) a period of weeks or part thereof within a **Financial Year** as specified by the **User** in its **LDTEC Request Form** for a minimum period of seven weeks commencing on a Monday at 0.00 hours and finishing at 23.59 on any given day no later than the last day of such **Financial Year**, or

(b) in the case of a n accepted **Temporary TEC Exchange Offer**, the **Temporary TEC Exchange Period**.

**"LDTEC Profile"**

is a profile in MW of **NGC's** assessment of the MW capacity that is available to a **User** for the **LDTEC Period** (not exceeding the maximum level in the **LDTEC Request**) in an **LDTEC Block Offer**.

**"LDTEC Request"**

is an application made by a user for an **LDTEC Block Offer** and/or an **LDTEC Indicative Block Offer** made using an **LDTEC Request Form**.

**"LDTEC Request Fee"**

the fee to be paid by the **User** to **NGC** for an **LDTEC Request** as detailed in the **Charging Statements**.

<b>"LDTEC Request Form"</b>	is the form set out in Exhibit S to the <b>CUSC</b> .
<b>"LDTEC Week"</b>	is a week or part thereof within an <b>LDTEC Period</b> commencing on Monday at 0.00 and finishing on 23:59 on the last day within such week.
<b>"Leading"</b>	in relation to <b>Reactive Power</b> , importing Mvar;
<b>"Legal Challenge"</b>	an appeal to the Competition Commission or a judicial review in respect of the <b>Authority's</b> decision to approve or not to approve an <b>CUSC Modification Proposal</b> ;
<b>"Less than 100MW"</b>	Is defined as not having the capability to export 100MW to the <b>Total System</b> ;
<b>"Letter of Credit"</b>	<p>(a) in respect of Paragraph 2.22 shall mean an irrevocable standby letter of credit in a form reasonably satisfactory to <b>The Company</b> but in any case expressed to be governed by the Uniform Customs and Practice for Documentary Credits 1993 Revision ICC Publication No. 500 or such other form as may be reasonably satisfactory to <b>The Company</b> and allowing for partial drawings and providing for the payment to <b>The Company</b> on demand forthwith on and against <b>The Company's</b> delivery to the issuer thereof of a <b>Notice of Drawing</b> of the amount demanded therein;</p> <p>(b) in all other cases shall mean an unconditional irrevocable standby letter of credit in such form as <b>The Company</b> may reasonably approve issued for the account of the <b>User</b> in sterling in favour of <b>The Company</b>, allowing for partial drawings and providing for the payment to <b>The Company</b> forthwith on demand by any United Kingdom clearing bank or any other bank which in each case has a long term debt rating of not less than single "A" by Standard and Poor's Corporation or by Moody's Investors Services, or such other bank as <b>The Company</b> may approve and which shall be available for payment at a branch of the issuing bank;</p>
<b>"Licence"</b>	any licence granted pursuant to Section 6 of the <b>Act</b> ;

<b>"Licence Standards"</b>	the standards to be met by <b>The Company</b> under Standard Condition C17 of the <b>Transmission Licence</b> ;
<b>"Licensable Generation"</b>	generating plant that is not <b>Exemptible Generation</b> ;
<b>"Liquidated Damages"</b>	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;
<b>"Local Safety Instructions"</b>	as defined in the <b>Grid Code</b> ;
<b>"MCUSA"</b>	the <b>Master Connection and Use of System Agreement</b> dated 30 March 1990 (now amended to become the <b>CUSC Framework Agreement</b> );
<b>"Main Business"</b>	any business of <b>The Company</b> or any of its subsidiaries as at the <b>Transfer Date</b> or which it is required to carry on under the <b>Transmission Licence</b> , other than the <b>Generation Business</b> ;
<b>"Main Business Person"</b>	any employee of <b>The Company</b> or any director or employee of its subsidiaries who is engaged solely in the <b>Main Business</b> and " <b>Main Business Personnel</b> " shall be construed accordingly;
<b>"Maintenance Reconciliation Statement"</b>	the statement prepared in accordance with Paragraph 2.14.5 and Paragraph 9.9.5;
<b>"Mandatory Ancillary Services"</b>	<b>Part 1 System Ancillary Services</b> ;
<b>"Mandatory Services Agreement"</b>	an agreement between <b>The Company</b> and a <b>User</b> to govern the provision of and payment for <b>Mandatory Ancillary Services</b> or to govern the payment by <b>The Company</b> to a <b>User</b> for <b>Obligatory Reactive Power Service</b> provided by an <b>Offshore Transmission Licensee</b> in accordance with the <b>STC</b> ;
<b>"Market Agreement"</b>	as defined in Paragraph 3.1 of Schedule 3, Part I;
<b>"Market Day"</b>	as defined in Paragraph 3.3 of Schedule 3, Part I;
<b>"Material Effect"</b>	an effect causing <b>The Company</b> or a <b>Relevant Transmission Licensee</b> to effect any works or to alter the manner of operation of <b>Transmission Plant</b> and/or <b>Transmission Apparatus</b> at the <b>Connection Site</b> or the site of connection or a <b>User</b> to effect any works or to alter the manner of operation of its <b>Plant</b> and/or <b>Apparatus</b> at the <b>Connection Site</b> or the site of

connection which in either case involves that party in expenditure of more than £10,000;

**“Materially Affected Party”**

any person or class of persons designated by the **Authority** as such, in relation to the **Charging Methodologies**;

**“Maximum Export Capacity”**

as defined in the **Grid Code** and in relation to a particular **User**, as defined in its **Bilateral Connection Agreement**;

**“Maximum Export Limit”**

as defined in the **Grid Code**;

**“Maximum Generation”**

means a Balancing Service provided from the Available BM Units by generating at a level above the MEL so as to increase the total export of Active Power from the Power Station to the **National Electricity Transmission System**, contributing towards **The Company’s** requirement for additional short-term generation output, all as more particularly described in Paragraph 4.2;

**“Maximum Generation BM Unit”**

means, as between **The Company** and a User, the BM Units, specified in the Maximum Generation Service Agreement;

**“Maximum Generation Energy Fee”**

the amount (£/MWh) set out in the Maximum Generation Service Agreement as the same may be revised from time to time in accordance with Paragraph 4.2.5;

**“Maximum Generation Energy Payment”**

has the meaning attributed to it in Paragraph 4.2.5.1;

**“Maximum Generation Instruction”**

has the meaning attributed to it in Paragraph 4.2.4.1;

**“Maximum Generation Redeclaration”**

has the meaning attributed to it in Paragraph 4.2.3.3;

**“Maximum Generation Service Agreement”**

an agreement between **The Company** and a User specifying, amongst other things, the BM Units and the Maximum Generation Energy Fee applicable to the provision of Maximum Generation;

**“Maximum Import Capacity”**

as defined in the **Grid Code** and in relation to a particular **User**, as defined in its **Bilateral Connection Agreement**;

**“Medium Power Station”**

as defined in the **Grid Code**;

**“Meters”**

as defined in the **Balancing and Settlement Code**

<b>"Metering Equipment"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Meter Operator Agent"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Metering System"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Methodology"</b>	the <b>Statement of the Use of System Charging Methodology</b> or the <b>Statement of the Connection Charging Methodology</b> (and " <b>Methodologies</b> " shall be construed accordingly);
<b>"Mode A Frequency Response"</b>	as defined in Paragraph 4.1.3.3;
<b>"Modification"</b>	any actual or proposed replacement, renovation, modification, alteration, or construction by or on behalf of a <b>User</b> or <b>The Company</b> to either the <b>User's Plant</b> or <b>Apparatus</b> or the manner of its operation or <b>Transmission Plant</b> or <b>Transmission Apparatus</b> or the manner of its operation which in either case has or may have a <b>Material Effect</b> on another <b>CUSC Party</b> at a particular <b>Connection Site</b> ;
<b>"Modification Affected User"</b>	as defined in Paragraph 6.9.3.2;
<b>"Modification Application"</b>	an application in the form or substantially in the form set out in Exhibit I to the <b>CUSC</b> ;
<b>"Modification Notification"</b>	a notification in the form or substantially in the form set out in Exhibit K to the <b>CUSC</b> ;
<b>"Modification Offer"</b>	an offer in the form or substantially in the form set out in Exhibit J to the <b>CUSC</b> , including any revision or extension of such offer;
<b>"National Consumer Council"</b>	the body of that name established by Part I, section 1 of the Consumers, Estate Agents and Redress Act 2007'.
<b>"National Electricity Transmission System"</b>	the system consisting (wholly or mainly) of high voltage electric wires owned or operated by transmission licensees within <b>Great Britain</b> and <b>Offshore</b> and used for the transmission of electricity from one <b>Power Station</b> to a sub-station or to another <b>Power Station</b> or between sub-stations or to or from any <b>External Interconnection</b> and includes any <b>Plant</b> and <b>Apparatus</b> or meters owned or operated by any transmission licensee within <b>Great Britain</b> and

<b>"National Electricity Transmission System SQSS" or "NETS SQSS"</b>	<b>Offshore</b> in connection with the transmission of electricity but shall not include <b>Remote Transmission Assets</b> ;
<b>"Natural Demand"</b>	is the National Electricity Transmission System Security and Quality of Supply Standards (version 1) issued under Standard Condition C17 of the <b>Transmission Licence</b> (as amended, varied or replaced from time to time);
<b>"Net Asset Value"</b>	the <b>Demand (Active Power)</b> which is necessary to meet the needs of <b>Customers</b> excluding that <b>Demand (Active Power)</b> met by <b>Embedded Generating Units</b> whose generation is not traded by <b>Trading Parties</b> through <b>Energy Metering Systems</b> registered under the <b>Balancing and Settlement Code</b> ;
<b>"New Connection Site"</b>	the <b>Gross Asset Value</b> of the <b>Transmission Connection Asset</b> in question less depreciation over the <b>Replacement Period</b> calculated in accordance with recognised accounting principles and procedures;
<b>"New CUSC Party"</b>	a proposed <b>Connection Site</b> in relation to which there is no <b>Bilateral Agreement</b> in force between the <b>CUSC Parties</b> ;
<b>"Net Demand"</b>	as defined in Paragraph 6.13;
<b>"NGC Prescribed Level"</b>	Sum of the <b>BM Unit Metered Volumes (QM<sub>ij</sub>)</b> of the <b>Trading Unit</b> during the three <b>Settlement Periods</b> of the <b>Triad</b> expressed as a positive number (i.e. $\sum QM_{ij}$ );
<b>"NHH Base Percentage"</b>	the forecast value of the regulatory asset value of <b>NGC</b> for a <b>Financial Year</b> as set out in the document published from time to time by Ofgem setting this out and currently know as "Ofgem's Transmission Price Control Review of NGC – Transmission Owner Final Proposals" such values to be published on the <b>NGC Website</b> by reference to the <b>NGC</b> credit arrangements no later than 31 January prior to the beginning of the <b>Financial Year</b> to which such value relates;
<b>"NHH Charges"</b>	the % value for the relevant <b>Security Period</b> as specified in the table in paragraph 2 of Appendix 2.
<b>"NHH Charges"</b>	that element of <b>Transmission Network Use of System Demand Charges</b> relating to non-half-hourly metered <b>Demand</b> .

"NHH Base Value at Risk"	the sum as calculated in accordance with Paragraph 3.22.4.
"NHH Forecasting Performance Related VAR "	the amount resulting from multiplying the <b>Deemed NHH Forecasting Performance</b> and the <b>Indicative Annual HH TNUoS Charge</b> calculated on the basis of the latest <b>Demand Forecast</b> received by <b>The Company</b> .
"Nominated Registered Capacity"	as defined in Appendix 5 of Schedule 3, Part I;
"Non- Performing Party"	as defined in Paragraph 6.19;
"Non-Embedded Customer"	a <b>Customer</b> except for a <b>Public Distribution System Operator</b> receiving electricity direct from the <b>National Electricity Transmission System</b> irrespective of from whom it is supplied;
"Non-Embedded User"	A <b>User</b> , except for a <b>Public Distribution System Operator</b> , receiving electricity direct from the <b>National Electricity Transmission System</b> irrespective of from whom it is supplied;
"Non Standard Boundary"	where the division of ownership of <b>Plant</b> and <b>Apparatus</b> is contrary to the principles of ownership set out in <b>CUSC</b> Paragraph 2.12;
"Non-Synchronous Generating Unit"	as defined in the <b>Grid Code</b> .
"Notice of Drawing"	a notice of drawing signed by or on behalf of <b>The Company</b> substantially in the form set out in Exhibit N to the <b>CUSC</b> ;
"Notification Date"	as defined in the <b>Balancing and Settlement Code</b> ;
"Notification of Circuit Outage"	as defined in the relevant <b>Bilateral Connection Agreement</b> or <b>Bilateral Embedded Generation Agreement</b> ;
"Notification of Circuit Restriction"	as defined in the relevant <b>Bilateral Connection Agreement</b> or <b>Bilateral Embedded Generation Agreement</b> ;
"Notification of Restrictions on Availability"	as defined in the relevant <b>Bilateral Connection Agreement</b> or <b>Bilateral Embedded Generation Agreement</b> ;
"Notification of ET Restrictions on Availability"	as defined in the relevant <b>Bilateral Connection Agreement</b> ;
"Notional Amount"	as defined in Paragraph 3.13;
"Nuclear Generator"	as defined in Paragraph 6.11;
"Nuclear Site Licence Provisions Agreement"	shall mean each of the following agreements (as from time to time amended) (a) the

agreement between **The Company** and Magnox Electric plc (formally called Nuclear Electric plc) dated 30 March 1990, (b) the agreement between **The Company** and British Energy Generation Limited dated 31 March 1996, (c) the agreement between SP Transmission Limited and British Energy Generation (UK) Limited dated 29 May 1991 in relation to Hunterston power station and Torness power station, and (d) the agreement between SP Transmission Limited and British Nuclear Fuels plc in relation to Chapelcross power station.

"Obligatory Reactive Power Service	as defined in Paragraph 1.1 of Schedule 3, Part I or provided by an <b>Offshore Transmission Licensee</b> in accordance with the <b>STC</b> ;
"Offer"	an offer for connection to and/or use of the <b>National Electricity Transmission System</b> made by <b>The Company</b> in relation to the <b>CUSC</b> ;
"Offshore"	means wholly or partly in the <b>Offshore Waters</b> and when used in conjunction with another defined term and the terms together are not otherwise defined means that the associated term is to be read accordingly;
"Offshore Construction Works"	In relation to a particular <b>User</b> means those elements of the <b>Construction Works</b> to be undertaken by an <b>Offshore Transmission Licensee</b> on the <b>Offshore Transmission System</b> as defined in its <b>Construction Agreement</b> ;
"Offshore Grid Entry Point"	as defined in the <b>Grid Code</b> ;
"Offshore Platform"	a single structure comprising of <b>Plant</b> and <b>Apparatus</b> located <b>Offshore</b> which includes one or more <b>Offshore Grid Entry Points</b> ;
"Offshore Standard Design"	is a connection design (which provides for connection to the <b>National Electricity Transmission System</b> ) of a <b>Connection Site</b> located <b>Offshore</b> which satisfies the minimum deterministic criteria detailed in paragraphs 7.7 to 7.19 of the <b>NETS SQSS</b> but does not satisfy the deterministic criteria detailed in paragraphs 2.5 to 2.13 of the <b>NETS SQSS</b> ;
"Offshore Tender Process"	that process followed by the <b>Authority</b> to make, in prescribed cases, a determination on a competitive basis of the person to whom an offshore transmission licence is to be granted;



<b>"Offshore Tender Regulations"</b>	those regulations made by the Authority in accordance with section 6C of the Act to facilitate the determination on a competitive basis of the person to whom an offshore transmission licence is to be granted;
<b>"Offshore Transmission"</b>	means as defined in the Energy Act 2004;
<b>"Offshore Transmission Implementation Plan"</b>	as defined in the <b>Transmission Licence</b> ;
<b>"Offshore Transmission Licensee"</b>	means such person in relation to whose <b>Licence</b> the standard conditions in Section E (offshore transmission owner standard conditions) of such <b>Licence</b> have been given effect or any person in that prospective role;
<b>"Offshore Transmission Owner"</b>	means either (a) such person in relation to whose <b>Licence</b> the standard conditions in Section E (offshore transmission owner standard conditions) of such <b>Licence</b> have been given effect; or (b) a party who has acceded to the <b>STC</b> prior to the grant of a <b>Licence</b> referred to in (a) above as a requirement of the <b>Offshore Tender Regulations</b> ;
<b>"Offshore Transmission System"</b>	a part of the <b>National Electricity Transmission System</b> used for the purposes of <b>Offshore Transmission</b> and for which there is an <b>Offshore Transmission Licensee</b> ;
<b>"Offshore Waters"</b>	has the meaning given to "offshore waters" in Section 90(9) of the Energy Act 2004;
<b>"Offtaking"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"One Off Charge"</b>	the costs, including profits and overheads of carrying out the <b>One Off Works</b> , together with the <b>Net Asset Value</b> of any asset made redundant as a result of the <b>Construction Works</b> an estimate of which is specified in Appendix B1 to the relevant <b>Construction Agreement</b> and/or <b>Bilateral Agreement</b> ;
<b>"One Off Works"</b>	the works described in Appendix B1 to the relevant <b>Construction Agreement</b> and/or <b>Bilateral Agreement</b> ;
<b>"Onshore"</b>	means within <b>Great Britain</b> and when used in conjunction with another defined term and the terms together are not otherwise defined means that the associated term is to be read accordingly;

<b>"Onshore Construction Works"</b>	in relation to a particular <b>User</b> , means those elements of the <b>Construction Works</b> to be undertaken other than on the <b>Offshore Transmission System</b> as defined in its <b>Construction Agreement</b> ;
<b>"Operating Agreement(s)"</b>	the operating agreements or arrangements identified in the <b>Bilateral Connection Agreement</b> between <b>The Company</b> and the <b>Interconnector Owner</b> of the relevant <b>Interconnector</b> and made between either <b>The Company</b> and the relevant <b>Interconnector Owner</b> and/or <b>The Company</b> and the relevant <b>Interconnected System Operator</b> ;
<b>"Operating Code" or "OC"</b>	the portion of the <b>Grid Code</b> which is identified as the <b>Operating Code</b> ;
<b>"Operation Diagrams"</b>	as defined in the <b>Grid Code</b> ;
<b>"Operational"</b>	in relation to a <b>Connection Site</b> means that the same has been <b>Commissioned</b> (which for the avoidance of doubt does not necessarily include commissioning of <b>Generating Units</b> connected at the <b>Connection Site</b> ) and that the <b>User</b> can use such <b>User's Equipment</b> to undertake those acts and things capable of being undertaken by <b>BSC Parties</b> ;
<b>"Operational Date"</b>	the date on which <b>The Company</b> issues the <b>Operational Notification</b> ;
<b>"Operational Effect"</b>	any effect on the operation of any <b>System</b> which causes that <b>System</b> to operate (or be at a materially increased risk of operating) differently to the way in which it would have normally operated in the absence of that effect;
<b>"Operational Intertripping"</b>	the automatic tripping of circuit breakers to prevent abnormal system conditions occurring, such as over voltage, overload, system instability etc. after the tripping of other circuit breakers following power system fault(s) which includes <b>System to Power Station</b> and <b>System to Demand</b> intertripping schemes;
<b>"Operational Metering Equipment"</b>	meters, instrument transformers (both voltage and current), transducers, metering protection equipment including alarms circuitry and their associated outstations as may be necessary for the purpose of <b>CC.6.5.6</b> of the <b>Grid Code</b> and the corresponding provision of the relevant <b>Distribution Code</b> ;

"Operational Notification"	the notice of that name given to the <b>User</b> by <b>The Company</b> under Paragraphs 1.5.5 or 3.2.6 as appropriate;
"Original Party"	as defined in the <b>CUSC Framework Agreement</b> ;
"Other Dispute"	as defined in Paragraph 7.2.3;
"Other Party"	as defined in Paragraph 7.5.1;
"Other User"	as defined in Paragraph 6.10.3;
"Output"	the actual <b>Active Power</b> or <b>Reactive Power</b> output achieved by a <b>BM Unit</b> ;
"Output Useable"	Shall have the meaning given to that term in the <b>Grid Code</b> ;
"Panel Chairman"	a person appointed as such in accordance with Paragraph 8.4.1;
"Panel Member"	any of the persons listed in Paragraph 8.3.1(b);
"Panel Member Interim Vacancies"	as defined in Paragraph 8A.4.3.3;
"Panel Secretary"	a person appointed as such in accordance with Paragraph 8.3.1(c);
"Part 1 System Ancillary Services"	as defined in <b>Grid Code</b> CC 8.1;
"Part 2 System Ancillary Services"	as defined in <b>Grid Code</b> CC 8.1;
"Partial Shutdown "	as defined in the <b>Grid Code</b> ;
"Party Liable"	as defined in Paragraph 6.12.1;
"Payment Date"	as defined in the <b>Balancing and Settlement Code</b> ;
"Payment Record Sum"	the proportion of the <b>Unsecured Credit Cover</b> extended by <b>NGC</b> to a <b>User</b> who does meeting the <b>Approved Credit Rating</b> calculated in accordance with Paragraph 3.26.4 and 3.26.5;
"Pending CUSC Modification Proposal"	a <b>CUSC Modification Proposal</b> in respect of which, at the relevant time, the <b>Authority</b> has not yet made a decision as to whether to direct such <b>Proposed CUSC Modification</b> to be made pursuant to the <b>Transmission Licence</b> (whether or not a <b>CUSC Modification Report</b> has been submitted in respect of such <b>CUSC</b>

	<b>Modification Proposal</b> );
<b>"Performance Bond"</b>	an on first demand without proof or conditions irrevocable performance bond or performance guarantee executed as a deed in a form reasonably satisfactory to <b>The Company</b> but in any case allowing for partial drawings and providing for the payment to <b>The Company</b> on demand forthwith on and against <b>The Company's</b> delivery to the issuer thereof of a <b>Notice of Drawing</b> of the amount demanded therein;
<b>"Permitted Activities"</b>	activities carried on for the purposes of the <b>Main Business</b> ;
<b>"Physical Notification"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Planned Outage"</b>	as defined in the <b>Grid Code</b> ;
<b>"Planning Code" or PC</b>	that portion of the <b>Grid Code</b> which is identified as the <b>Planning Code</b> ;
<b>"Plant"</b>	fixed and moveable items used in the generation and/or supply and/or transmission of electricity other than <b>Apparatus</b>
<b>"Pool Member"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Pooling and Settlement Agreement"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Power Park Module"</b>	as defined in the <b>Grid Code</b> .
<b>"Power Park Unit"</b>	as defined in the <b>Grid Code</b> ;
<b>"Power Station"</b>	as defined in the <b>Grid Code</b> ;
<b>"Practical Completion Date"</b>	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b>
<b>"Preference Votes"</b>	as defined in Paragraph 8A.3.2.1;
<b>"Prescribed Rate"</b>	the rate of interest set for the relevant period as the statutory interest rate for the purposes of the Late Payment of Commercial Debts (interest) Act 1998;
<b>"Proceedings"</b>	as defined in Paragraph 6.23.1;
<b>"Production"</b>	as defined in the <b>Balancing and Settlement Code</b> in relation to a Production BM Unit;

"Progress Report"	as defined in Paragraph 8.14;
"Primary Response"	as defined in the <b>Grid Code</b> ;
"Proposed Implementation Date"	the implementation date proposed by the <b>Code Administrator</b> in its <b>CUSC Modification Report</b> ;
"Proposer"	in relation to a particular <b>CUSC Modification Proposal</b> , the person who makes such <b>CUSC Modification Proposal</b> ;
"Protected Information"	any information relating to the affairs of a <b>CUSC Party</b> which is furnished to <b>Business Personnel</b> pursuant to the <b>CUSC</b> or a <b>Bilateral Agreement</b> or a <b>Mandatory Services Agreement</b> or a <b>Construction Agreement</b> or pursuant to a direction under section 34 of the <b>Act</b> or pursuant to the provisions of the <b>Fuel Security Code</b> unless, prior to such information being furnished, such <b>CUSC Party</b> has informed the recipient thereof by notice in writing or by endorsement on such information, that the said information is not to be regarded as <b>Protected Information</b> ;
"Provisional Statement"	as defined in Paragraph 4.3.2.1(a);
"Provisional Monthly Statement"	as defined in Paragraph 4.3.2.1;
"Provisional Adjustments Statement"	as defined in Paragraph 4.3.2.1(b);
"Public Distribution System Operator"	a holder of a <b>Distribution Licence</b> who was the holder, or is a successor to a company which was the holder of a <b>Public Electricity Supply Licence</b> relating to distribution activities in <b>Great Britain</b> on the <b>CUSC Implementation Date</b>
"Public Electricity Supply Licence"	a licence issued under section 6(1)(c) of the <b>Act</b> prior to the coming in force of section 30 of the <b>Utilities Act 2000</b> ;
"Qualified Bank" or "Qualifying Bank"	a City of London branch of a bank, its successors and assigns, which has throughout the validity period of the <b>Performance Bond</b> or <b>Letter of Credit</b> it issues in favour of <b>The Company</b> , a rating of at least A- in Standard and Poor's long term debt rating or A3 in Moody's long term debt rating provided that such bank is not during such validity period put on any credit watch or any similar credit surveillance which gives <b>The Company</b>

**"Qualified Company" or  
"Qualifying Company"**

reasonable cause to doubt that such bank may not be able to maintain the aforesaid rating throughout the validity period and no other event has occurred which gives **The Company** reasonable cause to have such doubt;

a company which is a public company or a private company within the meaning of section 1(3) of the Companies Act 1985 and which is either :

(a) a shareholder of the User or any holding company of such shareholder-or

(b) any subsidiary of any such holding company, but only where the subsidiary

(i) demonstrates to The Company's satisfaction that it has power under its constitution to give a Performance Bond other than in respect of its subsidiary;

(ii) provides an extract of the minutes of a meeting of its directors recording that the directors have duly concluded that the giving of the Performance Bond is likely to promote the success of that subsidiary for the benefit of its members;

(iii) provides certified copies of the authorisation by every holding company of the subsidiary up to and including the holding company of the User, of the giving of the Performance Bond,

(the expressions "holding company" and "subsidiary" having the respective meanings assigned thereto by section 736, Companies Act 1985 as supplemented by section 144(3), Companies Act 1989) and which has throughout the validity period of the Performance Bond it gives in favour of The Company, a rating of at least A- in Standard and Poor's long term debt rating or A3 in Moody's long term debt rating or such lesser rating which The Company may in its absolute discretion allow by prior written notice given pursuant to a resolution of its board of directors for such period and on such terms as such resolution may specify provided that such company is not during such validity period put on any credit watch or any similar credit surveillance procedure which gives The Company reasonable cause to doubt that such company may not be able to maintain the aforesaid rating throughout the validity period of

	the Performance Bond and no other event has occurred which gives The Company reasonable cause to have such doubt;
"Qualifying Guarantee"	a guarantee in favour of <b>The Company</b> in a form proposed by the <b>User</b> and agreed by <b>The Company</b> (whose agreement shall not be unreasonably withheld or delayed) and which is provided by an entity which holds an <b>Approved Credit Rating</b> provided that such guarantee cannot secure a sum greater than the level of <b>User's Allowed Credit</b> that would be available to that entity in accordance with Paragraph 3.26 if it was a User;
"Rated MW"	as defined in the <b>Grid Code</b> ;
"Reactive Despatch Instruction"	an instruction relating to <b>Reactive Power</b> given by <b>The Company</b> to a <b>Generator</b> in accordance with <b>Grid Code BC2</b> ;
"Reactive Despatch Network Restriction"	as defined in the <b>Grid Code</b> ;
"Reactive Energy"	as defined in the <b>Balancing and Settlement Code</b> ;
"Reactive Power"	the product of voltage and current and the sine of the phase angle between them measured in units of voltamperes reactive and standard multiples thereof i.e.:- 1000 Var = 1Kvar  1000 Kvar = 1Mvar;
"Reactive Test"	a test conducted pursuant to <b>Grid Code OC 5.5.1</b> ;
"Reasonable Charges"	reasonable cost reflective charges comparable to charges for similar services obtainable in the open market;
"Reconciled Charge"	as defined in Paragraph 3.15.1 and like terms shall be construed accordingly;
"Reconciliation Settlement Run"	as defined in the <b>Balancing and Settlement Code</b> ;
"Reenergisation" or "Reenergised"	any <b>Energisation</b> after a <b>Deenergisation</b> ;
"Registered Capacity"	has the meaning given in the <b>Grid Code</b> ;
"Registered Data"	those items of <b>Standard Planning Data</b> and <b>Detailed Planning Data</b> which upon connection become fixed (subject to any subsequent changes);

<b>"Registrant"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Regulations"</b>	the Electricity Supply Regulations 1988 or any amendment or re-enactment thereof;
<b>"Rejected CUSC Modification Proposal"</b>	a <b>CUSC Modification Proposal</b> in respect of which the <b>Authority</b> has decided not to direct <b>The Company</b> to modify the <b>Code</b> pursuant to the <b>Transmission Licence</b> in the manner set out herein;
<b>"Related Undertaking"</b>	in relation to <b>The Company</b> (and for the purposes of Paragraph 6.15, a <b>User</b> ) means any undertaking in which <b>The Company</b> has a participating interest as defined by section 260(1) of the Companies Act 1985 as substituted by section 22 of the Companies Act 1989;
<b>"Release Date"</b>	as defined in Paragraph 2.22.2;
<b>"Relevant Embedded Medium Power Station"</b>	an <b>Embedded Medium Power Station</b> which is an <b>Exempt Power Station</b> , and does not intend to be the subject of a <b>Bilateral Agreement</b> ;
<b>"Relevant Embedded Small Power Station"</b>	an <b>Embedded Small Power Station</b> that the <b>User</b> who owns or operates the <b>Distribution System</b> to which the <b>Embedded Small Power Station</b> intends to connect reasonably believes may have a significant system effect on the <b>National Electricity Transmission System</b> .
<b>"Relevant Interruption"</b>	an <b>Interruption</b> other than an <b>Allowed Interruption</b> ;
<b>"Relevant Offshore Agreement"</b>	as defined in the <b>Transmission Licence</b> ;
<b>"Relevant Party"</b>	as defined in Paragraph 8.16.10(a);
<b>"Relevant Transmission Licensee"</b>	means SP Transmission Limited in south of Scotland, Scottish Hydro- Electric Transmission Limited in north of Scotland and in respect of each Offshore Transmission System the Offshore Transmission Licensee for that Offshore Transmission System;
<b>"Remote Transmission Assets"</b>	any <b>Plant</b> and <b>Apparatus</b> or meters owned by <b>The Company</b> which (a) are embedded in a <b>Distribution System</b> or a <b>User System</b> and which are not directly connected by <b>Plant</b> and/or <b>Apparatus</b> owned by <b>The Company</b> to a <b>sub-station</b> owned by <b>The Company</b> and (b) are by agreement between <b>The Company</b> and such <b>Public Distribution System Operator</b> or <b>User</b> under the direction and control of such <b>Public Distribution System Operator</b> or <b>User</b> ;



<b>"Replacement Period"</b>	<p>in relation to a <b>Transmission Connection Asset</b>, the period commencing on the date on which such <b>Transmission Connection Asset</b> is or was originally <b>Commissioned</b>, after which it is assumed for accounting purposes such <b>Transmission Connection Asset</b> will need to be replaced, which shall be 40 years except</p> <p>(a) in the case of <b>Transmission Connection Assets</b> located <b>Offshore</b> where it shall be 20 years, or</p> <p>(b) unless otherwise agreed between the <b>CUSC Parties</b> to a <b>Bilateral Agreement</b> and recorded in the relevant <b>Bilateral Agreement</b>;</p>
<b>"Reported Period(s) of Increase"</b>	<p>the period of time during which a <b>User's Demand</b> increased not being more than 20 <b>Business Days</b>, as notified to <b>The Company</b> under paragraph 3.22.7 or paragraph 3.22.8.</p>
<b>"Request for a Statement of Works"</b>	<p>a request in the form or substantially in the form set out in Exhibit S to the <b>CUSC</b>.</p>
<b>"Request for a STTEC Authorisation"</b>	<p>a request made by a <b>User</b> in accordance with the terms Paragraph 6.31 for <b>Short Term Capacity</b> for a <b>STTEC</b> Period.</p>
<b>"Requested LDTEC"</b>	<p>the figure in MW for the <b>LDTEC Period</b> (not exceeding the maximum level in the <b>LDTEC Request</b>) specified in the <b>User's</b> acceptance of the <b>LDTEC Indicative Block Offer</b> in accordance with paragraph 6.32.6.5.</p>
<b>"Required Amount"</b>	<p>as defined in Paragraph 2.21.2(c);</p>
<b>"Required Sovereign Credit Rating"</b>	<p>a long term debt rating of not less than A by Standard and Poor's Corporation or a rating not less than A2 by Moody's Investor Services or a short term rating which correlates to those long term ratings or an equivalent rating from any other reputable credit agency approved by <b>The Company</b> in respect of non local currency obligations;</p>
<b>"Required Standard"</b>	<p>in relation to an item of <b>Derogated Plant</b>, the respective standard required of that item (which shall not exceed that required by the <b>Grid Code</b> or the <b>Licence Standards</b>, as the case may be) as specified in or pursuant to the relevant <b>Derogation</b>;</p>
<b>"Requirements"</b>	<p>shall mean an entity who throughout the validity period of the <b>Bilateral Insurance Policy</b>, <b>Insurance Performance Bond</b> or <b>Independent Security Arrangement</b>:</p>

- (a) holds a rating of at least A- in Standard and Poor's long term debt rating or A3 in Moody's long term debt rating provided that such entity is not during such validity period put on any credit watch or any similar credit surveillance which gives **The Company** reasonable cause to doubt that such entity may not be able to retain the aforesaid rating throughout the validity period; and
- (b) the country of residence of such entity meets the **Required Sovereign Credit Rating**; and
- (c) the security provided is **Enforceable**; and
- (d) there are no material conditions preventing the exercise by **The Company** of its rights under the **Bilateral Insurance Policy, Insurance Performance Bond or Independent Security Arrangement**.

**"Resigning Alternate Member"**

As defined in Paragraph 8A.4.1.3

**"Resigning Panel Member"**

as defined in Paragraph 8A.4.1.

**"Response"**

**Primary Response, Secondary Response and High Frequency Response** or any of them as the case may be;

**"Response Energy Payment"**

that component of the payment for Mode A **Frequency Response** calculated in accordance with Paragraph 4.1.3.9A;

**"Restricted Export Level Payment"**

in respect of each **Restricted Export Level Period**, the payment for each day comprised within the **Restricted Export Level Period** or (where the **Restricted Export Level Period** starts or ends during a day) part of a day calculated as follows:

The higher of:

A. the £ per MW calculated by reference to the total TNUoS income derived from generators divided by the total system **Transmission Entry Capacity**, in each case using figures for the **Financial Year** prior to that in which the **System to Generator Operational Intertripping Scheme** trips, this is then divided by 365 to give a daily £ per MW rate; or

B. the actual £ per MW of the **User** (who requests in accordance with Clause

4.2A.4) by reference to the tariff in the **Use of System Charging Statement for the Financial Year in which the System to Generator Operational Intertripping Scheme** trips divided by 365 to give a daily £ per MW rate.

A or B are then multiplied by:

the MW arrived at after deducting from the **Transmission Entry Capacity for the Connection Site the Restricted MW Export Level**:

**"Restricted Export Level Period"**

as defined in Paragraph 4.2A.4(b)(ii):

**"Restricted MW Export Level"**

as defined in Paragraph 4.2A.2.1(c)(i):

**"Restrictions on Availability"**

is, in the context of a **Design Variation** or an **Offshore Connection**, the outage or reduction in capability as set out in the relevant **Notification of Restrictions on Availability**;

**"Retail Price Index"**

the general index of retail prices published by the Office for National Statistics each month in respect of all items or:

- (a) if the said index for any month in any year shall not have been published on or before the last day of the third month after such month such index for such month or months as the parties hereto agree produces as nearly as possible the same result shall be substituted or in default of the parties reaching agreement within six weeks after the last day of such three month period then as determined by a sole Chartered Accountant appointed by agreement by both parties or in the absence of agreement on the application of either party by the President of the **Electricity Arbitration Association** who shall act as an expert and whose decision shall be final and binding on the parties; or
- (b) if there is a material change in the basis of the said index, such other index as the parties agree produces as nearly as possible the same result shall be substituted or in default of the parties reaching agreement within six weeks after the occurrence of the material change in the basis of the said index then as determined by the sole Chartered Accountant appointed by agreement by

both parties or in the absence of agreement on the application of either party by the President of the **Electricity Arbitration Association** who shall act as an expert and whose decision shall be final and binding on the parties;

"Revised Indicative Annual HH TNUoS charge"	the value calculated in accordance with Appendix 2 paragraph 5.
"Revised Indicative Annual NHH TNUoS charge"	the value calculated in accordance with Appendix 2 paragraph 8.
"Safety Coordinator(s)"	a person or persons nominated by <b>The Company</b> and each <b>User</b> in relation to <b>Connection Points</b> (as defined in the <b>Grid Code</b> ) in England and Wales or nominated by the <b>Relevant Transmission Licensee</b> and each <b>User</b> in relation to <b>Connection Points</b> in Scotland or <b>Offshore</b> to be responsible for the co-ordination of <b>Safety Precautions</b> (as defined in the <b>Grid Code</b> ) at each <b>Connection Point</b> when work and/or testing is to be carried out on a system which necessitates the provision of Safety Precautions on HV <b>Apparatus</b> , pursuant to OC8;
"Safety Rules"	the rules of <b>The Company</b> , a <b>Relevant Transmission Licensee</b> or a <b>User</b> that seek to ensure that persons working on <b>Plant</b> and/or <b>Apparatus</b> to which the rules apply are safeguarded from hazards arising from the <b>System</b> ;
"Second Offer"	as defined in Paragraph 6.10.4;
"Secondary Response"	as defined in the <b>Grid Code</b> ;
"Secretary of State"	has the meaning given to that term in the <b>Act</b> ;
"Secured Amount Statement"	a statement accompanying the <b>Bi-annual Estimate</b> setting out the amount to be secured by the <b>User</b> under Paragraph 2.21 based on figures contained in the <b>Bi-annual Estimate</b> being the amount for which security shall be provided to <b>The Company</b> pursuant to that Paragraph such statement to be substantially in the form set out in Exhibit M to the <b>CUSC</b> ;
<u>"Secured Event"</u>	<u>as defined in the <b>Grid Code</b>;</u>
"Security Amendment"	the <b>Proposed Amendment</b> in respect of <b>Amendment Proposal 089\090\091</b> ;
"Security Amendment Implementation"	the <b>Implementation Date</b> of the <b>Security</b>

<b>Date"</b>	<b>Amendment;</b>
<b>"Security Amount"</b>	in respect of the <b>User</b> the aggregate of available amounts of each outstanding (a) <b>Letter of Credit</b> , (b) <b>Qualifying Guarantee</b> and (c) the principal amount (if any) of cash that the <b>User</b> has paid to the credit of the <b>Escrow Account</b> (and which has not been repaid to the <b>User</b> ); for the purpose of this definition, in relation to a <b>Letter of Credit</b> or <b>Qualifying Guarantee</b> "available amount" means the face amount thereof less (i) payments already made thereunder and (ii) claims made thereunder but not yet paid;
<b>"Security Cover"</b>	for each <b>User</b> , the <b>User's Security Requirement</b> less the <b>User's Allowed Credit</b> ;
<b>"Security Period"</b>	the period from 1 April to 30 June (inclusive), 1 July to 30 September (inclusive), 1 October to 31 December (inclusive), or 1 January to 31 March (inclusive) as appropriate.
<b><u>"Security and Quality of Supply Standard"</u></b>	<u>as defined in the <b>Grid Code</b>;</u>
<b>"Security Requirement"</b>	the aggregate amount for the time being which the <b>User</b> shall be required by <b>NGC</b> to provide and maintain by way of <b>Security Cover</b> and its <b>User's Allowed Credit</b> in accordance with Paragraph 3.22;
<b>"Security Standard"</b>	<b>the Security and Quality of Supply Standard;</b>
<b>"Self-Governance Criteria"</b>	a <b>CUSC Modification Proposal</b> that, if implemented, <ul style="list-style-type: none"> <li>(a) is unlikely to have a material effect on: <ul style="list-style-type: none"> <li>(i) existing or future electricity consumers; and</li> <li>(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity; and</li> <li>(iii) the operation of the <b>National Electricity Transmission System</b>; and</li> <li>(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and</li> <li>(v) the <b>CUSC's</b> governance procedures or the <b>CUSC's</b> modification procedures, and</li> </ul> </li> </ul>

(b) is unlikely to discriminate between different classes of **CUSC Parties**;

**“Self-Governance Statement”**

the statement made by the **CUSC Modifications Panel** and submitted to the **Authority**:

(a) confirming that, in its opinion, the **Self-Governance Criteria** are met and the **CUSC Modification Proposal** is suitable for the self-governance route; and

(b) providing a detailed explanation of the **CUSC Modification Panel’s** reasons for that opinion;

**“Separate Business”**

the **Transmission Business** taken separately from any other business of **The Company**, but so that where all or any part of such business is carried out by an **Affiliate** or **Related Undertaking** of **The Company** such part of the business as is carried out by that **Affiliate** or **Related Undertaking** shall be consolidated with any other such business of **The Company** (and of any other **Affiliate** or **Related Undertaking**) so as to form a single **Separate Business**;

**“Settlement Administration Agent (SAA)”**

as defined in the **Balancing and Settlement Code**;

**“Settlement Day”**

as defined in the **Balancing and Settlement Code**;

**“Settlement Period”**

as defined in the **Balancing and Settlement Code**;

**“Settlement Run”**

as defined in the **Balancing and Settlement Code**;

**“Short Term Capacity”**

the right to export on to the **National Electricity Transmission System** power in accordance with the provisions of **CUSC**.

**“Significant Code Review”**

a review of one or more matters which the **Authority** considers is likely to:

(a) relate to the **CUSC** (either on its own or in conjunction with other Industry Codes); and

(b) be of particular significance in relation to its principal objective and/or general duties (under section 3A of the Act), statutory functions and/or relevant obligations arising under EU law, and

	concerning which the <b>Authority</b> has issued a notice to the <b>CUSC Parties</b> (among others, as appropriate) stating:
	(i) that the review will constitute a significant code review;
	(ii) the start date of the significant code review; and
	(iii) the matters that will fall within the scope of the review;
<b>"Significant Code Review Phase"</b>	the period commencing on the start date of a <b>Significant Code Review</b> as stated in the notice issued by the <b>Authority</b> , and ending either: <ul style="list-style-type: none"> <li>(a) on the date on which the <b>Authority</b> issues a statement that no directions will be issued in relation to the <b>CUSC</b>; or</li> <li>(b) if no statement is made under (a), on the date on which <b>The Company</b> has made a <b>CUSC Modification Proposal</b> in accordance with Paragraph 8.17.5; or</li> <li>(c) immediately, if neither a statement nor directions are issued by the <b>Authority</b> up to and including twenty eight (28) days from the <b>Authority's</b> publication of its <b>Significant Code Review</b> conclusions;</li> </ul>
<b>"Site Common Drawings"</b>	as defined in the <b>Grid Code</b> ;
<b>"Site Load"</b>	the sum of the <b>BM Unit Metered Volumes (QM<sub>ij</sub>)</b> , expressed as a positive number, of <b>BM Units</b> within the <b>Trading Unit</b> with QM <sub>i</sub> less than zero during the three <b>Settlement Periods</b> of the <b>Triad</b> (i.e. $\sum QM_{ij}$ where $QM_{ij} < 0$ ), which may comprise <b>Station Load</b> and <b>Additional Load</b> ;
<b>"Site Responsibility Schedule"</b>	a schedule containing the information and prepared on the basis of the provisions set out in Appendix 1 of the <b>CC</b> ;
<b>"Site Specific Maintenance Charge"</b>	the element of the <b>Connection Charges</b> relating to maintenance and repair calculated in accordance with the <b>Connection Charging Methodology</b> ;
<b>"Site Specific Requirements"</b>	those requirements reasonably required by <b>The Company</b> in accordance with the <b>Grid Code</b> at the site of connection of a <b>Relevant Embedded Medium Power Station</b> or a <b>Relevant Embedded Small Power Station</b> .

<p><b>"Small Independent Generating Plant"</b></p> <p><b>"Small Participant"</b></p>	<p>a <b>Medium Power Station</b>;</p> <p>(a) a generator, supplier, distributor, or new entrants to the electricity market in Great Britain that can demonstrate to the <b>Code Administrator</b> that it is resource-constrained and, therefore in particular need of assistance;</p> <p>(b) any other participant or class of participant that the <b>Code Administrator</b> considers to be in particular need of assistance; and</p> <p>(c) a participant or class of participant that the <b>Authority</b> has notified to the <b>Code Administrator</b> as being in particular need of assistance;</p>
<p><b>"Small Power Station"</b></p>	<p>as defined in the <b>Grid Code</b>;</p>
<p><b>"Small Power Station Trading Party"</b></p>	<p>a <b>Trading Party</b> trading on behalf of one or more <b>Small Power Stations</b> whether owned by the <b>Trading Party</b> or another person;</p>
<p><b>"SMRS"</b></p>	<p>as defined in the <b>Balancing and Settlement Code</b>;</p>
<p><b>"Sole Trading Unit"</b></p>	<p>as defined in the <b>Balancing and Settlement Code</b>;</p>
<p><b>"Standard CUSC Modification Proposal"</b></p>	<p>A <b>CUSC Modification Proposal</b> that is neither suitable for inclusion in a <b>Significant Code Review</b> nor meets the <b>Self-Governance Criteria</b>;</p>
<p><b>"Statement of the Connection Charging Methodology"</b></p>	<p>the statement produced pursuant to and in accordance with Standard Condition C6 of the <b>Transmission Licence</b>, as modified from time to time;</p>
<p><b>"Statement of Use of System Charges"</b></p>	<p>the statement produced pursuant to and in accordance with Standard Condition C4 of the <b>Transmission Licence</b>, as modified from time to time;</p>
<p><b>"Statement of the Use of System Charging Methodology"</b></p>	<p>the statement produced pursuant to Standard Condition C5 of the <b>Transmission Licence</b>, as modified from time to time;</p>
<p><b>"Station Demand"</b></p>	<p>in respect of any generating station and <b>Generator</b>, means that consumption of electricity (excluding any supply to any <b>Customer</b> of the relevant <b>Generator</b> who is neither such <b>Generator</b> nor a member of a qualifying group of which such <b>Generator</b> is a part) from the <b>National Electricity Transmission System</b> or a <b>Distribution</b></p>



**System** at premises on the same site as such generating station, with premises being treated as on the same site as each other if they are:

- (i) the same premises;
- (ii) immediately adjoining each other;
- (iii) separated from each other only by road, railway or watercourse or by other premises (other than a pipe-line, electric line or similar structure) occupied by the consumer in question or by any other person who together with that consumer forms a qualifying group; and for the purpose of this definition "generating station" and "qualifying group" shall have the meanings given those expressions when used in the Electricity (Class Exemptions from the Requirement for a Licence) Order 1990;

**"Station Load"**

the **Station Load** is equal to the sum of the demand of **BM Units** solely comprising the **Station Transformers** within the **Power Station**. For the avoidance of doubt, **Station Load** excludes **BM Units** comprising **Additional Load**;

**"Station Transformer"**

has the meaning given in the **Grid Code**;

**"Steam Unit"**

a **Generating Unit** whose prime mover converts the heat energy in steam to mechanical energy;

**"STTEC"**

the figure in MW (if any) for the **STTEC Period** granted by **The Company** in accordance with Paragraph 6.31 of the **CUSC** and specified as such in Appendix C of the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement**.

**"STTEC Authorisation"**

the authorisation notified by **The Company** for **Short Term Capacity** in accordance with the terms of Paragraph 6.3.1.6.1 in response to a **Request for a STTEC Authorisation**.

**"STTEC Charge"**

being a component of the **Use of System Charges** which is made or levied by **The Company** and to be paid by the **User** for **STTEC** calculated in accordance with the **Charging Statements**.

**"STTEC Offer"**

an offer made by **The Company** for **Short Term Capacity** in accordance with the terms of Paragraphs 6.31.6.2 and 6.31.6.3 in response to an **Application for a STTEC Offer**.

<b>"STTEC Period"</b>	in the case of a <b>STTEC Authorisation</b> , a period of 28 days commencing on a Monday at 00.00 hours and finishing at 23.59 on a Sunday. In the case of a <b>STTEC Offer</b> , a period of either 28, 35, or 42 days (as specified by the <b>User</b> in its <b>STTEC Request Form</b> ) commencing on a Monday at 0.00 hours and finishing at 23.59 on a Sunday.
<b>"STTEC Request"</b>	either a <b>Request for a STTEC Authorisation</b> or an <b>Application for a STTEC Offer</b> .
<b>"STTEC Request Fee"</b>	the non-refundable fee to be paid by the <b>User</b> to <b>The Company</b> as detailed in the <b>Charging Statements</b> .
<b>"STTEC Request Form"</b>	the form set out in Exhibit P to the <b>CUSC</b> .
<b>"Subsidiary"</b>	has the meaning given to that term in section 736A of the Companies Act 1985;
<b>"Supplemental Agreement"</b>	an agreement entered into pursuant to clause 2 of the <b>MCUSA</b> ;
<b>"Supplier"</b>	a person who holds a <b>Supply Licence</b> ;
<b>"Supply Agreement"</b>	an agreement between a <b>Non-Embedded Customer</b> and a <b>Supplier</b> for the supply of electricity to the <b>Non-Embedded Customer's Connection Site</b> ;
<b>"Supplier Half Hourly Demand"</b>	means <b>BM Unit Metered Volumes (QM<sub>ij</sub>)</b> expressed as a positive number (i.e. $\sum QM_{ij}$ ) of the <b>Trading Unit</b> during the three <b>Settlement Periods</b> of the <b>Triad</b> due to half-hourly metered imports;
<b>"Supply Licence"</b>	a licence granted under section 6(1)(d) of the <b>Act</b> ;
<b>"Supplier Non Half-Hourly Demand"</b>	means <b>BM Metered Volumes (QM<sub>ij</sub>)</b> expressed as a positive number (i.e. $\sum QM_{ij}$ ) of the <b>Trading Unit</b> over the charging year between <b>Settlement Periods</b> 33 to 38 due to Non-half-hourly metered imports;
<b>"Supplier Volume Allocation"</b>	as defined in the <b>Balancing and Settlement Code</b> ;
<b>"Synchronous Compensation"</b>	the operation of rotating synchronous apparatus for the specific purpose of either generation or absorption of <b>Reactive Power</b> ;
<b>"Synchronised"</b>	the condition where an incoming <b>BM Unit</b> or <b>CCGT Unit</b> or <b>System</b> is connected to the

	busbars of another <b>System</b> so that the <b>Frequencies</b> and phase relationships of that <b>BM Unit</b> or <b>CCGT Unit</b> or the <b>System</b> , as the case may be, and the <b>System</b> to which it is connected are identical;
"System Ancillary Services"	<b>Mandatory Ancillary Services</b> and <b>Part 2 System Ancillary Services</b> ;
"System"	any <b>User System</b> or the <b>National Electricity Transmission System</b> as the case may be;
<u>"System to Generator Operational Intertripping"</u>	<u>as defined in the <b>Grid Code</b></u> ;
<u>"System to Generator Operational Intertripping Scheme"</u>	<u>as defined in the <b>Grid Code</b></u> ;
"System Operator - Transmission Owner Code or STC"	the <b>STC</b> entered into by <b>The Company</b> pursuant to the <b>Transmission Licence</b> as from time to time revised in accordance with the <b>Transmission Licence</b> ;
"Target Frequency"	the <b>Frequency</b> determined by <b>The Company</b> in its reasonable opinion as the desired operating <b>Frequency</b> of the <b>Total System</b> . This will normally be 50.00 Hz plus or minus 0.05 Hz, except in exceptional circumstances as determined by <b>The Company</b> in its reasonable opinion. An example of exceptional circumstances may be difficulties caused in operating the <b>System</b> during disputes affecting fuel supplies;
"TEC Increase Request"	a request for an increase in <b>Transmission Entry Capacity</b> pursuant to <b>CUSC</b> paragraph 6.30.2.
"TEC Register"	the register set up by <b>The Company</b> pursuant to Paragraph 6.30.3.1.
"TEC Trade"	a trade between parties of their respective <b>Transmission Entry Capacity</b> .
"Tendered Capability Breakpoints"	as defined in Paragraph 1.4 of Appendix 5 of Schedule 3, Part I;
"Temporary Donated TEC"	is the temporary MW reduction in the export rights of the <b>Temporary TEC Exchange Donor User</b> arising from acceptance of a <b>Temporary TEC Exchange Offer</b> .
"Temporary Received TEC"	is at any time the <b>Temporary TEC Exchange Rate</b> .
"Temporary TEC Exchange"	is a <b>User</b> that has jointly made a <b>Temporary TEC Exchange Rate Request</b> to reduce its

<b>Donor User"</b>	rights to export for the duration of the <b>Temporary TEC Exchange Period</b> .
<b>"Temporary TEC Exchange Notification of Interest Form"</b>	is the form set out in Exhibit X to the <b>CUSC</b> .
<b>"Temporary TEC Exchange Offer"</b>	is an offer made by <b>The Company</b> for a <b>Temporary TEC Exchange Rate</b> in accordance with the terms of Paragraphs 6.34.4.6.
<b>"Temporary TEC Exchange Period"</b>	is a period within a <b>Financial Year</b> as specified in the <b>Temporary TEC Exchange Rate Request Form</b> being for a minimum of four weeks and commencing at 0.00 hours on a Monday and finishing at 23.59 on any given day no later than the last day of such <b>Financial Year</b> .
<b>"Temporary TEC Exchange Rate Request Fee"</b>	is the single fee to be paid to <b>The Company</b> for a <b>Temporary TEC Exchange Rate Request</b> as detailed in the <b>Charging Statements</b> .
<b>"Temporary TEC Exchange Rate Request Form"</b>	is the form set out in Exhibit W to the <b>CUSC</b> .
<b>"Temporary TEC Exchange Rate Request"</b>	is a joint application made by a <b>Temporary TEC Exchange Donor User</b> and a <b>Temporary TEC Exchange Recipient User</b> for a <b>Temporary TEC Exchange Rate Offer</b> .
<b>"Temporary TEC Exchange Rate"</b>	is a weekly profile of the additional export rights in MW available to the <b>Temporary TEC Exchange Recipient User</b> as a direct result of the temporary reduction in export rights in MW of the <b>Temporary TEC Exchange Donor User</b> .
<b>"Temporary TEC Exchange Recipient User"</b>	is a <b>User</b> that has jointly made a <b>Temporary TEC Exchange Rate Request</b> to increase its rights to export for the duration of the <b>Temporary TEC Exchange Period</b> .
<b>"Temporary TEC Trade Exchange"</b>	a trade made pursuant to CUSC Paragraph 6.34
<b>"Tenders"</b>	as defined in Paragraph 3.3 of Schedule 3, Part I;
<b>"Tenderers"</b>	as defined in Paragraph 3.3 of Schedule 3, Part I;
<b>"Tender Period"</b>	as defined in Paragraph 3.3 of Schedule 3, Part

I;

**"Term"**

without prejudice to the interpretation of **Term** in respect of **Users** acting in other capacities, for **Users** acting in respect of their **Connection Sites** which were not **Commissioned** at the **Transfer Date**, it means the term of the relevant **Bilateral Connection Agreement** commencing on the date of the **Bilateral Connection Agreement** and ending in accordance with Clause 9 of that agreement;

**"Termination Amount"**

in relation to a **Connection Site**, the amount calculated in accordance with the **Charging Statements**;

**"The Company"**

National Grid Electricity Transmission plc (No: 2366977) whose registered office is at 1-3 Strand, London, WC2N 5EH;

**"The Company Credit Rating"**

any one of the following:-

(a) a credit rating for long term debt of A- and A3 respectively as set by Standard and Poor's or Moody's respectively;

(b) an indicative long term private credit rating of A- and A3 respectively as set by Standard and Poor's or Moody's as the basis of issuing senior unsecured debt;

(c) a short term rating by Standard and Poor's or Moody's which correlates to a long term rating of A- and A3 respectively; or

(d) where the **User's Licence** issued under the Electricity Act 1989 (as amended by the Utilities Act 2000) requires that User to maintain a credit rating, the credit rating defined in that **User's Licence**.

**"The Company's Engineering Charges"**

the charges levied by **The Company** in relation to an application for connection and/or use of the **National Electricity Transmission**

	<b>System;</b>
"Third Party Claim"	as defined in Paragraph 7.5.3;
"Third Party Works"	in relation to a particular <b>User</b> those works, defined as such in its <b>Construction Agreement</b> ; being works undertaken on assets belonging to someone other than <b>The Company</b> or the <b>User</b> where such works are required by <b>The Company</b> to enable it to provide the connection to and/or use of the <b>National Electricity Transmission System</b> by the <b>User</b> or required as a consequence of connection to and/or use of the <b>National Electricity Transmission System</b> by the <b>User</b> ; the <b>National Electricity Transmission System</b> and all <b>User Systems</b> in <b>Great Britain</b> and <b>Offshore</b> ;
"Total System"	
"Total System Chargeable HH Demand"	the total of all half-hourly metered <b>Demands</b> for which <b>HH Charges</b> are paid, taken over a period of time which may or may not be that to which <b>HH Charges</b> relate.
"Total System Chargeable NHH Demand"	the total of all half-hourly metered <b>Demands</b> for which <b>NHH Charges</b> are paid, taken over a period of time which may or may not be that to which <b>NHH Charges</b> relate.
"Trading Party"	as defined in the <b>Balancing and Settlement Code</b> ;
"Trading Unit"	as defined in the <b>Balancing and Settlement Code</b> ;
"Transfer Date"	"24.00" hours on 30th March 1990;
"Transfer Scheme"	schemes made under sections 65 and 66 of the <b>Act</b> and effected on the <b>Transfer Date</b> ;
"Transmission"	means, when used in conjunction with another term relating to equipment, whether defined or not, that the associated term is to be read as being part of or directly associated with the <b>National Electricity Transmission System</b> and not of or with the <b>User System</b> ;
"Transmission Business"	the authorised business of <b>The Company</b> or any <b>Affiliate</b> or <b>Related Undertaking</b> in the planning, development, construction and maintenance of the <b>National Electricity Transmission System</b> (whether or not pursuant to directions of the Secretary of State made under section 34 or 35 of the <b>Act</b> ) and the operation of such system for the transmission of electricity, including any business in providing connections to the <b>National Electricity</b>

	<b>Transmission System</b> but shall not include (i) any other <b>Separate Business</b> or (ii) any other business (not being a <b>Separate Business</b> ) of <b>The Company</b> or any <b>Affiliate</b> or <b>Related Undertaking</b> in the provision of services to or on behalf of any one or more persons;
<b>“Transmission Charging Methodology Forum”</b>	the charging methodology forum (and related arrangements) established to facilitate meetings between <b>The Company</b> and any other persons whose interests are materially affected by the applicable <b>Charging Methodologies</b> for the purpose of discussing the further development of the applicable <b>Charging Methodologies</b> ;
<b>“Transmission Connection Assets”</b>	the <b>Transmission Plant</b> and <b>Transmission Apparatus</b> necessary to connect the <b>User's Equipment</b> to the <b>National Electricity Transmission System</b> at any particular <b>Connection Site</b> in respect of which <b>The Company</b> charges <b>Connection Charges</b> (if any) as listed or identified in Appendix A to the <b>Bilateral Connection Agreement</b> relating to each such <b>Connection Site</b> ;
<b>“Transmission Connection Asset Works”</b>	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> ;
<b>“Transmission Entry Capacity”</b>	the figure specified as such as set out in Appendix C of the relevant <b>Bilateral Connection Agreement</b> or <b>Bilateral Embedded Generation Agreement</b> ;
<b>“Transmission Licence”</b>	the licence granted to <b>The Company</b> under section 6(1)(b) of the <b>Act</b> ;
<b>“Transmission Licences”</b>	the licence granted to <b>The Company</b> , SP Transmission Limited and Scottish Hydro Electric Transmission Limited under the <b>Act</b> ; <i>[Note: There is potential for confusion over the use of the singular to refer to The Company’s licence and the plural to refer to all three licences and it may be helpful to distinguish between the two terms more clearly]</i>
<b>“Transmission Network Services”</b>	as defined in the <b>Transmission Licence</b> ;
<b>“Transmission Network Use of System Charges”</b>	the element of <b>Use of System Charges</b> payable in respect of <b>Transmission Network Services</b> (including for the avoidance of doubt <b>Transmission Network Use of System Demand Reconciliation Charges</b> and <b>ET Use of System Charges</b> );

"Transmission Network Use of System Demand Charges"	that element of <b>Transmission Network Use of System Charges</b> relating to <b>Demand</b> ;
"Transmission Network Use of System Demand Zone"	each of the zones identified by <b>The Company</b> in the <b>Charging Statements</b> for charging of <b>Transmission Network Use of System Charges</b> in relation to <b>Demand</b> ;
"Transmission Network Use of System Demand Reconciliation Charges"	sums payable by the <b>User</b> to <b>The Company</b> under invoices issued to the <b>User</b> pursuant to Paragraph 3.12.7;
"Transmission Owner Activity"	The Function of the Transmission Licensees' Transmission Business as defined in the Transmission Licences;
"Transmission Related Agreement"	an agreement between <b>The Company</b> and a <b>User</b> substantially in the form of Schedule 2 Exhibit 5;
"Transmission Services Activity"	as defined in the <b>Transmission Licence</b> ;
"Transmission Services Use of System Charges"	the element of <b>Use of System Charges</b> payable in respect of the <b>Transmission Services Activity</b> ;
"Transmission Reinforcement Works"	in relation to a particular <b>User</b> , as defined in its <b>Construction Agreement</b> or <b>BELLA</b> as appropriate;
"Transmission Voltage"	In Scotland voltages of 132kV and above; in England and Wales voltages above 132kV – usually 275kV and 400kV;
"Transmission Works Register"	the register set up by <b>The Company</b> pursuant to Paragraph 6.36.1;
"Transmission Works"	in relation to a particular <b>User</b> , those works which are specified in Appendix H to the relevant <b>Construction Agreement</b> , where Part 1 is works required for the <b>User</b> and Part 2 is works required for wider system reasons;
"Triad"	is used as a short hand way to describe the three <b>Settlement Periods</b> of highest transmission systems <b>Demand</b> , namely the half hour <b>Settlement Period</b> of system peak <b>Demand</b> and the two half hour <b>Settlement Periods</b> of next highest <b>Demand</b> , which are separated from the system peak <b>Demand</b> and from each other by at least <b>10 Clear Days</b> , between November to February inclusive;
"Undertaking"	as defined in section 259 of the Companies Act 1985;
"Unsecured Credit Cover"	the maximum amount of unsecured credit available to each <b>User</b> for the purposes of Part III of Section 3 of the <b>CUSC</b> at any time which



shall be a sum equal to 2% of the **NGC Prescribed Level** in the relevant **Financial Year**;

**"Unusual Load Characteristics"**

loads which have characteristics which are significantly different from those of the normal range of domestic, commercial and industrial loads (including loads which vary considerably in duration or magnitude).

**"Urgent CUSC Modification Proposal"**

an **CUSC Modification Proposal** treated or to be treated as an **Urgent CUSC Modification Proposal** in accordance with Paragraph 8.24;

**"Use of System"**

use of the **National Electricity Transmission System** for the transport of electricity by any **Authorised Electricity Operator** or **Interconnector User** or **Interconnector Error Administrator**;

**"Use of System Application"**

an application for a **Bilateral Embedded Generation Agreement** or for **Use of System** in the form or substantially in the form set out in Exhibit D or F to the **CUSC** as appropriate;

**"Use of System Charges"**

charges made or levied or to be made or levied by **The Company** for the provision of services as part of the **Transmission Business** to any **Authorised Electricity Operator** as more fully described at Standard Condition C4 and C5 of the **Transmission Licence** and in the **Bilateral Agreements** and Section 3 and Section 9 Part II and as amended in accordance with Standard Condition C13 of the **Transmission Licence** but shall not include **Connection Charges**;

**"Use of System Charging Methodology"**

as defined in the **Transmission Licence** and set out in Section x;

**"Use of System Interconnector Confirmation Notice"**

the part of the **Use of System Interconnector Offer and Confirmation Notice** by which **The Company** confirms the use of the **National Electricity Transmission System** by an **Interconnector User** or an **Interconnector Error Administrator**;

**"Use of System Interconnector Offer and Confirmation Notice"**

the notice which combines the offer and confirmation in relation to the use of the **National Electricity Transmission System** by an **Interconnector User** or an **Interconnector Error Administrator**, in the form set out in Exhibit H to the **CUSC**;

**"Use of System Interconnector Offer"**

the part of the **Use of System Interconnector**

<b>Notice"</b>	<b>Offer and Confirmation Notice</b> by which <b>The Company</b> offers an <b>Interconnector User</b> or an <b>Interconnector Error Administrator</b> use of the <b>National Electricity Transmission System</b> ;
<b>"Use of System Offer"</b>	an offer (or in the case of a use of system generation offer and where appropriate, offers) made by <b>The Company</b> to a <b>User</b> pursuant to Paragraph 3.7 or 9.21 substantially in the form of Exhibit G ( <b>Use of System Supply Offer</b> ) or Exhibit E ( <b>Use of System Generation Offer</b> ) or Exhibit H ( <b>Use of System Interconnector Offer</b> ) to the <b>CUSC</b> ;
<b>"Use of System Payment Date"</b>	the date for payment of <b>Use of System Charges</b> ;
<b>"Use of System Supply Confirmation Notice"</b>	the part of the <b>Use of System Supply Offer and Confirmation Notice</b> by which <b>The Company</b> confirms the use of the <b>National Electricity Transmission System</b> by a <b>Supplier</b> ;
<b>"Use of System Supply Offer and Confirmation Notice"</b>	the notice which combines the offer and confirmation in relation to the use of the <b>National Electricity Transmission System</b> by a <b>Supplier</b> , in the form set out in Exhibit G to the <b>CUSC</b> ;
<b>"Use of System Supply Offer Notice"</b>	the part of the <b>Use of System Supply Offer and Confirmation Notice</b> by which <b>The Company</b> offers a <b>Supplier</b> use of the <b>National Electricity Transmission System</b> ;
<b>"Use of System Termination Notice"</b>	the notice to be given to terminate <b>Use of System</b> by a <b>Supplier</b> or an <b>Interconnector User</b> , or an <b>Interconnector Error Administrator</b> in accordance with the <b>CUSC</b> ;
<b>"User"</b>	a person who is a party to the <b>CUSC Framework Agreement</b> other than <b>The Company</b> ;
<b>"User Development"</b>	shall have the meaning set out in the <b>Connection Application</b> or the <b>Use of System Application</b> as the case may be;
<b>"User's Allowed Credit"</b>	that proportion of the <b>Unsecured Credit Cover</b> extended to a <b>User</b> by <b>NGC</b> as calculated in accordance with Paragraph 3.26;
<b>"User's Equipment"</b>	the <b>Plant</b> and <b>Apparatus</b> owned by a <b>User</b> (ascertained in the absence of agreement to the contrary by reference to the rules set out in

Paragraph 2.12) which: (a) is connected to the **Transmission Connection Assets** forming part of the **National Electricity Transmission System** at any particular **Connection Site** to which that **User** wishes so to connect, or (b) is connected to a **Distribution System** to which that **User** wishes so to connect;

**"User's Licence"**

a **User's** licence to carry on its business granted pursuant to Section 6 of the **Act**;

**"User System"**

any system owned or operated by a **User** comprising **Generating Units** and/or **Distribution Systems** (and/or other systems consisting (wholly or mainly) of electric lines which are owned or operated by a person other than a **Public Distribution System Operator** and **Plant** and/or **Apparatus** connecting **Generating Units, Distribution Systems** (and/or other systems consisting wholly or mainly of electric lines which are owned or operated by a person other than a **Public Distribution System Operator** or **Non-Embedded Customers** to the **National Electricity Transmission System** or (except in the case of **Non-Embedded Customers**) to the relevant other **User System**, as the case may be, including any **Remote Transmission Assets** operated by such **User** or other person and any **Plant** and/or **Apparatus** and meters owned or operated by such **User** or other person in connection with the distribution of electricity but does not include any part of the **National Electricity Transmission System**;

**"Valid"**

valid for payment to be made thereunder against delivery of a **Notice of Drawing** given within the period stated therein;

**"Value Added Tax"**

United Kingdom value added tax or any tax supplementing or replacing the same;

**"Value At Risk Amendment"**

the **Proposed Amendment** in respect of **Amendment Proposal 127**.

**"Value At Risk Amendment Implementation Date"**

the **Implementation Date** of the **Value At Risk Amendment**.

**"Value At Risk Amendment Implementation End Date"**

the date one year following the **Value At Risk Amendment Implementation Date**.

**"Website"**

the site established by **The Company** on the World-Wide Web for the exchange of information among **CUSC Parties** and other interested persons in accordance with such

	restrictions on access as may be determined from time to time by <b>The Company</b> ;
<b>"Week"</b>	means a period of seven <b>Calendar Days</b> commencing at 05.00 hours on a Monday and terminating at 05.00 hours on the next following Monday;
<b>"Weekly Maximum Generation Declaration"</b>	has the meaning attributed to it in Paragraph 4.2.3.1;
<b>"Workgroup"</b>	a <b>Workgroup</b> established by the <b>CUSC Modifications Panel</b> pursuant to Paragraph 8.20.1;
<b>"<u>Workgroup</u> Consultation"</b>	As defined in Paragraph 8. <u>20</u> .10, and any further consultation which may be directed by the <b><u>CUSC Modifications</u> Panel</b> pursuant to Paragraph 8. <u>20</u> .17;
<b>"WG Consultation Alternative Request"</b>	any request from a <b>CUSC Party</b> , a <b>BSC Party</b> or the <b>National Consumer Council</b> for a <b>Workgroup Alternative CUSC Modification</b> be developed by the <b><u>Workgroup</u></b> expressed as such and which contains the information referred to at Paragraph 8. <u>20</u> .13. For the avoidance of doubt any <b>WG Consultation Alternative Request</b> does not constitute either a <b><u>CUSC Modification</u> Proposal</b> or a <b>Workgroup Alternative CUSC Modification</b> ; <i>[Note: This amendment should have been made pursuant to CAP180]</i>
<b>"Workgroup Alternative CUSC Modification"</b>	An alternative modification to the <b>CUSC Modification Proposal</b> developed by the <b>Workgroup</b> under the <b>Workgroup</b> terms of reference (either as a result of a <b><u>Workgroup Consultation</u></b> or otherwise) and which is believed by a majority of the members of the <b><u>Workgroup</u></b> or by the chairman of the <b>Workgroup</b> to better facilitate the <b>Applicable CUSC Objectives</b> than the <b>CUSC Modification Proposal</b> or the current version of the <b>CUSC</b> ;

**END OF SECTION 11**

## **PART 7 – LEGAL TEXT: CUSC SECTION 14**

Part 7 of Volume 2 includes the proposed new CUSC Section 14 arising from CAP188. Please note that in line with the proposed implementation approach set out in paragraph 7 of Volume 1 the CAP188 Consultation document, the version of the Charging Methodologies to be implemented within the new Section 14 will be those versions which are prevailing on the date and time of notification of the Authority's decision to approve CAP188.

## **CUSC - SECTION 14**

### **CHARGING METHODOLOGIES**

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The Statement of the Connection Charging Methodology

##### Part II

The Statement of the Use of System Charging Methodology

**CUSC SECTION 14**

**THE CHARGING METHODOLOGIES**

**PART I**

**THE STATEMENT OF THE CONNECTION CHARGING METHODOLOGY**

*[the text of the prevailing version of “The Statement of the Connection Charging Methodology” as at the time and date of implementation of Amendment Proposal CAP188 will be inserted here]*

**CUSC SECTION 14**

**THE CHARGING METHODOLOGIES**

**PART II**

**THE STATEMENT OF THE USE OF SYSTEM CHARGING METHODOLOGY**

*[the text of the prevailing version of “The Statement of the Use of System Charging Methodology” as at the time and date of implementation of Amendment Proposal CAP188 will be inserted here]*



## **PART 8 – LEGAL TEXT: CUSC TABLE OF CONTENTS**

Part 8 of Volume 2 includes the proposed new Table of Contents for the CUSC, revised to reflect the proposed amendments to Section 8 and the new Section 14. The text has been change marked against the baseline version of the CUSC Table of Contents (version 1.13 – 11<sup>th</sup> August 2010).

**THE NATIONAL GRID COMPANY-ELECTRICITY TRANSMISSION plc**

**THE CONNECTION & USE OF SYSTEM CODE**

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## **PART 9 – OFGEM COMMENTS ON LEGAL TEXT**

Part 9 of Volume 2 includes the comments received from Ofgem on 11<sup>th</sup> October 2010.

**Legal Review: Consolidated CUSC Legal Text of 27 September 2010**

**SCRs**

Reference to CUSC Legal Text	Concern
8.17.1	<p>We consider that it is misleading/inaccurate to say “for inclusion within the Significant Code Review” as such proposals in practice are not included within the Significant Code Review. The current drafting implies that they are, or may be. Furthermore, SLC C10 refers to proposals falling <u>within scope of a Significant Code Review</u>.</p> <p><u>Suggestion:</u> We consider that all such references throughout the legal texts for section 8 and 11 should be replaced with references to falling/fall within scope of a Significant Code Review as appropriate, including definition of “Standard CUSC Modification Proposal”.</p> <p>In similar vein, paragraph 8.1.6 contains reference to “subsumed into a Significant Code Review” which may also be misleading/inaccurate. We consider a reference to “restricted during a Significant Code Review” is more appropriate.</p>
8.17.1	<p>(1) We consider that in the Panel’s assessment of whether a CUSC Modification Proposal falls within scope of an SCR must also include an assessment of the applicability of the exceptions set out in SLC C10(6A)(a) and (b) - as required by SLC C10(6B)(b)(ii).</p> <p>(2) Linked to the above point, where a modification proposal falls within a current SCR but is a proposal that is raised pursuant to an SCR direction, that modification, under SLC C10(6A)(b), may be made. We consider this needs to be made express due to the definition of “Standard CUSC Modification Proposal” which means CUSC proposals except those [falling within scope] of SCRs or Self Governance.</p>
8.17.3	<p>We query how you consider SLC C10(6A) has been implemented - where the Authority may determine that a CUSC Modification Proposal falling within scope of an SCR may be made if it falls within the exceptions listed i.e. urgency.</p>
8.17.3	<p>We consider that the first sentence of this paragraph should be amended which states that if at any time the Authority directs that a proposal submitted during an SCR falls within scope of an SCR, the Panel then cannot proceed with that proposal. However, the Authority may direct that it does fall within the SCR but that the proposal may be made due to, amongst other things, urgency (see SLC C10(6A)). Therefore, we suggest the provision is tweaked to ensure there is no ambiguity surrounding whether the Panel is bound not to proceed with that proposal under this paragraph as currently drafted.</p> <p><u>Suggestion:</u></p> <p>“If the Authority at any time directs that the CUSC Modification Proposal submitted during a Significant Code Review Phase <del>is suitable for inclusion</del> falls within scope of the Significant Code Review and must not be made during the Significant Code Review Phase, the CUSC Modifications</p>

	Panel will not proceed with that CUSC Modification Proposal, and the Proposer shall decide whether the CUSC Modification Proposal shall be withdrawn or suspended until the end of the Significant Code Review Phase."
8.17.5	We consider that this paragraph should make clear that "where The Company makes a CUSC Modification Proposal in accordance with Authority directions, that proposal proceeds through the process for Standard CUSC Modification Proposals set out in Paragraphs 8.18 to 8.23" as this is stated for 'Self-Governance' proposals that turn out not to fall within Self-Governance and therefore follow the standard process.
8.19.3	We query the impact of amalgamation on an SCR CUSC Modification Proposal since once an SCR modification proposal is raised it follows the Standard CUSC Modification Proposal process. We consider SCR proposals should not fall within scope of amalgamation – this mirrors that currently proposed in the BSC legal text – and we consider a provision to this effect should be inserted here.
8.20.22	We consider that the last sentence; "the CUSC Modification Proposal and any Workgroup Alternative CUSC Modification shall be suspended during the Significant Code Review Phase, unless withdrawn", should refer back to the provisions on suspension and withdrawal and the proposer's right to specify within 28 days whether that proposal is withdrawn or suspended. Therefore, we consider it would better read as follows: "the CUSC Modification Proposal and any Workgroup Alternative CUSC Modification shall be suspended or withdrawn during the Significant Code Review Phase, <del>unless withdrawn</del> in accordance with Paragraph 8.17.3."
8.1.4	We consider that the words "high level" should be deleted as appears inaccurate.

### Self Governance

Reference to CUSC Legal Text	Concern
8.18.4	<p>We consider that the last part of this paragraph may be interpreted wrongly; "The CUSC Modifications Panel shall follow the procedure set out in Paragraph 8.25 in respect of any CUSC Modification Proposal deemed by the CUSC Modifications Panel to fall within the Self-Governance Criteria". It may be interpreted that where a proposal is not deemed by the Panel to fall within self-governance then paragraph 8.25 does not apply - whereas it should apply. Therefore we suggest the following may work better.</p> <p><u>Suggestion:</u></p> <p>"The CUSC Modifications Panel shall evaluate each CUSC Modification Proposal against the Self-Governance Criteria: <del>The CUSC Modifications Panel and</del> shall follow the procedure set out in Paragraph 8.25 <del>in respect of any CUSC Modification Proposal deemed by the CUSC Modifications Panel to fall within the Self-Governance Criteria.</del>"</p>
8.18.5	We consider that this paragraph is not required as covered in 8.25. It slightly confuses matters/duplicates in that paragraph 8.25 applies and sets out essentially the same thing as this paragraph does.

8.25.2	We query why the reference to the process for Standard CUSC Modification Proposals set out in various paragraphs excludes paragraph 8.21 – could this be relevant in relation to proposals to amend the charging methodologies?
8.25.4	This refers to the Authority giving a direction at the first CUSC Modifications Panel meeting at which a CUSC Modification Proposal is discussed at the earliest. We query why we are limited to giving a direction no earlier than in that meeting and we consider this should be deleted.
8.25.9	We consider a reference to “in accordance with paragraph 8.25.4” is required after the words “or if the Authority determines that the Self-Governance Criteria are satisfied”.
8.25.11	<p>(1) We consider the reference to ‘Self-Governance Report’ should be a reference to the defined term ‘CUSC Modification Self-Governance Report’.</p> <p>(2) We consider the words “and a direction has not been issued under Paragraph 8.25.4” should be inserted after the words “If a Self-Governance Statement is retracted,” for clarification.</p> <p>(3) We consider that the words: “, and the Authority shall make a determination in respect of the CUSC Modification Proposal in accordance with Paragraph 8.23.7.” should be deleted because other relevant provisions appear to be excluded, for example, the Authority may send back the modification report, due to the words “the Authority shall”.</p> <p><u>Suggestion:</u> Therefore, we suggest that the paragraph is clarified as follows-</p> <p>“If a Self-Governance Statement is retracted <b>and a direction has not been issued under Paragraph 8.25.4</b>, or if the Authority notifies the CUSC Modifications Panel that it has determined that a CUSC Modification Proposal does not meet the Self-Governance Criteria the CUSC Modifications Panel shall treat the CUSC Modification Proposal as a Standard CUSC Modification Proposal and shall comply with Paragraph 8.23, using the <b>CUSC Modification Self-Governance Report</b> as a basis for its CUSC Modification Report., <del>and the Authority shall make a determination in respect of the CUSC Modification Proposal in accordance with Paragraph 8.23.7.</del>”</p>
8.25.12	We do not understand why the Panel would, after the Authority either does not give notice that its decision is required or determines that a proposal fulfils the Self-Governance Criteria (paragraph 8.25.9), withdraw that proposal from the Self Governance process and direct it to the standard process for Authority decision. Furthermore, how does this work if (1) the Authority has already determined that the Self Governance Criteria are met and the proposal should follow Self Governance under 8.25.4, and (2) if the Authority could just issue a direction that the proposal should follow Self Governance under 8.25.4 in any case? Due to these implications, we consider this provision should be deleted. Grateful for your views.
8.25.10	Note that currently the reference to 8.25.19 should be 8.25.18. If you agree with our comment above on Self Governance Appeals where we suggest a new paragraph



	8.25.19 then this reference does not require amendment.
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**Self Governance Appeals**

Reference to CUSC Legal Text	Concern
8.25.14	<p>(1) We consider that the appeal should be made up to and including 15 business days following Panel determination in accordance with paragraph 8.25.9 and not from publication of the decision to approve or reject. Please see SLC C10 (13B) which sets out that an appeal may be made 15 working days after the approval or rejection and so not from publication of the decision to approve or reject.</p> <p>(2) We consider that reference to "...the approval or rejection by the CUSC Modifications Panel of a CUSC Modification Proposal and any Workgroup Alternative CUSC Modification that met the Self-Governance Criteria..." should be reference to "...the approval or rejection by the CUSC Modifications Panel of a CUSC Modification Proposal and any Workgroup Alternative CUSC Modification <del>that met the Self-Governance Criteria</del> in accordance with Paragraph 8.25.9...". This is because the reference just to "that met the Self-Governance Criteria" does not appear to be enough as there is a full process set out in paragraph 8.25 which culminates in the Panel decision under paragraph 8.25.9 which is then appealable.</p>
8.25.15	<p>(1) We consider that the words "the merits of the appeal against" should be deleted and the words "whether the appeal satisfies". This is to make clear this is a 'permission stage' type provision avoid any implication or confusion that we are deciding the appeal at that stage. Further, the word "Whether" at the beginning of (a), (b), (c) and (d) should be deleted.</p> <p>(2) We note that the Authority may consider that the appeal criteria are not fulfilled so dismiss the appeal. We consider that a provision is required to cover this eventuality at the end of this paragraph.</p>
8.25.17	<p>(1) We consider that reference to "...Panel's determination in respect of a CUSC Modification Proposal or Workgroup Alternative CUSC Modification that met the Self-Governance Criteria" should be reference to "...Panel's determination in respect of a CUSC Modification Proposal or Workgroup Alternative CUSC Modification <del>that met the Self-Governance Criteria</del> in accordance with Paragraph 8.25.9...". This is because the reference just to "that met the Self-Governance Criteria" does not appear to be enough as there is a full process set out in paragraph 8.25 which culminates in the Panel decision under paragraph 8.25.9 which is then appealable.</p> <p>(2) We consider that for the avoidance of doubt an express reference to paragraph 8.23.9 (send back) should be included: e.g.</p> <p>".....the CUSC Modification Panel's determination of that CUSC Modification Proposal and any alternative shall be treated as a CUSC Modification Report submitted to the Authority pursuant to Paragraph 8.23.6 (for the avoidance</p>

	<p>of doubt, subject to Paragraph 8.29.3) and the CUSC Modification Panel’s determination shall be treated as its recommendation pursuant to Paragraph 8.23.4.”</p>
<p>8.25.18</p>	<p>(1) We consider the words “If the Authority quashes the CUSC Modifications Panel’s determination in respect of a CUSC Modification Proposal or Workgroup Alternative CUSC Modification made in accordance with Paragraph 8.25.9,” should be inserted at the beginning of this paragraph for relevant context.</p> <p>(2) We consider the reference to “further consideration” should be “re-consideration”.</p> <p>(3) We also consider that the sentence “and it is also open to the Authority to direct the CUSC Modifications Panel to refer its recommendation to the Authority for final determination pursuant to Paragraph 8.23.7.” should be deleted. If the Authority quashes the Panel’s determination and remits it back for reconsideration, the panel would then be taking the decision again and not the Authority, further paragraph 8.25.17 covers situations where the Authority may quash the panel’s decision and take the decision itself in any case.</p> <p><u>Suggestion:</u> We suggest that the paragraph is clarified as follows-</p> <p>“If the Authority quashes the CUSC Modifications Panel’s determination in respect of a CUSC Modification Proposal or Workgroup Alternative CUSC Modification made in accordance with Paragraph 8.25.9, the Authority may, following an appeal to the Authority, refer the CUSC Modification Proposal back to the CUSC Modifications Panel for further re-consideration and a further CUSC Modifications Panel Self-Governance Vote <del>and it is also open to the Authority to direct the CUSC Modifications Panel to refer its recommendation to the Authority for final determination pursuant to Paragraph 8.23.7.”</del>”</p>
<p>New 8.25.19</p>	<p>We note that the Authority may confirm the CUSC Modifications Panel’s determination. We consider a new paragraph should be inserted to this effect to cover off this aspect.</p> <p><u>Suggestion:</u> We suggest the following provision could be inserted-</p> <p>“The Authority may confirm the CUSC Modifications Panel’s determination in respect of a CUSC Modification Proposal or Workgroup Alternative CUSC Modification made in accordance with Paragraph 8.25.9, following an appeal to the Authority.”</p>
<p>8.28.1</p>	<p>We consider that reference to appeals and paragraph reference to Panel decision on self-governance proposals is required in this paragraph.</p> <p><u>Suggestion:</u> For example, we consider that the provision could be clarified as follows-</p>

	<p>“The CUSC shall be modified either in accordance with the terms of the direction by the Authority relating to, or other approval by the Authority of, the CUSC Modification Proposal or any Workgroup Alternative CUSC Modification contained in the relevant CUSC Modification Report, or in respect of CUSC Modification Proposals <b>or any Workgroup Alternative CUSC Modification that are subject to Panel determination under Paragraph 8.25.9</b>, in accordance with the relevant CUSC Modification Self-Governance Report <b>subject to the appeal procedures set out in paragraphs 8.25.14 to 8.25.[19].”</b></p>
<p>8.23.3</p>	<p>(1) We consider that (a) part of this provision, about the self governance modification taking effect, should be subject to appeals process and (b) reference to the Paragraph 8.28.2 (Panel decision on self-governance proposals) are required for clarification in this paragraph.</p> <p>(2) We are concerned about the last part of the provision “which shall, taking into account the fifteen (15) Business Day period set out in Paragraph 8.25.14 to allow for appeals, shall be no less than sixteen (16) Business Days after the date on which the notice is published pursuant to Paragraph 8.28.2”. It appears that the date in the notice cannot be any earlier than 16 business days which means there is scope for the implementation date to be as short as immediately after the next 16 days. However, we consider that an appeal and decision may not be complete within 16 days i.e. an appeal could come to us on the 15<sup>th</sup> day. Further this notice requirement seems to conflict with paragraph 8.25.14 which states implementation is suspended pending the appeal outcome. Therefore, where an appeal is raised and therefore implementation suspended, why is the notice required to be no earlier than 16 business days to allow for appeals? Alternatively should there be a requirement on the Code Administrator, in respect of self governance proposals, to only give its notice under paragraph 8.28.2 after the 15 day timeframe for an appeal is complete, and where an appeal is raised within that timeframe, upon the Authority’s decision?</p> <p><u>Suggestion:</u> For example, we consider that the provision could be clarified as follows-</p> <p>“A modification of the CUSC shall take effect from the time and date specified in the direction, or other approval, from the Authority referred to in Paragraph 8.28.1 or, in the absence of any such time and date in the direction or approval, from 00:00 hours on the day falling ten (10) Business Days after the date of such direction, or other approval, from the Authority except in relation to a modification of the CUSC in respect of the Charging Methodologies, which may only take effect from 1 April of any given year.</p> <p>A modification of the CUSC <del>that meets the Self-Governance Criteria, which does not require approval from the Authority</del> <b>7 pursuant to 8.25.10 shall take effect, subject to the appeal</b></p>

	<p>procedures set out in Paragraphs 8.25.14 to 8.25.[19], from the time and date specified by the Code Administrator in its notice given pursuant to Paragraph 8.28.2, which shall be given after the expiry of the fifteen (15) Business Day period set out in Paragraph 8.25.14 to allow for appeals, or where an appeal is raised in accordance with Paragraph 8.25.14, on conclusion of the appeal in accordance with Paragraphs 8.25.15 or 8.25.[19] but where conclusion of the appeal is earlier than the fifteen (15) Business Day period set out in Paragraph 8.25.14, notice shall be given after the expiry of this period-taking into account the fifteen (15) Business Day period set out in Paragraph 8.25.14 to allow for appeals, shall be no less than sixteen (16) Business Days after the date on which the notice is published pursuant to Paragraph 8.28.2."</p> <p>You will note the references to paragraph 8.25.15 and 8.25.19. These refer to where the where appeal is not permitted by the Authority (8.25.14) or where the appeal is permitted but the panel decision is upheld (8.25.19) (both paragraphs as suggested to be amended in line with our other comments in this note).</p> <p>Further, we note that in paragraph 8.22.4(b), the Code Administrator may propose implementation date. This may have some interrelation with our comments here. It may be that the relevant part of paragraph 8.22.4(b) is made subject to Paragraph 8.23.3.</p>
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**Send-back**

Reference to CUSC Legal Text	Concern
8.23.10	After a modification report is resubmitted to the Authority following send back, the last sentence of this provision requires that the Authority will then approve or reject the proposal or send back again. We consider that this last sentence is not required and should be deleted. The references to Paragraph 8.23.4 to Paragraph 8.23.6 make clear that the report is sent to the Authority for decision and send back applies.
8.23.7	We consider this paragraph should start with the words "Subject to Paragraph 8.23.9," so that Authority decision is subject to send back provisions.

**Environmental Assessment**

Reference to CUSC Legal Text	Concern
8.16.4(h)	We query whether the wording of this provision, for the proposer's assessment, should match SLC C10(6)(b)(ivb) and that provided in 8.23.2(d) for Panel assessment.
8.23.2(d)	We consider a reference to "Workgroup Alternative CUSC Modification(s)" is required after the references to the 'CUSC Modification Proposal'.

**Code Administrator Assistance**

Reference to CUSC Legal Text	Concern
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8.16.11(d)	We consider that the last sentence "subject to any charge made by The Company to cover its reasonable costs of providing such information" should be deleted as such a requirement is not permitted by the CGR Final Proposals or SLC C10.
8.16.11	We consider that "Materially Affected Parties" should be inserted where reference is made to "(including, in particular, Small Participants and consumer representatives)" to comply with SLC C10(6)(ad)(iii), albeit limited to for the purposes of preparing a proposal to modify a charging methodology if desired.

**Charging Methodologies**

Reference to CUSC Legal Text	Concern
SLC C10(6)(ad)(ii) and SLC C10(6)(b)(iva)	Grateful if you could clarify how SLC C10(6)(ad)(ii) and SLC C10(6)(b)(iva) have been implemented in the legal text.

**Definitions**

Reference to CUSC Legal Text	Concern
Definition of "CUSC Modifications Panel Self-Governance Vote"	<p>We consider this definition could be clarified more accurately as follows, reflecting how the Panel assess a self governance modification proposal (as set out in SLC C10 13A(d)). This provides certainty of how a self governance proposal will be assessed.</p> <p><u>Suggestion:</u> For example-</p> <p>"The vote of Panel Members undertaken by the Panel Chairman in accordance with Paragraph.8.25.9 as to whether they believe each CUSC Modification Proposal, <del>or Workgroup Alternative CUSC Modification would</del> as compared with the then existing provisions of the CUSC and any Workgroup Alternative CUSC Modification set out in the CUSC Modification Self-Governance Report, better facilitate achievement of the Applicable CUSC Objective(s)"</p>

**Charging Methodologies - Transitional Arrangements**

Reference to CUSC Legal Text	Concern
8.23.11	<p>We consider that the transitional arrangements provision requires tweaking so that it fully permits the Company to make a transitional modification to the Charging Methodologies contained within the CUSC. We consider it currently just prevents the Company from making a transitional charging modification if Authority veto's that proposed modification but in fact does not actually permit the Company to make the transitional modification if the Authority does not veto it.</p> <p><u>Suggestion:</u></p> <p>1. Amend 8.23.11 as follows:</p> <p>"Unless the Authority directs otherwise, the Company may make any modification to the Charging Methodologies if a report has been furnished to the Authority <b>in respect of that</b></p>

	<p><b>modification</b>, in accordance with standard condition C5 or standard condition C6 of the Transmission Licence in force as at 30 December 2010, before 31 December 2010 and within twenty eight (28) days of that report being furnished to the Authority, the Authority has either <b>not</b>:</p> <p>(a) directed The Company that the modification shall not be made; or</p> <p>(b) notified The Company that it intends to undertake an impact assessment and, <b>if it has notified The Company that it intends to undertake an impact assessment</b>, within three months of giving that notification, <b>it has not</b> directed The Company not to make the modification.”</p> <p>and</p> <p>2. Amend 8.28.1 to include the words “or in accordance with paragraph 8.23.11” so that the CUSC can be modified to reflect any transitional charging modifications.</p>
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## **PART 10 – OFGEM COMMENTS ON LEGAL TEXT**

Part 10 of Volume 2 includes the comments received from Ofgem on 12<sup>th</sup> October 2010.

**Ofgem Review of Consolidated CUSC Legal Text of 27 September 2010**

**SCRs**

Reference to CUSC Legal Text	Concern
8.17.1	<p>We consider that it is misleading/inaccurate to say “for inclusion within the Significant Code Review” as such proposals in practice are not included within the Significant Code Review. The current drafting implies that they are, or may be. Furthermore, SLC C10 refers to proposals falling <u>within scope of a Significant Code Review</u>.</p> <p><u>Suggestion:</u> We consider that all such references throughout the legal texts for section 8 and 11 should be replaced with references to falling/fall within scope of a Significant Code Review as appropriate, including definition of “Standard CUSC Modification Proposal”.</p> <p>In similar vein, paragraph 8.1.6 contains reference to “subsumed into a Significant Code Review” which may also be misleading/inaccurate. We consider a reference to “restricted during a Significant Code Review” is more appropriate.</p>
8.17.1	<p>(1) We consider that in the Panel’s assessment of whether a CUSC Modification Proposal falls within scope of an SCR must also include an assessment of the applicability of the exceptions set out in SLC C10(6A)(a) and (b) - as required by SLC C10(6B)(b)(ii).</p> <p>(2) Linked to the above point, where a modification proposal falls within a current SCR but is a proposal that is raised pursuant to an SCR direction, that modification, under SLC C10(6A)(b), may be made. However the drafting currently effectively provides that where SCR proposal is made during another SCR phase the panel must proceed with it (as it is a CUSC modification proposal) but also must send suitability assessment which they are not required to do under the licence as that modification may be made under SLC C10(6A)(b). Further, the meaning of “Standard CUSC Modification Proposal” may cause some ambiguity. It means CUSC proposals except those suitable for inclusion within SCRs or Self Governance. For the avoidance of doubt, we consider it is best to make clear that except those suitable for inclusion within SCRs “as directed by the Authority under Paragraph 18.7.5”.</p>
8.17.3	<p>We query how you consider SLC C10(6A) has been implemented – where the Authority may determine that a CUSC Modification Proposal falling within scope of an SCR may be made if it falls within the exceptions listed i.e. urgency.</p>
8.17.3	<p>We consider that the first sentence of this paragraph should be amended which states that if at any time the Authority directs that a proposal submitted during an SCR falls within scope of an SCR, the Panel then cannot proceed with that proposal. However, the Authority may direct that it does fall within the SCR but that the proposal may be made due to, amongst other things, urgency (see SLC C10(6A)). Therefore, we suggest the provision is tweaked to ensure there is no ambiguity surrounding whether the Panel is bound not to proceed with that proposal under this</p>



	<p>paragraph as currently drafted.</p> <p><u>Suggestion:</u></p> <p>"If the Authority at any time directs that the CUSC Modification Proposal submitted during a Significant Code Review Phase <del>is suitable for inclusion</del> falls within scope of the Significant Code Review and must not be made during the Significant Code Review Phase, the CUSC Modifications Panel will not proceed with that CUSC Modification Proposal, and the Proposer shall decide whether the CUSC Modification Proposal shall be withdrawn or suspended until the end of the Significant Code Review Phase."</p>
8.17.5	<p>We consider that this paragraph should make clear that "where The Company makes a CUSC Modification Proposal in accordance with Authority directions, that proposal proceeds through the process for Standard CUSC Modification Proposals set out in Paragraphs 8.18 to 8.23" as this is stated for 'Self-Governance' proposals that turn out not to fall within Self-Governance and therefore follow the standard process.</p>
8.19.3	<p>We query the impact of amalgamation on an SCR CUSC Modification Proposal since once an SCR modification proposal is raised it follows the Standard CUSC Modification Proposal process. We consider SCR proposals should not fall within scope of amalgamation – this mirrors that currently proposed in the BSC legal text – and we consider a provision to this effect should be inserted here.</p>
8.20.22	<p>We consider that the last sentence; "the CUSC Modification Proposal and any Workgroup Alternative CUSC Modification shall be suspended during the Significant Code Review Phase, unless withdrawn", should refer back to the provisions on suspension and withdrawal and the proposer's right to specify within 28 days whether that proposal is withdrawn or suspended. Therefore, we consider it would better read as follows: "the CUSC Modification Proposal and any Workgroup Alternative CUSC Modification shall be suspended or withdrawn during the Significant Code Review Phase, <del>unless withdrawn</del> in accordance with Paragraph 8.17.3."</p>
8.1.4	<p>We consider that the words "high level" should be deleted as appears inaccurate.</p>

**Self Governance**

Reference to CUSC Legal Text	Concern
8.18.4	<p>We consider that the last part of this paragraph may be interpreted wrongly; "The CUSC Modifications Panel shall follow the procedure set out in Paragraph 8.25 in respect of any CUSC Modification Proposal deemed by the CUSC Modifications Panel to fall within the Self-Governance Criteria". It may be interpreted that where a proposal is not deemed by the Panel to fall within self-governance then paragraph 8.25 does not apply - whereas it should apply. Therefore we suggest the following may work better.</p> <p><u>Suggestion:</u></p> <p>"The CUSC Modifications Panel shall evaluate each CUSC</p>

	Modification Proposal against the Self-Governance Criteria- <del>The CUSC Modifications Panel and shall follow the procedure set out in Paragraph 8.25 in respect of any CUSC Modification Proposal deemed by the CUSC Modifications Panel to fall within the Self-Governance Criteria."</del>
8.18.5	We consider that this paragraph is not required as covered in 8.25. It slightly confuses matters/duplicates in that paragraph 8.25 applies and sets out essentially the same thing as this paragraph does.
8.25.2	We query why the reference to the process for Standard CUSC Modification Proposals set out in various paragraphs excludes paragraph 8.21 – could this be relevant in relation to proposals to amend the charging methodologies?
8.25.4	This refers to the Authority giving a direction at the first CUSC Modifications Panel meeting at which a CUSC Modification Proposal is discussed at the earliest. We query why we are limited to giving a direction no earlier than in that meeting and we consider this should be deleted.
8.25.9	We consider a reference to "in accordance with paragraph 8.25.4" is required after the words "or if the Authority determines that the Self-Governance Criteria are satisfied".
8.25.11	<p>(1) We consider the reference to 'Self-Governance Report' should be a reference to the defined term 'CUSC Modification Self-Governance Report'.</p> <p>(2) We consider the words "and a direction has not been issued under Paragraph 8.25.4" should be inserted after the words "If a Self-Governance Statement is retracted," for clarification.</p> <p>(3) We consider that the words: ", and the Authority shall make a determination in respect of the CUSC Modification Proposal in accordance with Paragraph 8.23.7." should be deleted because other relevant provisions appear to be excluded, for example, the Authority may send back the modification report, due to the words "the Authority shall".</p> <p><u>Suggestion:</u> Therefore, we suggest that the paragraph is clarified as follows-</p> <p>"If a Self-Governance Statement is retracted <del>and a direction has not been issued under Paragraph 8.25.4,</del> or if the Authority notifies the CUSC Modifications Panel that it has determined that a CUSC Modification Proposal does not meet the Self-Governance Criteria the CUSC Modifications Panel shall treat the CUSC Modification Proposal as a Standard CUSC Modification Proposal and shall comply with Paragraph 8.23, using the <del>CUSC Modification Self-Governance Report as a basis for its CUSC Modification Report., and the Authority shall make a determination in respect of the CUSC Modification Proposal in accordance with Paragraph 8.23.7."</del></p>
8.25.12	We do not understand why the Panel would, after the Authority either does not give notice that its decision is required or determines that a proposal fulfils the Self-Governance Criteria (paragraph 8.25.9), withdraw that proposal from the Self Governance process and direct it to the standard process for Authority decision. Furthermore,

	<p>how does this work if (1) the Authority has already determined that the Self Governance Criteria are met and the proposal should follow Self Governance under 8.25.4, and (2) if the Authority could just issue a direction that the proposal should follow Self Governance under 8.25.4 in any case? Due to these implications, we consider this provision should be deleted.</p> <p><b>We agreed that this provision does not apply where the Authority determines that a proposal fulfils the Self-Governance Criteria under paragraph 8.25.9 and therefore should be amended to state this.</b></p>
8.25.10	Note that currently the reference to 8.25.19 should be 8.25.18. If you agree with our comment above on Self Governance Appeals where we suggest a new paragraph 8.25.19 then this reference does not require amendment.

### **Self Governance Appeals**

<b>Reference to CUSC Legal Text</b>	<b>Concern</b>
8.25.14	<p>(1) We consider that the appeal should be made up to and including 15 business days following Panel determination in accordance with paragraph 8.25.9 and not from publication of the decision to approve or reject. Please see SLC C10 (13B) which sets out that an appeal may be made 15 working days after the approval or rejection and so not from publication of the decision to approve or reject.</p> <p>(2) We consider that reference to "...the approval or rejection by the CUSC Modifications Panel of a CUSC Modification Proposal and any Workgroup Alternative CUSC Modification that met the Self-Governance Criteria..." should be reference to "...the approval or rejection by the CUSC Modifications Panel of a CUSC Modification Proposal and any Workgroup Alternative CUSC Modification <del>that met the Self-Governance Criteria</del> in accordance with Paragraph 8.25.9...". This is because the reference just to "that met the Self-Governance Criteria" does not appear to be enough as there is a full process set out in paragraph 8.25 which culminates in the Panel decision under paragraph 8.25.9 which is then appealable.</p>
8.25.15	<p>(1) We consider that the words "the merits of the appeal against" should be deleted and the words "whether the appeal satisfies". This is to make clear this is a 'permission stage' type provision avoid any implication or confusion that we are deciding the appeal at that stage. Further, the word "Whether" at the beginning of (a), (b), (c) and (d) should be deleted.</p> <p>(2) We note that the Authority may consider that the appeal criteria are not fulfilled so dismiss the appeal. We consider that a provision is required to cover this eventuality at the end of this paragraph.</p>
8.25.17	<p>(1) We consider that reference to "...Panel's determination in respect of a CUSC Modification Proposal or Workgroup Alternative CUSC Modification that met the Self-Governance Criteria" should be reference to "...Panel's determination in respect of a CUSC Modification Proposal or Workgroup Alternative CUSC Modification <del>that met the Self-Governance</del></p>

	<p><del>Criteria in accordance with Paragraph 8.25.9...</del>". This is because the reference just to "that met the Self-Governance Criteria" does not appear to be enough as there is a full process set out in paragraph 8.25 which culminates in the Panel decision under paragraph 8.25.9 which is then appealable.</p> <p>(2) We consider that for the avoidance of doubt an express reference to paragraph 8.23.9 (send back) should be included: e.g.</p> <p>".....the CUSC Modification Panel's determination of that CUSC Modification Proposal and any alternative shall be treated as a CUSC Modification Report submitted to the Authority pursuant to Paragraph 8.23.6 (for the avoidance of doubt, subject to Paragraph 8.29.3) and the CUSC Modification Panel's determination shall be treated as its recommendation pursuant to Paragraph 8.23.4."</p>
8.25.18	<p>(1) We consider the words "If the Authority quashes the CUSC Modifications Panel's determination in respect of a CUSC Modification Proposal or Workgroup Alternative CUSC Modification made in accordance with Paragraph 8.25.9," should be inserted at the beginning of this paragraph for relevant context.</p> <p>(2) We consider the reference to "further consideration" should be "re-consideration".</p> <p>(3) We also consider that the sentence "and it is also open to the Authority to direct the CUSC Modifications Panel to refer its recommendation to the Authority for final determination pursuant to Paragraph 8.23.7." should be deleted. If the Authority quashes the Panel's determination and remits it back for reconsideration, the panel would then be taking the decision again and not the Authority, further paragraph 8.25.17 covers situations where the Authority may quash the panel's decision and take the decision itself in any case.</p> <p><u>Suggestion:</u> We suggest that the paragraph is clarified as follows-</p> <p><del>"If the Authority quashes the CUSC Modifications Panel's determination in respect of a CUSC Modification Proposal or Workgroup Alternative CUSC Modification made in accordance with Paragraph 8.25.9, the Authority may, following an appeal to the Authority, refer the CUSC Modification Proposal back to the CUSC Modifications Panel for further re-consideration and a further CUSC Modifications Panel Self-Governance Vote and it is also open to the Authority to direct the CUSC Modifications Panel to refer its recommendation to the Authority for final determination pursuant to Paragraph 8.23.7."</del></p>
New 8.25.19	<p>We note that the Authority may confirm the CUSC Modifications Panel's determination. We consider a new paragraph should be inserted to this effect to cover off this aspect.</p>

	<p><u>Suggestion:</u> We suggest the following provision could be inserted-</p> <p>“The Authority may confirm the CUSC Modifications Panel’s determination in respect of a CUSC Modification Proposal or Workgroup Alternative CUSC Modification made in accordance with Paragraph 8.25.9, following an appeal to the Authority.”</p>
8.28.1	<p>We consider that reference to appeals and paragraph reference to Panel decision on self-governance proposals is required in this paragraph.</p> <p><u>Suggestion:</u> For example, we consider that the provision could be clarified as follows-</p> <p>“The CUSC shall be modified either in accordance with the terms of the direction by the Authority relating to, or other approval by the Authority of, the CUSC Modification Proposal or any Workgroup Alternative CUSC Modification contained in the relevant CUSC Modification Report, or in respect of CUSC Modification Proposals <b>or any Workgroup Alternative CUSC Modification that are subject to Panel determination under Paragraph 8.25.9</b>, in accordance with the relevant CUSC Modification Self-Governance Report <b>subject to the appeal procedures set out in paragraphs 8.25.14 to 8.25.[19].</b>”</p>
8.23.3	<p>(1) We consider that (a) part of this provision, about the self governance modification taking effect, should be subject to appeals process and (b) reference to the Paragraph 8.28.2 (Panel decision on self-governance proposals) are required for clarification in this paragraph.</p> <p>(2) We are concerned about the last part of the provision “which shall, taking into account the fifteen (15) Business Day period set out in Paragraph 8.25.14 to allow for appeals, shall be no less than sixteen (16) Business Days after the date on which the notice is published pursuant to Paragraph 8.28.2”. It appears that the date in the notice cannot be any earlier than 16 business days which means there is scope for the implementation date to be as short as immediately after the next 16 days. However, we consider that an appeal and decision may not be complete within 16 days i.e. an appeal could come to us on the 15<sup>th</sup> day. Further this notice requirement seems to conflict with paragraph 8.25.14 which states implementation is suspended pending the appeal outcome. Therefore, where an appeal is raised and therefore implementation suspended, why is the notice required to be no earlier than 16 business days to allow for appeals? Alternatively should there be a requirement on the Code Administrator, in respect of self governance proposals, to only give its notice under paragraph 8.28.2 after the 15 day timeframe for an appeal is complete, and where an appeal is raised within that timeframe, upon the Authority’s decision?</p> <p><u>Suggestion:</u> For example, we consider that the provision could be clarified as follows-</p>

	<p>"A modification of the CUSC shall take effect from the time and date specified in the direction, or other approval, from the Authority referred to in Paragraph 8.28.1 or, in the absence of any such time and date in the direction or approval, from 00:00 hours on the day falling ten (10) Business Days after the date of such direction, or other approval, from the Authority except in relation to a modification of the CUSC in respect of the Charging Methodologies, which may only take effect from 1 April of any given year.</p> <p>A modification of the CUSC <del>that meets the Self-Governance Criteria, which does not require approval from the Authority</del> <del>;</del> pursuant to 8.25.10 shall take effect, subject to the appeal procedures set out in Paragraphs 8.25.14 to 8.25.[19], from the time and date specified by the Code Administrator in its notice given pursuant to Paragraph 8.28.2, which shall be given after the expiry of the fifteen (15) Business Day period set out in Paragraph 8.25.14 to allow for appeals, or where an appeal is raised in accordance with Paragraph 8.25.14, on conclusion of the appeal in accordance with Paragraphs 8.25.15 or 8.25.[19] but where conclusion of the appeal is earlier than the fifteen (15) Business Day period set out in Paragraph 8.25.14, notice shall be given after the expiry of this period-taking into account the fifteen (15) Business Day period set out in Paragraph 8.25.14 to allow for appeals, shall be no less than sixteen (16) Business Days after the date on which the notice is published pursuant to Paragraph 8.28.2."</p> <p>You will note the references to paragraph 8.25.15 and 8.25.19. These refer to where the where appeal is not permitted by the Authority (8.25.14) or where the appeal is permitted but the panel decision is upheld (8.25.19) (both paragraphs as suggested to be amended in line with our other comments in this note).</p> <p>Further, we note that in paragraph 8.22.4(b), the Code Administrator may propose implementation date. This may have some interrelation with our comments here. It may be that the relevant part of paragraph 8.22.4(b) is made subject to Paragraph 8.23.3.</p>
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**Send-back**

Reference to CUSC Legal Text	Concern
8.23.10	After a modification report is resubmitted to the Authority following send back, the last sentence of this provision requires that the Authority will then approve or reject the proposal or send back again. We consider that this last sentence is not required and should be deleted. The references to Paragraph 8.23.4 to Paragraph 8.23.6 make clear that the report is sent to the Authority for decision and send back applies.
8.23.7	We consider this paragraph should start with the words " <b>Subject to Paragraph 8.23.9,</b> " so that Authority decision is subject to send back provisions.



**Environmental Assessment**

Reference to CUSC Legal Text	Concern
8.16.4(h)	We query whether the wording of this provision, for the proposer’s assessment, should match SLC C10(6)(b)(ivb) and that provided in 8.23.2(d) for Panel assessment.
8.23.2(d)	We consider a reference to “Workgroup Alternative CUSC Modification(s)” is required after the references to the ‘CUSC Modification Proposal’.

**Code Administrator Assistance**

Reference to CUSC Legal Text	Concern
8.16.11(d)	We consider that the last sentence “subject to any charge made by The Company to cover its reasonable costs of providing such information” should be narrowed down to cover only Charging Statements consistent with the licence.
8.16.11	We consider that “Materially Affected Parties” should be inserted where reference is made to “(including, in particular, Small Participants and consumer representatives)” to comply with SLC C10(6)(ad)(iii), albeit limited to for the purposes of preparing a proposal to modify a charging methodology if desired.

**Charging Methodologies**

Reference to CUSC Legal Text	Concern
SLC C10(6)(b)(iva)	Grateful if you could clarify how SLC C10(6)(b)(iva) has been implemented in the legal text.

**Definitions**

Reference to CUSC Legal Text	Concern
Definition of “CUSC Modifications Panel Self-Governance Vote”	<p>We consider this definition could be clarified more accurately as follows, reflecting how the Panel assess a self governance modification proposal (as set out in SLC C10 13A(d)). This provides certainty of how a self governance proposal will be assessed.</p> <p><u>Suggestion:</u> For example-</p> <p>“The vote of Panel Members undertaken by the Panel Chairman in accordance with Paragraph.8.25.9 as to whether they believe each CUSC Modification Proposal, <del>or Workgroup Alternative CUSC Modification would</del> as compared with the then existing provisions of the CUSC and any Workgroup Alternative CUSC Modification set out in the CUSC Modification Self-Governance Report, better facilitate achievement of the Applicable CUSC Objective(s)”</p>

**Charging Methodologies - Transitional Arrangements**

Reference to CUSC Legal Text	Concern
8.23.11	We consider that the transitional arrangements provision requires tweaking so that it fully permits the Company to make a transitional modification to the Charging Methodologies contained within the CUSC. We consider it

	<p>currently just prevents the Company from making a transitional charging modification if Authority veto's that proposed modification but in fact does not actually permit the Company to make the transitional modification if the Authority does not veto it.</p> <p><u>Suggestion:</u></p> <p>1. Amend 8.23.11 as follows:</p> <p>"Unless the Authority directs otherwise, the Company may make any modification to the Charging Methodologies if a report has been furnished to the Authority <b>in respect of that modification</b>, in accordance with standard condition C5 or standard condition C6 of the Transmission Licence in force as at 30 December 2010, before 31 December 2010 and within twenty eight (28) days of that report being furnished to the Authority, the Authority has either <b>not</b>:</p> <p>(a) directed The Company that the modification shall not be made; or</p> <p>(b) notified The Company that it intends to undertake an impact assessment and, <b>if it has notified The Company that it intends to undertake an impact assessment</b>, within three months of giving that notification, <b>it has not</b> directed The Company not to make the modification."</p> <p>and</p> <p>2. Amend 8.28.1 to include the words "or in accordance with paragraph 8.23.11" so that the CUSC can be modified to reflect any transitional charging modifications.</p>
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