

CUSC Modification Proposal Form

CMP218

Title of the CUSC Modification Proposal:

Changes required for use of new banking product to hold users' cash securities

Submission Date:

14 March 2013

Description of the CUSC Modification Proposal

This CUSC Modification Proposal seeks to facilitate the use of a new banking product by National Grid Electricity Transmission plc to hold security provided by Users. The new banking product uses "virtual client accounts" to hold the security and interest which will have a number of administrative benefits: it would remove the need to create a new account for each User that provides security; it would allow refunds of security and interest to be provided more quickly than under the current arrangements.

Description of Issue or Defect that CUSC Modification Proposal seeks to Address:

In order to use the new banking product, changes to the defined terms are required within Section 11 of the CUSC, as the current definitions of the "Bank Account" and "Escrow Account" refers to "a separately designated bank account". The new banking product would not use a separate bank account designated to each user, but instead would use bank/escrow accounts in the name of The Company, one for the deposit of the security and the second associated account for interest purposes. Each user's security and allocated interest would be attributed to a "virtual client account" which would have an individual reference number and name.

Further clarifications within Section 2, Section 3 and Section 15 where the maintenance of security cover arrangements are described will also be required.

Impact on the CUSC

The definitions of "Bank Account" and "Escrow Account" in Section 11 would need to be amended to reflect the way the new banking product works. Changes will also be needed in Section 2 Connection, Section 3 Use of System and Section 15 User Commitment methodology to remove the requirement for the Bank Account and Escrow accounts to be separately designated.

Please see the proposed legal text provided with this Modification Proposal.

Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions?

No

Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information (*this should be given where possible*)

BSC

Grid Code

STC

Other
(please specify)

Urgency Recommended:

No

Justification for Urgency Recommendation

N/A

Self-Governance Recommended: Yes / No

Yes

Justification for Self-Governance Recommendation

Self-Governance is the preferred route for this modification because it is not introducing a significant change into the CUSC credit arrangements but clarifying definitions and obligations in order to make use of new banking product to hold users' cash securities.

The Modification Proposal is not material and is unlikely to discriminate between different classes of CUSC Parties.

Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews?

Yes, this proposal should be considered exempt from the ongoing Transmission Electricity Balancing Significant Code Review.

Impact on Computer Systems and Processes used by CUSC Parties:

We are not aware of any impact on computer systems and processes used by CUSC Parties.

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

N/A

Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives: (*mandatory by proposer*)**Please tick the relevant boxes and provide justification:**

(a) the efficient discharge by The Company of the obligations imposed upon it by the Act and the Transmission Licence




(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.

CMP218 seeks to change the CUSC to reflect the use of a new banking product, which will have the effect of lessening the administrative burden associated with the current way of working and improve efficiency of the account opening, operation and refund process. This more efficient process will grant Users faster access to their funds, thereby facilitating competition.

(c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

We consider the Modification proposal to be neutral against objective (c).

These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1

Details of Proposer: (Organisation Name)	National Grid Electricity Transmission plc
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or “National Consumer Council”)	CUSC Party
Details of Proposer’s Representative: Name: Organisation: Telephone Number: Email Address:	Louise McGoldrick National Grid 01926 655422 Louise.McGoldrick@nationalgrid.com
Details of Representative’s Alternate: Name: Organisation: Telephone Number: Email Address:	Alex Thomason National Grid 01926 656379 alex.thomason@nationalgrid.com
Attachments (Yes): If Yes, Title and No. of pages of each Attachment: Proposed Legal Text: Please click on the icons provided. Section 2 Connection  Section 3 Use of System  Section 11 Interpretation and Definitions  and Section 15 User Commitment Methodology 