

CMP218: Changes required for use of new banking product to hold users' cash securities



CUSC Modifications Panel – 26th July 2013
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Background

- Raised by National Grid on 14th March 2013
- Aims to improve processes for holding cash security provided by Users by using a new banking product
- Discussed at CUSC Panel meetings on 22nd March & 26th April 2013
 - Additional information provided by National Grid at the request of the CUSC Panel

Defect

- Current arrangements require separately designated accounts for each user
- Process efficiencies could be made by using new banking product

Proposed CUSC Modification

- New banking arrangement requires bank accounts in the name of NGET Plc (“The Company”)
 - Each user would have a “virtual client account”
 - Identified by name and individual reference number
- Removes the need to create a new account for each user providing security
- Improved efficiency for refunding security and interest
- Quicker responses to user queries

Solution

- Section 11: Amend “Bank Account” and “Escrow Account” definitions to reflect the way the new banking product works
- Section 2: Connection, Section 3: Use of System, Section 15 User Commitment Methodology
 - remove the requirement for the bank accounts to be separately designated and to explicitly state that the cash deposit shall remain the User’s property

Code Administrator Consultation

- 3 responses received
 - All supportive of CMP218
 - All supportive that CMP218 should follow the Self-governance route
 - All supportive of the implementation approach of:
 - 2 months after the Self-governance appeal window has closed
 - One respondent requested clarification that 2 month period is to allow time to set up new accounts, close existing accounts and notify parties

National Grid Opinion

- CMP218 better facilitates Applicable CUSC Objective (b): facilitating effective competition in generation and supply of electricity:
 - new banking product will lessen the administrative burden associated with the current way of working
 - improve efficiency of the account opening, operation and refund processes
 - will grant Users faster access to their funds, thereby facilitating competition.

Questions before Panel Vote?



Panel Determination Vote

- a) The efficient discharge by the licensee of the obligations imposed upon it under the Act and by this 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;
- c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.