

Connection and Use of System Code (CUSC)

Title of the CUSC Modification Proposal

Clarification of decrease in TEC as a Modification

Submission Date

20 January 2016

Description of the Issue or Defect that the CUSC Modification Proposal seeks to address

A Generator that does not require all of its contracted transmission capacity (i.e. TEC) for a period of time, for example whilst undertaking major refurbishment works or mothballing a generating unit, may wish to reduce its TEC for one or more Financial Years in order to minimise its transmission network use of system (TNUoS) charge. However, in submitting a notice to reduce TEC, the Generator would also be irrevocably committed to an enduring TEC reduction with no certainty that the TEC would be restored at a later date, following submission of a modification application. Due to this risk, the Generator may decide not to reduce its TEC and continue to pay the accompanying TNUoS charge, despite not utilising its full level of TEC. In the event of such a decision, the transmission capacity associated with the TEC would remain un-utilised by the Generator and also not available for use by National Grid in its planning process or by other BM Participants (e.g. for the early connection of new generation or temporary TEC).

The Proposer understands that, until at least 2012, it was considered acceptable practice under the CUSC for a Generator to submit a modification application to amend the terms of its Bilateral Agreement to reduce its TEC for a limited period of time only. The Proposer further understands that, since at least 2014, National Grid has not considered such a modification application to be permissible under the CUSC. Despite apparent this change in interpretation, to the effect that a TEC reduction may now only be achieved via notice under CUSC 6.30.1, the Proposer notes that the current Statement of Use of System Charges (2015/16) continues to provide an illustrative modification application fee in respect of an "Entry Application Fee for a Decrease TEC" (ref. page 28, item 8).

The Proposer believes that the original intention of the CUSC was that a TEC reduction may be achieved via the submission of a modification application, in addition to being achieved via the submission of a notice, and this Modification Proposal seeks to clarify this interpretation of the CUSC that applied until at least 2012. In treating a TEC reduction and a subsequent TEC increase as a single variation to the Bilateral Agreement, the Generator would be able to commit to both changes simultaneously and minimise its risk by ensuring continuity of its contracted TEC.

The CUSC currently provides for a Generator to reduce its enduring Transmission Entry Capacity (TEC) of a Power Station only by notice under CUSC 6.30.1. The CUSC does not provide for a Generator to submit a modification application to amend the terms of its Bilateral Agreement to reduce its TEC for a limited period of time only, and for the TEC to revert to its previous or other specified MW level after this period. In the event that the Generator wishes to reduce TEC for a limited period of time only, a TEC reduction notice under CUSC 6.30.1 would first be required, followed by a modification application requesting an increase in TEC under CUSC 6.30.2.

Description of the CUSC Modification Proposal

It is proposed that the CUSC be amended to enable a User to request both a TEC reduction and a subsequent TEC increase in the form of a single modification application to National Grid, the outcome of which would be a single variation to the Bilateral Agreement. No change is proposed to the existing CUSC principles of User Commitment Methodology and Cancellation Charge provisions relating to TEC reduction, which would similarly apply to TEC reduction achieved via a modification application.

Impact on the CUSC

Illustrative changes to the legal text of the CUSC arising from this modification are as given below:

Under CUSC Section 6 General Provisions, insert new clause 6.30.1.3, renumber subsequent clauses, and amend renumbered CUSC 6.30.1.4:

6.30 Transmission Entry Capacity

6.30.1 Decrease in Transmission Entry Capacity

6.30.1.3 Subject to payment of the **Cancellation Charge**, each **User** shall be entitled to request a decrease to the **Transmission Entry Capacity** for the **Connection Site** or site of **Connection** in combination with a request for an increase in **Transmission Entry Capacity** made under **CUSC 6.30.2** once the **Power Station** to which it relates has been **Commissioned**. Such request shall be deemed to be a **Modification** for the purposes of the **CUSC** but with the words “as soon as practicable..... not more than 3 months after” being read in the context of such **Modification** as being “within 28 days where practicable and in any event not more than 3 months (save where the **Authority** consents to a longer period) after”

6.30.1.3 4 The decrease in the **Transmission Entry Capacity** shall take effect on either the first of April following the expiry of the notice period stated in the notice from the **User** under **CUSC 6.30.1.1** or on the first of April in the year requested by the **User** in a **Modification** under **CUSC 6.30.1.3** provided such effective date is later than the date upon which the **Bilateral Agreement** is varied.

Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes / No

Yes. It is considered that this Modification Proposal will reduce greenhouse gas emissions by (i) potentially reducing the need for unnecessary transmission infrastructure reinforcement and (ii) enabling low emission generating units to connect to the transmission system earlier than would otherwise be the case. These reductions are not considered to be material to the Modification Proposal and are not quantified.

Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information

- BSC**
- Grid Code**
- STC**
- Other**
(please specify)

No impact expected on other Core Industry Documents.

This change will also align the CUSC to the current Statement of Use of System Charges (2015/16), which already provides an illustrative modification application fee in respect of an "Entry Application Fee for a Decrease TEC" (ref. page 28, item 8).

Urgency Recommended: Yes / No

No

Justification for Urgency Recommendation

N/A

Self-Governance Recommended: Yes / No

No

Justification for Self-Governance Recommendation

N/A

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

This CUSC Modification Proposal is considered unlikely to have a material effect on the above criteria.

Impact on Computer Systems and Processes used by CUSC Parties:

This CUSC Modification Proposal is considered unlikely to have an impact on Computer Systems and Processes used by CUSC Parties.

Details of any Related Modification to Other Industry Codes

No Related Modification to other Industry Documents and Codes

Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives:

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

This Modification Proposal facilitates the efficient discharge by the Company of its obligations by:

- (i) encouraging the notification of un-utilised transmission capacity (TEC), thereby enabling transmission investment to be optimised and
- (ii) simplifying the administrative process and reducing the administrative burden on Users seeking to reduce TEC for a limited period of time.
- (iii) Clarifying the intent of the CUSC.

(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.

This Modification Proposal facilitates effective competition by:

- (i) encouraging the release of contracted transmission capacity (TEC) for use by other Generators and
- (ii) helping to remove unnecessary risk for Generators, leading to more efficient investment and operational decisions.

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

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

Objective (c) was added in November 2011. This refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Additional details

Details of Proposer: (Organisation Name)	RWE Generation UK 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:	John Norbury RWE Supply & Trading GmbH Windmill Hill Business Park Whitehill Way, Swindon SN5 6PB T +44 (0)1793 89 2667 M +44 (0)7795 354 382 john.norbury@rwe.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Bill Reed RWE Supply & Trading GmbH T +44 (0)1793 893835 M +44 (0)7795 355310 bill.reed@rwe.com
Attachments (Yes/No): No If Yes, Title and No. of pages of each Attachment:	

Contact Us

If you have any questions or need any advice on how to fill in this form please contact the Panel Secretary:

E-mail cusc.team@nationalgrid.com

Phone: 01926 653606

For examples of recent CUSC Modifications Proposals that have been raised please visit the National Grid Website at <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/Current/>

Submitting the Proposal

Once you have completed this form, please return to the Panel Secretary, either by email to jade.clarke@nationalgrid.com and copied to cusc.team@nationalgrid.com, or by post to:

Jade Clarke
CUSC Modifications Panel Secretary, TNS
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

If no more information is required, we will contact you with a Modification Proposal number and the date the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, the Proposal can be rejected. You will be informed of the rejection and the Panel will discuss the issue at the next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform you.