

CUSC Modification Proposal Form (for Charging Methodology Proposals) CMP249

Connection and Use of System Code (CUSC)

| Title of the CUSC Modification Proposal |
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| Clarification of Other Charges (CUSC 14.4) - Charging arrangements for customer requested delay and backfeed. |
| Submission Date |
| 23 rd July 2015 |
| Description of the Issue or Defect that the CUSC Modification Proposal seeks to address |
| <p>National Grid applies charges (through the “Other Charges” mechanism in CUSC section 14.4) for assets, which because of a User’s decision (particularly to delay its connection), are or will be built earlier than they would otherwise be required. This is in line with the principles within National Grids “CEC before TEC” policy published in 2008.</p> <p>One Off Charges are also used to recover any incremental costs as a result of a User’s decision. Such cost could be for demobilisation and remobilisation at a construction site.</p> <p>CUSC Section 14.4 (Other Charges) provides for the payment of other costs related to a connection. The application of the CEC before TEC policy is one example of such a charge.</p> <p>The principle behind CEC before TEC is that costs have been incurred in respect of transmission assets which in normal course would be recovered through TNUoS. However the User only becomes liable for TNUoS when it takes its TEC; and TNUoS is a socialised charge; it is not considered an appropriate reflection of the costs for other parties liable for TNUoS to bear costs associated with individual User decisions.</p> <p>This general principle has been applied to recover the cost of TO investment other than through TNUoS in situations where a User decides to defer taking TEC or to request investment in advance of taking TEC.</p> |
| Description of the CUSC Modification Proposal |
| <p>To include the principles underpinning the CEC before TEC policy within section 14 of the CUSC, state the methodology for calculation and clarify in which situations this will be applied.</p> <p>This will benefit users by improving the transparency of these types of charges and the circumstances in which they are applied. Improved transparency will allow users to make decisions about their connection with the knowledge that they may become liable for these</p> |

charges.

Impact on the CUSC

Section 14 Charging Methodologies Part I – The Statement of the Connection Charging Methodology

New text is proposed within 14.4 (Other Charges) as attached to this Proposal form.

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

No.

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

BSC

Grid Code

STC

Other
(please specify)

This is an optional section. You should select any Codes or state Industry Documents which may be affected by this Proposal and, where possible, how they will be affected.

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?

We believe that this proposal does not have any interaction with an ongoing SCR.

Impact on Computer Systems and Processes used by CUSC Parties:

This is an optional section. Include a list of any relevant Computer Systems and Computer Processes which may be affected by this Proposal, and where possible, how they will be affected.

Details of any Related Modification to Other Industry Codes

None

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

Please tick the relevant boxes and provide justification for each of the Charging Methodologies affected.

Use of System Charging Methodology

- (a) that compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;
- (b) that compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard condition C26 (Requirements of a connect and manage connection);
- (c) that, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses.
- (d) 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 (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Full justification:

Connection Charging Methodology

- (a) that compliance with the connection charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;
- (b) that compliance with the connection charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard condition C26 (Requirements of a connect and manage connection);
- (c) that, so far as is consistent with sub-paragraphs (a) and (b), the connection charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;
- (d) in addition, the objective, in so far as consistent with sub-paragraphs (a) above, of facilitating competition in the carrying out of works for connection to the national electricity transmission system.
- (e) 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 (e) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Full justification:

Implementing this modification will ensure cost reflective charging by targeting the costs incurred by a transmission licensee to those customers that cause them.

There may be secondary benefits to effective competition as cost reflective charging is often seen as creating signals which promote economic decision making.

The modification will also address the development that Transmission licensees are seeing where assets, which because of a User's decision (particularly to delay its connection), are or will be built earlier than they would otherwise be required.

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Additional details

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| Details of Proposer: (Organisation Name) | National Grid Electricity Transmission Ltd. |
| 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 Brookes National Grid Electricity Transmission Ltd. 01926 653737 john.brookes1@nationalgrid.com |
| Details of Representative’s Alternate: Name: Organisation: Telephone Number: Email Address: | Richard Smith National Grid Electricity Transmission Ltd. 01926 656595 richard.smith5@nationalgrid.com |
| Attachments (Yes/No): Yes – Suggested legal text | |

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 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.