

Amendment proposal:	Connection and Use of System Code (CUSC) CAP128: Removal of Section 10 – Transitional Issues (CAP128).		
Decision:	The Authority¹ directs that this proposal be made²		
Target audience:	National Grid Electricity Transmission PLC (The Company), Parties to the CUSC and other interested parties		
Date of publication:	1 Feb 2007	Implementation Date:	15 Feb 2007

Background to the Amendment Proposal

The Master Connection and Use of System Agreement (MCUSA) was replaced in June 2001 by the CUSC on the basis that it would enable the industry to bring about changes to the electricity network access arrangements which were important if the potential benefits offered by the New Electricity Trading Arrangements were to be fully realised. Whilst this is the case Section 10 of the CUSC still refers to the MCUSA. The provisions cover a number of subjects dealing with the orderly transition of the MCUSA into the CUSC.

It was felt that, given the length of time which has passed since the introduction of the CUSC, this section was no longer required.

The original Amendment Proposal

CAP128 proposes the removal of Section 10, and the replacement of this section with the words "Not Used". References to Section 10 elsewhere in the CUSC would also be removed. It was felt that this change would remove any potential existing confusion which could arise due to redundant provisions existing within the code, and in so doing would better facilitate the achievement of Applicable CUSC Objective (a).

Consultation Alternative Amendment (CAA)

Centrica proposed that a sentence should be added to the original CAP128 proposed legal text ("Not Used") stating that the section was removed on a particular date, and that it was dedicated to Transitional Issues. Respondents to the consultation on the CAA were split as to whether the CAA better facilitated the achievement of the Applicable CUSC Objectives than the original Amendment Proposal.

Recommendation of the CUSC Amendments Panel³

The CUSC Amendments Panel recommendation vote on CAP128 was conducted at the Panel Meeting on 15th December 2006. On the question of whether CAP128 would better facilitate achievement of the Applicable CUSC Objectives, the Panel voted:

- original Amendment Proposal - YES - unanimous
- CAA - YES - majority

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ The CUSC Panel is established and constituted from time to time pursuant to and in accordance with the section 8 of the CUSC.

The Panel unanimously recommended that the original Amendment Proposal for CAP128 would BEST facilitate achievement of Applicable CUSC Objective (a) on the grounds of efficiency and consistency with previous practice.

The Authority's decision

The Authority has considered the issues raised by CAP128 and the final Amendment Report (AR) dated 28 December 2006. The Authority has considered and taken into account the responses to NGET's consultation on CAP128 which are attached to the AR.⁴ The Authority has concluded that:

- 1. implementation of the CAA will better facilitate the achievement of the Applicable CUSC Objectives;⁵ and**
- 2. directing that the CAA be made is consistent with the Authority's principal objective and general duties.⁶**

Reasons for the Authority's decision

Ofgem considers that the changes proposed in CAP128 will better facilitate the achievement of Applicable CUSC Objective (a) by increasing the clarity of the CUSC and deleting provisions which are no longer used and which could cause confusion as to the applicability of the CUSC.

We consider that both the original Amendment Proposal and the CAA would better facilitate the Applicable CUSC Objectives when compared to the current baseline of the CUSC. Whilst this is the case, we consider that the CAA is preferable to the original Amendment Proposal as the CAA will introduce a greater degree of clarity to the CUSC by ensuring that readers are aware why Section 10 is not used and what it related to. This enables the CAA to facilitate the achievement of Applicable CUSC Objective (a) to a greater degree than the original Amendment Proposal.

Decision notice

In accordance with Standard Condition C10 of NGET's Transmission Licence, the Authority, hereby directs that the Consultation Alternative Amendment for CAP128: "Removal of Section 10 – Transitional Issues" be made, and that it shall be implemented on 15 February 2007.



Sarah Harrison

Managing Director, Corporate Affairs

⁴ CUSC amendment proposals, amendment reports and representations can be viewed on NGET's website at <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/>

⁵ The Applicable CUSC Objectives are:

- (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.

⁶The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.