

CUSC Amendment Proposal Form	CAP:173
<p><b>Title of Amendment Proposal:</b> Reactive Power Market Tender Process</p>	
<p><b>Description of the Proposed Amendment</b> <i>(mandatory by proposer):</i></p> <p>This Amendment Proposal looks to amend a section of the CUSC following a review of the reactive power market tender process as set out in Schedule 3. More specifically the proposal seeks to condense the timescales associated with various elements of the reactive power market tender process (detailed in the section below) as prescribed in Clause 3 of Schedule 3 so as to reduce the overall process from 26 weeks to 14 weeks.</p> <p>The review of this market tender process has been carried out through discussion and development with the Balancing Service Standing Group (BSSG), including consultation with the wider industry. This has ensured full development of the proposal prior to raising the Amendment Proposal.</p>	
<p><b>Description of Issue or Defect that Proposed Amendment seeks to Address</b> <i>(mandatory by proposer):</i></p> <p>Currently the timescales as set out in CUSC Schedule 3 for the reactive power market tender process are relatively long particularly when compared with other Commercial Balancing Service tender processes such as Firm Frequency Response or Short Term Operating Reserve. Industry participants agreed that these timescales could be significantly reduced.</p> <p>At present, providers currently have 8 weeks in which to prepare their tenders (CUSC Schedule 3, 3.3 (a) (ii) (b)) and it was proposed that this could be shortened particularly given that the reactive market Invitation to Tender documentation does not change significantly from one tender to the next. The majority of respondents supported this view so it is therefore proposed that this period be reduced to 4 weeks which is, again, more in line with other services.</p> <p>In addition, as prescribed within the CUSC, National Grid must make 'reasonable endeavours' to complete the assessment of reactive power tenders within 10 weeks (CUSC, Schedule 3, 3.3 (e) (iii)). It was proposed that this time period be reduced to 5 weeks which was successfully trialled for Tender Round 23. The feedback received concurred that reducing this time period by half would serve to reduce risk to the provider of hedging against the default price. Therefore National Grid proposes that the assessment period be reduced from 10 to 5 weeks and this change will require an amendment to CUSC Schedule 3.</p> <p>It was felt by National Grid that the time period between market contract signature and contract start day could be halved from 4 weeks to 2 weeks (CUSC Schedule 3, 3.3 (f) (i)) and that the timescales in which market contracts could be agreed between National Grid and a service provider be reduced from 4 to 3 weeks. These reductions again serve to shorten the overall process thereby reducing risk to both National Grid and the provider.</p> <p>By applying the reduced time periods as outlined above the overall process would be reduced from 26 weeks to 14 weeks.</p>	
<p><b>Impact on the CUSC</b> <i>(this should be given where possible):</i></p> <p>Changes would be required to Schedule 3.</p> <p>Further details of the proposed changes are as follows:</p> <ul style="list-style-type: none"> <li>• Clause 3.3 (a) (ii) (a) – reduction in time period between Market Day and Contract Start Day to 'a date not earlier than <b>twelve</b> weeks and not later than <b>eight</b> weeks</li> <li>• Clause 3.3 (a) (i) (b) – reduction in the Tender Period to 'at least <b>four</b> consecutive weeks'</li> <li>• Clause 3.3 (e) (iii) – reduction of assessment timescale to 'within <b>five</b> weeks'</li> </ul>	

<ul style="list-style-type: none"> <li>• Clause 3.3 (f) (i) – reduction in timescale between entering into a Market Agreement and Contract Start Day to 'not later than <b>two</b> weeks'</li> </ul>
<p><b>Impact on Core Industry Documentation</b> <i>(this should be given where possible):</i></p> <p>Minor amendments will be made to the Reactive Power Market Tender invitation to tender documentation where references are made to tender timescales.</p>
<p><b>Impact on Computer Systems and Processes used by CUSC Parties</b> <i>(this should be given where possible):</i></p> <p>No impact identified</p>
<p><b>Details of any Related Modifications to Other Industry Codes</b> <i>(where known):</i></p> <p>None</p>
<p><b>Justification for Proposed Amendment with Reference to Applicable CUSC Objectives**</b> <i>(mandatory by proposer):</i></p> <p>National Grid believes that this proposal will better facilitate CUSC Applicable Objective <b>(a) (The efficient discharge by the licensee of the obligations imposed upon it under the Act and by the Transmission Licence)</b> and <b>(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</b> by improving, and reducing the timescales involved with, the reactive power market tender process to better meet both National Grid's and providers' requirements in order to facilitate competition within the reactive power market.</p>

<p><b>Details of Proposer:</b> Organisation's Name:</p>	National Grid
<p><b>Capacity in which the Amendment is being proposed:</b> (i.e. CUSC Party, BSC Party or "energywatch")</p>	CUSC Party
<p><b>Details of Proposer's Representative:</b> Name: Organisation: Telephone Number: Email Address:</p>	Katharine Clench National Grid 01926 656036 <a href="mailto:katharine.clench@uk.ngrid.com">katharine.clench@uk.ngrid.com</a>
<p><b>Details of Representative's Alternate:</b> Name: Organisation: Telephone Number: Email Address:</p>	Carole Hook National Grid 01926 654211 <a href="mailto:carole.hook@uk.ngrid.com">carole.hook@uk.ngrid.com</a>
<p><b>Attachments (Yes/No):</b> If Yes, Title and No. of pages of each Attachment:</p>	

**Notes:**

1. Those wishing to propose an Amendment to the CUSC should do so by filling in this "Amendment Proposal Form" that is based on the provisions contained in Section 8.15 of the CUSC. The form seeks to ascertain details about the Amendment Proposal so that the Amendments Panel can determine more clearly whether the proposal should be considered by a Working Group or go straight to wider National Grid Consultation.
2. The Panel Secretary will check that the form has been completed, in accordance with the requirements of the CUSC, prior to submitting it to the Panel. If the Panel Secretary accepts the Amendment Proposal form as complete, then he will write back to the Proposer informing him of the reference number for the Amendment Proposal and the date on which 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, then he may reject the Proposal. The Panel Secretary will inform the Proposer of the rejection and report the matter to the Panel at their next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform the Proposer.

The completed form should be returned to:

Bali Virk  
Commercial  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA  
Or via e-mail to: [Bali.Virk@uk.ngrid.com](mailto:Bali.Virk@uk.ngrid.com)

(Participants submitting this form by email will need to send a statement to the effect that the proposer acknowledges that on acceptance of the proposal for consideration by the Amendments Panel, a proposer which is not a CUSC Party shall grant a licence in accordance with Paragraph 8.15.7 of the CUSC. A Proposer that is a CUSC Party shall be deemed to have granted this Licence).

3. Applicable CUSC Objectives\*\* - These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1. Reference should be made to this section when considering a proposed amendment.