



WORKING GROUP REPORT

CUSC Amendment Proposal CAP142

Temporary TEC Exchanges

**Prepared by the CAP 142 Working Group
for submission to the Amendments Panel**

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1.0 SUMMARY AND RECOMMENDATIONS

Executive Summary

1.1 CAP 142 Temporary TEC Exchanges

1.2 This CUSC Amendment Proposal seeks to enable TEC holders to temporarily (inside one charging year) exchange some or all of their TEC with another qualifying connected party, at an 'exchange rate' determined by NGET. After assessment by a working group the original proposal and one Working Group alternative Amendment (WGAA) are recommended for wider consultation. A further WGGA candidate was not recommended and an idea for a more central role for NGET in managing a clearing service for potential donors and receptors of exchanged TEC is briefly described to aid future development of ideas in this area.

1.3 Acknowledgment

1.4 It is with pleasure that I acknowledge the good humoured enthusiasm that Working Group members brought to the assessment of this proposal.

Working Group Recommendation

1.5 The Working Group believes its Terms of Reference have been completed, CAP 142 has been fully considered. Opinions within the group were divided. Some members believed CAP142 Original better achieved the Applicable Objectives and some members did not; a majority of members believed that the WGAA better achieved the Applicable Objectives and a majority of members believed that the WGAA was better than the original. Two members believed the WGAA was better than the baseline but not better than the original. One member believed that the WGAA was better than the original but not better than the baseline.

Voting Results	Pro	Anti
Original better than Baseline	3	4
WGAA better than Baseline	6	1
WGAA better than Original	4	3

By a majority (4:3) working group members recommended that WGAA better achieved the Applicable Objectives than CAP142 Original. Therefore the working group recommends to the CUSC Panel that:

- A consultation report containing both CAP 142 Original and CAP142 WGAA should proceed to wider Industry Consultation as soon as possible.
- The Working Group Report is accepted by the CUSC Panel and the Working Group is disbanded.

2.0 PURPOSE AND INTRODUCTION

2.1 This Report summarises the deliberations of the Working Group and describes the Original CAP142 Amendment Proposal as well as the Working Group Alternative.

2.2 CAP142 was proposed by British Energy and submitted to the Amendments Panel for their consideration on 24th November. The Amendments Panel determined that the proposal should be considered by a Working Group and that the Group should report back to the panel meeting within 3 months.

- 2.3 The Working Group met on 18th December and the members accepted the Terms of Reference for CAP142. A copy of the Terms of Reference is provided in Annex 3. The Working Group considered the issues raised by the Amendment Proposal and considered whether the Proposal and the Working Group Alternative better facilitated the Applicable CUSC Objectives. The Working Group met 8 times, mainly as part-day meetings following discussion of CAP131, as both CAPs involved mainly the same group members.
- 2.4 The CUSC provides for a number of access products. It also allows parties to transfer TEC with the transfer being permanent and applying from the following charging year. This proposal seeks to build on the products and processes already in place to develop a temporary TEC exchange process that would apply within the charging year. At the end of the exchange period, the two parties would revert to their previous TEC status.
- 2.5 This Working Group Report has been prepared in accordance with the Terms of the CUSC. An electronic copy can be found on the National Grid Website, www.nationalgrid.com/uk/Electricity/Codes/, along with the Amendment Proposal Form.

3.0 PROPOSED AMENDMENT

- 3.1 This amendment seeks to introduce a much more flexible approach to TEC exchange such that these can be done between parties within year for variable periods of time as defined in a bilateral agreement. NGET would have a role in identifying the exchange rate applicable between parties as in the current arrangements.
- 3.2 The exchange of TEC would be done on a temporary basis and subject to agreement between parties. It would lead to within year exchanges for variable periods of time within one charging year. For exchanges between different parts of the transmission system there would need to be an exchange rate that would be provided by National Grid following assessment. The exchange could take place as soon as an exchange rate has been established and CUSC bilateral contracts amended. The donor party transferring TEC would continue to pay its TNUoS charge but may recover an element of this from the receiving party via a bilateral contract. For both the donor and receptor parties the normal ceiling on allowable access products would apply:
- $$\text{Exchanged TEC} + \text{TEC} + \text{any STTEC or LDTEC} \leq \text{CEC}$$
- 3.3 The amendment proposal anticipates the creation of an optional means of advertising TEC available for exchange. Currently, National Grid produces a TEC Register which details each User's TEC. This does not show whether a User has TEC available to participate in a TEC exchange. Therefore this register would need to be augmented to facilitate exchange, but the proposal does not prescribe changes in detail. Regarding payment of fees, the proposal suggests that only the donor party pays application fees, but is not prescriptive. The proposal notes the need to prescribe the pre-requisites for a new connecting party to have access temporary TEC, but expects the assessment process to achieve this.
- 3.4 The proposer suggests that TEC exchange may be preferential to parties instead of mothballing plant as the TEC does not have to be relinquished.

The proposer suggests that this amendment will improve the current CUSC in particular by facilitating more efficient use of the transmission system and hence will better facilitate competition in the generation and supply of electricity.

4.0 SUMMARY OF WORKING GROUP DISCUSSIONS

4.1 The assessment group looked at the process for TEC exchange and sought to establish a viable process for advertising, assessing, completing the exchange, reverting to the original conditions and how the participants pay for the process. Members agreed that as far as possible the process developed would be the same as that used for LDTEC and STTEC. The group looked at the donor and receptor parties' liabilities for charges and for application fees. Following assessment a viable process for TEC exchange was identified. Candidates for WG Alternatives were identified with particular reference to the inter-relationship between exchanged TEC and LDTEC/STTEC and the payments necessary from donor and receptor to NG. It was anticipated that there would be a bilateral agreement between the donor and receptor, but this would not be covered by the CUSC. This section (4) details those areas of agreement amongst working group members and then sets out the candidate alternatives. From amongst these candidates WG members chose which would form the original and the WGAA. The results of their assessment against the Applicable Objectives is summarised in Section (5), below.

4.2 Process

4.2.1 Pre-Application Advertisement: Members considered the pre-application stage. For donors seeking prospective receptors, a public notification system should be available. Members suggested that a web-based 'notice board' should be established. In order to avoid confusion this should augment the TEC register but not be on the same page.

The notice board would allow potential donors to broadcast that they had:

- 'X' MW of TEC available for exchange
- At location 'Y' for
- The period beginning on date 'A' and ending on date 'B'; &
- All prospective receptors should contact the potential donor via Email Telephone/Fax by date 'C'

Members considered whether or not use of such a notice board should be mandatory. Overall, members agreed that making the pre-application advertisement mandatory would, particularly in the case of the original CAP proposal, ensure that the potential exchange was made public. Thus portfolio and single-site generators would have equal knowledge of the prospective trades. Members were concerned about the scope for multi-site parties to arrange within-company deals that could be anti-competitive. Members believed that with public pre-notification, the trade would be more likely to come under the scope of competition law. The current regulatory powers and access to information are strong and the financial penalties for anti-competitive behaviour are substantial. The market would also be informed after any trade. Members believed that the additional precaution of requiring pre-notification advertisement would provide a further useful check against anti-competitive behaviour. Members queried whether such an extra step would form a barrier to trade because of additional bureaucratic burdens and NG were content that such an additional web-site provision could be made available quickly and efficiently.

- 4.2.2 **Application Eligibility:** Members agreed that the donor must have at least as much TEC as is envisaged to be exchanged in order to apply to exchange TEC. This means that the donor must have fulfilled the requirements of Construction Agreement (for “new” TEC) and be liable for transmission charges for the TEC (all TEC). The recipient must have an operational connection when applying. On receipt of the exchanged TEC the recipient must have sufficient CEC (on Power Station basis) if transmission connected, or does not exceed Maximum Export Capacity if distribution connected so as to accommodate the total access volume.
- 4.2.3 **Application Data:** Members agreed there should be a joint application by the two parties seeking to trade. There will be one application fee paid to cover assessment costs. (A separate charging modification will be required to set out the application fee arrangements). Members agreed that the two applicants would be jointly and severally liable for the application fee. The application should be submitted within the financial year that the trade is sought. This means that the maximum duration of exchange is as per LDTEC (up to the end of the current charging year and at most 45 weeks). It was agreed that the minimum duration of exchange would be as per STTEC (no less than 4 weeks). The application will need to state the identities of the two trading parties, the capacity that will be surrendered by the donor party, the time period for trade (whole number of weeks, or end of the charging year) and the intended start date. Applicants may provide a maximum recipient TEC sought, but this is not obligatory.
- 4.2.4 **Aborted Application:** Members agreed that if both parties wish to stop the process, it is stopped immediately, although NG would retain the application fee. If one party wishes to withdraw, the process would continue to the production of the profile of exchangeable TEC which would be provided to both parties.
- 4.2.5 **Application Timescales:** The time required to assess an exchange will increase with the duration of the exchange sought in the same way as with LDTEC. However, as the assessment is two stage the time taken for assessment is longer. The variation in assessment timescales is illustrated in Annex 6. These timescales are based on the NG current expectation of 5~6 application per annum. If TEC exchange were to become more popular these timescales may require review.

Exchange Duration (t)	Exchange calculates effect of donor TEC Assessment period (wks)
t < 3 months	3
3 < t < 6 months	5
6 < t < 9 months	6
t > 9 months	9

If a party submits multiple applications covering, say the same donor and different receptors, whilst NG would attempt to achieve the timescales illustrated, it is likely that the assessments may take longer. Applicants would need to bear in mind the extra time required when formulating their intended start date.

- 4.2.6 **Assessment Approach:** In a similar manner to LDTEC the TEC exchange would be assessed against the operational criteria of GB SQSS. The ‘exchange rate’ would be set so as not to exacerbate existing operational costs. NG would establish a model considering generation and demand conditions and taking into account planned transmission outages for construction and maintenance. The model would not place any difference in value of the TEC being exchanged arising from the variation in output of the parties with and seeking TEC; peaking or intermittent plant would be assessed in exactly the same way as base-load plant. It would use the best

available data at the time. NG would reduce the export of donor by the amount in application, whilst disregarding any constraint benefit of capacity donated. It would then incrementally increase export of recipient within limits of the application until a constraint is exacerbated. This would determine the 'exchange rate'. This is illustrated in Annex 7. At any given receptor location an operational assessment by NG will determine how much (if any) LDTEC is available. This will include 'TEC' that has not been used so far, as well as access that would be available as a result of the operational assessment criteria. This LDTEC (volume 'C' Annex 7) would be available at the receptor site before any donation of TEC takes place. Therefore in order to assess the unique contribution of the TEC donated (volume 'A' Annex 7), it would be necessary to do two operational assessments: one disregarding the donated TEC and one taking it into account. The volume of access created by the donation of 'A' at the donor site is the difference between those two assessments:

- i) Assessment including donation of volume 'A' produces volume 'B'+ 'C'
- ii) Assessment disregarding donation produces volume 'C'
- iii) Volume of access created by donation = (i) – (ii) produces 'B'

Therefore the 'exchange rate' is B/A.

- 4.2.7 Interactive Applications: There is scope for interaction between applications for STTEC, LDTEC, and TEC and other applications for short-term exchanges. Members agreed that these would be resolved by considering applications on a sequential first-come-first-served basis. Second comers would be notified they are interactive and that therefore they may have to wait their turn (up to 7 weeks, if one "interactive" application). They will be given the option to withdraw (TEC available from following 1 April) and their application fee would be refunded in these circumstances.
- 4.2.8 The Offer: At end of assessment period, if the request can be accommodated, an offer will be made by National Grid to the parties. The Offer will state the capacity available as a result of that donated TEC. The offer could be profiled (including zero) (although given that the TEC donated is in a block, it is anticipated that it would normally be a block). A typical offer profile is illustrated in Annex 8. The offer would be bounded within the time period requested and be described on a weekly granularity.
- 4.2.9 Acceptance/Rejection: The offer would be commercially firm for period if accepted and would only be valid for the defined offer / acceptance period of 1 business day. If accepted the donor and receptor bilaterals would be changed to reflect the exchange. The amended bilaterals would separately identify temporary and enduring access rights. This facilitates transparent tracking of rights and the unwinding of trade. It also enables charging the donor party for 'enduring' TEC. The exchange would always start on a Monday and would start at least 1 week following acceptance of the offer. This allows alignment with existing "week-ahead" Control Room processes. The amended bilaterals would also specify the date on which the parties would revert to their pre-exchange position. If rejected, no changes would be made.
- 4.2.10 Reporting: Members agreed that accepted exchanges should be made public in a manner similar to LDTEC. Accepted exchanges would be reported stating: i) the counterparties of the trade, ii) the period of the trade, iii) the amount donated, and iv) the average amount received (it may be profiled). This would generally inform the wider market of the existence of willing TEC traders and give some indicative information about 'exchange rates'. However, each assessment would be bespoke and parties would be warned about placing any reliance on the results of other trades. For

rejected exchanges, members agreed that the following should be reported: i) the donor party, ii) the period of the trade, and iii) the amount offered for donation, and iv) the calculated exchange rate. Where no offer is made, items (i)-(iii) would be reported. Overall this level of transparency would encourage trading and general understanding.

- 4.2.11 Arrangements at the end of the trade: Following the end of the exchange period all access rights would return to pre-exchange position. Exchanges would be different from enduring trades as subsequent applications for incremental TEC received within the exchange period will be assessed against the pre-trade contractual background i.e. with the donor's original access rights. This is consistent with the enduring rights afforded by TEC that are not afforded by a temporary TEC exchange. The donor's enduring rights can therefore be preserved following completion of the temporary trade.
- 4.3 Negative Zones: Members noted that TEC in negative charging zones is not scarce therefore it is unlikely that parties would seek to temporarily trade TEC into these zones. Considering trades between positive and negative TNUoS zones, members considered it unlikely that trades would take place between donors in a negative zone and receptors in a positive zone. Hence no special requirements are envisaged for trades involving negative TNUoS zones.
- 4.4 Charging Liabilities: This section discusses the charging liabilities for donor and receptor. The charges to be levied by NG are determined by the charging methodology. Any bilateral commercial arrangement between donor and receptor is a matter for them and is generally likely to be opaque to the market. Such arrangements are likely to reflect an agreement about the relative values of access and the avoided energy costs of donor and receptor. Three options for the charging liabilities for donor and receptor were considered. A sample scenario of TEC exchange using these three options is illustrated in Annex 9.
- 4.4.1 Original CAP - Only Donor Pays: The donor continues to pay TNUoS for the full volume of pre-trade TEC throughout the exchange; the receptor pays nothing to NG. This option maintains the public cash-flow for TNUoS at the pre-exchange level and to this degree holds the rest of the market harmless. However, it was argued by some members that this places no public value on the access gained by the receptor and therefore would value exchange TEC more cheaply than LDTEC available at the same time and location. For this reason, the rest of the market is subsidising the receptor's temporary access. Members were also concerned that portfolio players might have the opportunity to minimize their access costs that would not be available to single site players in the receptor zone.
- 4.4.2 Option1 - Donor pays TNUoS for a net reduced volume; Receptor pays for LDTEC for the received volume: For the period of the exchange the donor pays TNUoS for the residual volume of TEC and the receptor pays for the volume of exchanged TEC at the LDTEC rate for the receptor zone. Members argued that this did not maintain overall public cash-flow at the pre-exchange level and so would lead to some over or under-recovery. Also, it does not value the TEC in the donor zone at the going rate: TNUoS, even though at the end of the exchange the donor has full TEC rights to access. Therefore the rest of the market is subsidising the donor. Portfolio players might use this approach to reduce their access charge liability. No members were convinced that this superior to the status quo and hence this option did not become a WGAA.
- 4.4.3 Option 2 - Donor pays at full volume; Receptor pays for LDTEC: In this option for the period of the exchange the donor continues to pay TNUoS for the full volume of pre-trade TEC, whilst the receptor pays at the same rate as another party seeking LDTEC in its zone, plus any bilateral commercial

consideration with the donor. This option places the same full value on the TEC in the donor zone and the exchange TEC in the receptor zone. Hence there is no subsidy by the rest of the market to either party. Both donor and receptor pay the going rate for their types of access and so there is no additional advantage to portfolio parties over single site parties. Beyond the public charges, there will be the confidential bilateral agreement between donor and receptor. This is likely to mean that exchanged TEC will overall be more expensive than LDTEC. Nevertheless, it will be access that would not otherwise be available and any potential receptor must assess the energy value to it of this additional access. Some members supported this option and so it became the WGAA.

- 4.5 National Grid as Trading Facilitation Manager: The WG briefly discussed a different approach to TEC exchange that involved a more substantial role for NG. It was agreed that this represented a sufficiently different approach as to be inappropriate to develop as a WGAA, but nevertheless, the approach is outlined here as an aid to further development elsewhere. NG would establish queues for both TEC donors and TEC receptors. As Donors indicated the availability of TEC for exchange, NG would build up a donor stack. When receptors expressed an interest in LDTEC in their zone, donor TEC would be factored into the system assessment and if donor's TEC was 'used' in creating the receptor short-term TEC, the donor would be rewarded by say, a TNUoS discount. In this way a receptor's requirements could be fulfilled by a patchwork of donors of differing sizes and durations. Donor's TEC would be used to contribute to the receptor's requested profile on a first-come first served basis. This sketch raises many issues of practicality and some of principle about the relative roles of donor, receptor and NG.

5.0 WORKING GROUP ALTERNATIVE AMENDMENT

- 5.1 Following the assessment discussion summarized above, members agreed that option (2) would become the WGAA.

6.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

- 6.1 The Assessment against Applicable CUSC Objectives is summarized below in a tabular format:

		ORIGINAL	WGAA
Access Obligations	Payment	Donor pays full TNUoS Receptor pays nothing	Donor pays full TNUoS Receptor pays LDTEC
EFFICIENT DISCHARGE OF LICENCE CONDITIONS			
Promotes		Potentially makes better use of the available network capacity (as it is more flexible than existing trading arrangements)	
		May provide opportunities for transmission access where LDTEC would not (as donor gives up access rights in the short-term)	
		Some opportunities to avoid certain system costs, as more generation may be made available than otherwise would have been and hence NG can draw upon a deeper pool of possible system service providers. {This may not ultimately affect the costs of system balancing}.	
		Reduced cost for exchanged TEC in receptor zone ensures	Values exchanged TEC at same rate as TEC (for donor) & maintains LDTEC valuation

	fuller use of available access.	constant (for receptor); therefore no perverse decisions between LDTEC and 'exchange' TEC and most efficient use of existing access.
Demotes	May, in time, undermine the information / assumptions used to plan / operate the transmission system e.g. levels of plant breakdown; this issue already exists because of STTEC/LDTEC, but may be exacerbated if TEC exchange flourishes	
	If donor is in constrained zone and did not exchange, constraint costs may be greater than if it did exchange. Higher risk of more access being used and hence constraint costs. However, this effect requires precise knowledge of party's operating plans and may not materialise.	
	Discriminatory charging by NG for 'Exchange' TEC compared to LDTEC counter to licence obligation.	If receptor values access at less than LDTEC, then more use of available access will not be achieved.
FACILITATES COMPETITION		
Promotes	More generation may be in the market, which would be expected to promote competition in the energy market and the provision of balancing services	
	Reduced entry cost will encourage more generation into the market.	All types of generator (portfolio & single site) dealt with equitably, paying the same price for access and hence encouraging equitable competition.
Demotes	Option for any generator to 'lease' access at a price that differs from 'TNUoS' rate potentially allows lessor to gain unfair commercial advantage and is anti-competitive.	
	Generation entering at subsidised prices will undermine competition	
	Portfolio generators can move access around from lower price zones, thereby gaining an inequitable advantage.	

6.2 A majority of working group members (4:3) believed the WGAA better satisfied the Applicable Objectives than the original proposal.

Voting Results	Pro	Anti
Original better than Baseline	3	4
WGAA better than Baseline	6	1
WGAA better than Original	4	3

7.0 PROPOSED IMPLEMENTATION

- 7.1 The Working Group proposes CAP142, Original or WGGGA should be implemented as soon as practicable after an Authority decision because the process envisaged under either option is a within-charging year one and could, in principle be implemented immediately. This implementation should be consistent with any change required to the charging methodology.

8.0 IMPACT ON THE CUSC

- 8.1 The text required to give effect to the Original Proposal is contained as Part A of Annex 2 of this document.
- 8.2 The text to give effect to the Working Group Alternative Amendment is attached as Part B of Annex 2 of this document.

9.0 IMPACT ON INDUSTRY DOCUMENTS

Impact on Core Industry Documents

- 9.1 CAP142 has no impact upon Core Industry Documents.

Impact on other Industry Documents

- 9.2 CAP142 will require an amendment to the Charging Methodology in order to include application fee arrangements for exchange applications.

ANNEX 1 – GLOSSARY AND ACRONYMS

NOT USED

ANNEX 2 – PROPOSED LEGAL TEXT TO MODIFY THE CUSC

Part A - Text to give effect to the Original Proposed Amendment

Add new Paragraph [6.34] as follows and amend the contents page accordingly

6.34 Temporary TEC Exchanges

6.34.1 Background

Two **Users** that are party to a **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** may make a **Temporary TEC Exchange** in accordance with this Paragraph of the **CUSC**.

6.34.2 Form of Temporary TEC Exchange Rate Request

6.34.2.1 A **Temporary TEC Exchange Rate Request** must be received by **The Company** no later than:

- (i) in cases where the requested **Temporary TEC Exchange Period** is 9 months or more, 10 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
- (ii) in cases where the requested **Temporary TEC Exchange Period** is 6 months or more but is less than 9 months, 7 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
- (iii) in cases where the requested **Temporary TEC Exchange Period** is 3 months or more but is less than 6 months, 6 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
- (iv) in cases where the requested **Temporary TEC Exchange Period** is less than 3 months, 4 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**.

6.34.2.2 A **Temporary TEC Exchange Rate Request** must be made by email and confirmed by fax and must attach the **Temporary TEC Exchange Rate Request Form** duly completed and signed by the **Joint Temporary TEC Exchange Users**.

6.34.2.3 A **Temporary TEC Exchange Rate Request** shall not be deemed received by **The Company** until the **Temporary TEC Exchange Rate Request Fee** has been paid to **The Company** and until the faxed copy of the **Temporary TEC Exchange Rate Request** is received in accordance with Paragraph 6.34.2.2 of the **CUSC**.

6.34.2.4 Each **Temporary TEC Exchange Rate Request** must state one **Temporary TEC Exchange Period** only. Each **Temporary TEC Exchange Rate Request** must be by reference to whole MW only.

6.34.2.5 A **Temporary TEC Exchange Rate Request** cannot be made prior to the start of the **Financial Year** to which it relates.

- 6.34.2.6 A **Temporary TEC Exchange Rate Request** cannot be made unless **The Company** has published within that **Financial Year** a **Temporary TEC Exchange Notification of Interest Form** from the **Temporary TEC Exchange Donor User** .
- 6.34.2.6 In respect of **Power Stations** directly connected to the **GB Transmission System**, a **User's Transmission Entry Capacity** plus any **Temporary Received TEC** plus any **STTEC** or **LDTEC** less any **Temporary Donated TEC** must not exceed its total station **Connection Entry Capacity**.
- 6.34.2.7 A **Temporary TEC Exchange Rate Request** can be withdrawn at any time upon written notice from the **Joint Temporary TEC Exchange Users**.
- 6.34.2.8 The **Temporary Donated TEC** stated in a **Temporary TEC Exchange Rate Request** shall not exceed the **Transmission Entry Capacity** of the **Temporary TEC Exchange Donor User**.
- 6.34.3 Assessment by The Company of Temporary TEC Exchange Rate Requests**
- 6.34.3.1 **The Company** may reject any **Temporary TEC Exchange Rate Request** that is not made in accordance with the provisions of this Paragraph 6.34.
- 6.34.3.2 **The Company** will assess **Temporary TEC Exchange Rate Requests** and whether or not to grant **Temporary TEC Exchange Rate Requests** at its absolute discretion.
- 6.34.3.3 Subject to Paragraph 6.34.3.4 and 6.34.3.5 **The Company** will start assessing an **Temporary TEC Exchange Rate Request** no later than:
- (i) in cases where the requested **Temporary TEC Exchange Period** is 9 months or more, 10 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
 - (ii) in cases where the requested **Temporary TEC Exchange Period** is 6 months or more but is less than 9 months, 7 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
 - (iii) in cases where the requested **Temporary TEC Exchange Period** is 3 months or more but is less than 6 months, 6 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
 - (iv) in cases where the requested **Temporary TEC Exchange Period** is less than 3 months, 4 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**.
- 6.34.3.4 If **The Company** receives more than one **Temporary TEC Exchange Rate Request** for a **Temporary TEC Exchange Period** or a **STTEC Request** or an **LDTEC Request** or a **TEC Increase Request** which **The Company** believes will impact on each other, **The Company** will assess such requests and the capacity available on the **GB Transmission**

System on a first come first served basis such that the request received earliest in time by **The Company** (as recorded by **The Company**) will be considered first in terms of capacity available and then the request received next in time after that, and so on.

- 6.34.3.5 Where Paragraph 6.34.3.4 applies **The Company** shall be entitled to suspend the assessment and making of the **Temporary TEC Exchange Rate Offer** in respect of such **Temporary TEC Exchange Rate Request** or the **LDTEC Offer** in respect of such **LDTEC Request** or the **STTEC Offer** in respect of such **STTEC Request** or the **Offer** in respect of such **TEC Increase Request**.
- 6.34.3.6 Where the circumstances in Paragraph 6.34.3.5 apply **The Company** shall as soon as practicable advise the **Joint Temporary TEC Exchange Users** of such suspension giving an indication of the timescale for the **Temporary Exchange Rate Offer**. Where both **Joint Temporary TEC Exchange Users** agree, the **Temporary TEC Exchange Rate Request** can be withdrawn in such circumstances.
- 6.34.3.7 No priority will be given to any **Users** who have previously made successful **STTEC Requests** or **LDTEC Requests** or **Temporary TEC Exchange Rate Requests**.

6.34.4 Notification by The Company

- 6.34.4.1 Each **User** confirms and agrees that **The Company** shall have no liability to it for any **Temporary TEC Exchange Rate Request** which **The Company** does not grant in accordance with this Paragraph 6.34.
- 6.34.4.2 **The Company** is not obliged to grant any **Temporary TEC Exchange Rate Request** submitted.
- 6.34.4.3 Any **Temporary TEC Exchange Rate Request** will only be granted provided that during the **Temporary TEC Exchange Period** the **User's Transmission Entry Capacity** plus the **Temporary Received TEC** plus any **STTEC** or **LDTEC** less any **Temporary Donated TEC** does not exceed its total station **Connection Entry Capacity**.
- 6.34.4.4 **The Company** shall no later than seven days and one **Business Day** before the start date for the **Temporary TEC Exchange Period**, by 17:00 on a **Business Day** either make an **Temporary TEC Exchange Rate Offer** in response to the **Temporary TEC Exchange Rate Request** or notify the **Joint Temporary TEC Exchange Users** that it does not intend to grant a **Temporary TEC Exchange Rate Request**.

6.34.6 Temporary TEC Exchange Rate Offers

- 6.34.6.1 A **Temporary TEC Exchange Rate Offer** shall:
- (i) be made to both the **Temporary TEC Exchange Donor User** and the **Temporary TEC Exchange Recipient User** and state the **Temporary Donated TEC** and **Temporary TEC Exchange Rate**;
 - (ii) include in the offer sent to the **Temporary TEC Exchange Donor User** a revised Appendix C to the relevant **Bilateral Connection**

Agreement or Bilateral Embedded Generation Agreement (as appropriate) of the **Temporary TEC Exchange Donor User** which will detail the **Temporary Donated TEC** and the **Temporary TEC Exchange Period** for which this applies;

- (iii) include in the offer sent to the **Temporary TEC Exchange Recipient User** a revised Appendix C to the relevant **Bilateral Connection Agreement or Bilateral Embedded Generation Agreement** (as appropriate) of the **Temporary TEC Exchange Recipient User** which will detail the **Temporary Received TEC** and the **Temporary TEC Exchange Period** for which this applies; and
- (iv) be open for acceptance by receipt of the faxed copy of the **Temporary TEC Exchange Rate Offer** up to 17:00 the following **Business Day**.

6.34.6.2 A **Temporary TEC Exchange Rate Offer** must be accepted by both the **Joint Temporary TEC Exchange Users** within the timescales in Paragraph 6.34.6.1(iii). Acceptance of a **Temporary TEC Exchange Rate Offer** shall be made by executing and faxing back the accepted **Temporary TEC Exchange Rate Offer**. A **Temporary TEC Exchange Rate Offer** lapses if not accepted by both **Temporary TEC Exchange Users** within such period.

6.34.6.3 If the **Temporary TEC Exchange Rate Offer** is accepted in accordance with Paragraph 6.34.6.2, for the **Temporary TEC Exchange Period** Appendix C to the relevant **Bilateral Agreements** will be that accepted by the **Joint Temporary TEC Exchange Users**, unless otherwise subsequently amended in accordance with such **Bilateral Agreement** or the **CUSC**. Upon expiry of the **Temporary TEC Exchange Period** such Appendix C as it relates to that **Temporary TEC Exchange Period** shall cease to have effect.

6.34.7 Temporary TEC Exchange reporting and information provisions

6.34.7.1 **The Company** may publish the following information in respect of **Temporary TEC Exchange Rate Offers** which are accepted:-

1. details of the **Temporary TEC Exchange Period**;
2. details of the **Temporary Donated TEC** and **Temporary Received TEC**;
3. the identity of the **Temporary TEC Exchange Donor User** and the **Temporary TEC Exchange Recipient User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **The Company** from time to time.

6.34.7.2 **The Company** may publish the following information in respect of **Temporary TEC Exchange Rate Requests** which are granted but the **Temporary TEC Exchange Offers** are made by not accepted:-

1. details of the **Temporary TEC Exchange Period**;
2. details of the **Temporary Donated TEC** and **Temporary Received TEC**;
3. the identity of the **Temporary TEC Exchange Donor User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **The Company** from time to time.

6.34.7.3 **The Company** may publish the following information in respect of **Temporary TEC Exchange Rate Offers** which are not granted:-

1. details of the **Temporary TEC Exchange Period**;
2. details of the **Temporary Donated TEC**;
3. the identity of the **Temporary TEC Exchange Donor User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **The Company** from time to time.

6.34.7.4 The **Temporary TEC Exchange Donor User** and the **Temporary TEC Exchange Recipient User** consent to the publication by **The Company** of the information referred to above.

6.34.7.5 A **User** may also from time to time request that **The Company** advise other **Users** that such **User** is interested in making a **Temporary TEC Exchange**. Such request must be sent by email and a fax copy made using the **Temporary TEC Exchange Notification of Interest Form**.

6.34.7.6 **The Company** shall publish such **Temporary TEC Exchange Notification of Interest Form** on its **TEC Register** within 10 **Business Days** of its receipt.

Add following New Definitions

“Joint Temporary TEC Exchange Users”	means the Temporary TEC Exchange Donor User and the Temporary TEC Exchange Recipient User .
“Temporary Donated TEC”	is the temporary MW reduction in the export rights of the Temporary TEC Exchange Donor User arising from acceptance of a Temporary TEC Exchange Offer .
“Temporary Received TEC”	is at any time the Temporary TEC Exchange Rate .
“Temporary TEC Exchange Donor User”	is a User that has jointly made a Temporary TEC Exchange Rate Request to reduce its rights to export for the duration of the Temporary TEC Exchange Period .
“Temporary TEC Exchange Notification of Interest Form”	is the form set out in Exhibit [YYY] to the CUSC .
“Temporary TEC Exchange Offer”	is an offer made by The Company for a Temporary TEC Exchange Rate in accordance with the terms of Paragraphs 6.34.4.6.
“Temporary TEC Exchange Period”	period within a Financial Year as specified in the Temporary TEC Exchange Rate Request Form being for a minimum of four weeks and commencing at 0.00 hours on a Monday and finishing at 23.59 on any given day no later than the last day of such Financial Year .
“Temporary TEC Exchange Rate Request Fee”	is the single fee to be paid to The Company for a Temporary TEC Exchange Rate Request as detailed in the Charging Statements .
“Temporary TEC Exchange Rate Request Form”	is the form set out in Exhibit [XXX] to the CUSC .
“Temporary TEC Exchange Rate Request”	is a joint application made by a Temporary TEC Exchange Donor User and a Temporary TEC Exchange Recipient User for a Temporary TEC Exchange Rate Offer .
“Temporary TEC Exchange Rate”	is a weekly profile of the additional export rights in MW available to the Temporary TEC Exchange Recipient User as a direct result of the temporary reduction in export rights in MW of the Temporary TEC Exchange Donor User .
“Temporary TEC Exchange Recipient User”	is a User that has jointly made a Temporary TEC Exchange Rate Request to increase its rights to export for the duration of the Temporary TEC Exchange Period .

“Temporary TEC Exchange”	a trade made pursuant to CUSC Paragraph 6.34
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In Chapter 2: Connection

2.3 EXPORT OF POWER FROM CONNECTION SITE

- 2.3.1 Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement** and the **Grid Code**, **The Company** shall, as between **The Company** and that **User**, accept into the **GB Transmission System** at each **Connection Site** of a **User** acting in the category of **Power Station** directly connected to the **GB Transmission System**, power generated by such **User** up to the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any Temporary Received TEC less any Temporary Donated TEC for the relevant **Period** as set out in Appendix C of the relevant **Bilateral Connection Agreement** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice** by **The Company**.
- 2.3.2 Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement** and the **Grid Code** a **User** acting in the capacity of a **Power Station** directly connected to the **GB Transmission System** shall not export on to the **GB Transmission System** power generated by such **User** in excess of the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any Temporary Received TEC less any Temporary Donated TEC for the relevant **Period** as set out in Appendix C of the relevant **Bilateral Connection Agreement** save as expressly permitted or instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted or instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

In Chapter 3: Use of System

3.2.3 Transmission Entry Capacity

- (a) Other than as provided in Paragraph 3.2.3(b), each **User**, as between **The Company** and that **User**, shall not operate its **User's Equipment** such that its export of power onto the **GB Transmission System** exceeds the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any Temporary Received TEC less any Temporary Donated TEC for the relevant **Period** set out in Appendix C to the relevant **Bilateral Embedded Generation Agreement** save as expressly permitted and instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted and instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.
- (b) Each **User** in respect of an **Embedded Small Power Station** and a **Distribution Interconnector** and as a **Trading Party** responsible for **Embedded Small Power Stations**, as between **The Company** and that **User**, shall not operate its **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) such that its export of power onto the **GB Transmission System** exceeds the **Transmission Entry Capacity** and (if any) **STTEC**

and/or **LDTEC** and/or any Temporary Received TEC less any Temporary Donated TEC for the relevant **Period** set out in Appendix C to the relevant **Bilateral Embedded Generation Agreement** save as expressly permitted and instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

- 3.2.4 Subject to the other provisions of the **CUSC** and the **Grid Code** and any relevant **Bilateral Agreement**, **The Company** shall, as between **The Company** and that **User**, accept into the **GB Transmission System** power generated by each **User** up to the **Transmission Entry Capacity** and (if any) **STTEC** and/or any Temporary Received TEC less any Temporary Donated TEC for the relevant **Period** set out in Appendix C of the relevant **Bilateral Connection Agreement** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice** by **The Company**.

In Chapter 4: Balancing Services

- 4.1.3.7A For the avoidance of doubt a **User** shall ensure that the **Transmission Entry Capacity**, and if relevant the **STTEC** and/or **LDTEC** and/or any Temporary Received TEC less any Temporary Donated TEC, for the relevant **Connection Site** shall be sufficient to enable it to comply with its obligations under Paragraph 4.1.3.7 above at all times and in respect of all **BM Units**.

In Chapter 9: Interconnectors

9.4 EXPORT OF POWER FROM THE INTERCONNECTOR CONNECTION SITE

Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement** and the **Grid Code** and any **Operating Agreement**, **The Company** shall accept into the **GB Transmission System** at the **Connection Site** of an **Interconnector** power up to the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any Temporary Received TEC less any Temporary Donated TEC for the relevant **Period** as specified in Appendix C to the relevant **Bilateral Connection Agreement** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice**.

- 9.6 The **User** shall not permit the transfer of any amount of electricity onto the **GB Transmission System** in excess of the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any Temporary Received TEC less any Temporary Donated TEC for the relevant **Period** specified in Appendix C to the relevant **Bilateral Connection Agreement** or permit the taking of any amounts of electricity off the **GB Transmission System** in excess of the value as specified in Appendix C to the relevant **Bilateral Connection Agreement** save as expressly permitted or instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted pursuant to any **Operating Agreement** or the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

Add the attached as a new Exhibits [XXX] and [YYY] and amend the contents page accordingly.

CUSC – EXHIBIT [XXX]

**THE CONNECTION AND USE OF SYSTEM CODE – TEMPORARY TEC
EXCHANGE RATE REQUEST FORM**

DIRECTLY CONNECTED POWER STATION

EMBEDDED POWER STATION

INTERCONNECTOR OWNER

DISTRIBUTION INTERCONNECTOR

Please study the following notes before completing and signing the Temporary TEC Exchange Rate Request Form.

1. National Grid Electricity Transmission plc ("**The Company**") requires the information requested in this form for the purposes of considering and assessing whether or not to grant your **Temporary TEC Exchange Rate Request**. It is essential that both **Joint TEC Exchange Users** supply all information requested and provides all the confirmations required and that every effort should be made to ensure that such information and confirmations are accurate.

Please note the same terms used in this form are defined in the Interpretation in Definitions (contained in Section 11 to the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

2. Where **The Company** considers that any information provided by the **Joint TEC Exchange Users** is incomplete or unclear then **The Company** will reject the **Temporary TEC Exchange Rate Request**.
3. Neither **Joint TEC Exchange Users** may make any change to the information provided.
4. **The Company** shall charge the **Joint TEC Exchange Users**, and the **Joint TEC Exchange Users** shall pay to **The Company** the **Temporary TEC Exchange Rate Request Fee**. The fee will be charged by **The Company** in accordance with the **Charging Statements**. No **Temporary TEC Exchange Rate Request** will be considered until such payment has been received.
5. **The Company** will consider the **Temporary TEC Exchange Rate Request** in accordance with the terms of Paragraph 6.34 of the **CUSC**.
6. **The Company** may publish certain information in relation to **Temporary TEC Exchange Rate Requests** as specified in Paragraph 6.34.7 of **CUSC**.
7. Please complete this form and email it to [] and fax it to [].

REQUEST FOR A TEMPORARY TEC EXCHANGE RATE

Please ensure that you have studied the notes before completing and signing this form.

Temporary TEC Exchange Donor User

A1. Details of User

Name:

Address:

Fax No.:

Email Address:

Registered Number:

Name Title and Contact Details (including email address) for the person authorised to deal with this **Temporary TEC Exchange Rate Request** for and on behalf of the **User**.

.....

B1. Bilateral Agreement details

Please detail the **Bilateral Agreement** date and reference number.

.....

C1. Connection Site

Please detail the **Connection Site** or site of **Connection** to which the **Temporary TEC Exchange Rate Request** relates.

.....

Temporary TEC Exchange Recipient User

A2. Details of User

Name:

Address:

Fax No.:

Email Address:

Registered Number:

Name Title and Contact Details (including email address) for the person authorised to deal with this **Temporary TEC Exchange Rate Request** for and on behalf of the **User**.

.....

B2. Bilateral Agreement details

Please detail the **Bilateral Agreement** date and reference number.

.....

C2. Connection Site

Please detail the **Connection Site** or site of **Connection** to which the **Temporary TEC Exchange Rate Request** relates.

.....

D. Temporary TEC Exchange Period

Please provide the dates of the **Temporary TEC Exchange Period** (being for a minimum of four weeks and commencing on a Monday) to which the **Temporary TEC Exchange Rate Request** relates.

Temporary TEC Exchange Period

<u>From</u>		<u>To</u>
No. of Weeks	00.00 from	23.59
	[Monday]	[on any day no later than last day of Financial Year]

.....

E. MW donated by the Temporary TEC Exchange Donor User

Please provide details the level (in whole MW) of **Temporary Donated TEC**.

[.....] MW (Positive only)

Temporary TEC Exchange Rate Request Form

1. We agree to pay the **Temporary TEC Exchange Rate Request Fee**.
2. As Temporary **TEC Exchange Donor User** we confirm that the data submissions in respect of our **Connection Site** or site of **Connection** under the **Grid Code** are complete, accurate and up to date.
3. As Temporary **TEC Exchange Recipient User** we confirm that the data submissions in respect of our **Connection Site** or site of **Connection** under the **Grid Code** are complete, accurate and up to date
4. We consent to the disclosure of information by **The Company** in accordance with **CUSC** Paragraph 6.34.7

Signed for and on behalf of the:

Temporary TEC Exchange Donor User

.....

Temporary TEC Exchange Recipient User

.....

CUSC – EXHIBIT [YYY]

**THE CONNECTION AND USE OF SYSTEM CODE – TEMPORARY TEC
EXCHANGE NOTIFICATION OF INTEREST FORM**

The Company will use the information provided in this form to enable it to publish information about the potential willingness of **User's** to enter into a **Temporary TEC Exchange Rate Request**.

Please complete this form and email it to [] and fax it to [].

Details of the time period

Date must be within the current Financial Year

The earliest start date:

The earliest end date:

Details of the capacity that could be donated

Must be a whole number of MWs and shall not exceed the User's TEC

.....MW [must be positive]

Details of the User

The name of the **User**

.....

Preferred contact details of the **User**

.....

The **Connection Site** or site of **Connection**

.....

Date by which prospective recipients should contact the **User** if interested in proceeding with a **Temporary TEC Exchange**
Date must be within the current Financial Year

.....

We consent to the disclosure of information by **The Company** in accordance with **CUSC** Paragraph 6.34.7

Signed for and on behalf of the **User**

.....
To avoid any misunderstanding this is not to be construed as constituting an offer or invitation to treat in respect any TEC Exchange Trade

Part B - Text to give effect to the Working Group Alternative Amendment

Add new Paragraph [6.34] as follows and amend the contents page accordingly

6.34 Temporary TEC Exchanges**6.34.1 Background**

Two **Users** that are party to a **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** may make a **Temporary TEC Exchange** in accordance with this Paragraph of the **CUSC**.

6.34.2 Form of Temporary TEC Exchange Rate Request

6.34.2.1 A **Temporary TEC Exchange Rate Request** must be received by **The Company** no later than:

- (i) in cases where the requested **Temporary TEC Exchange Period** is 9 months or more, 10 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
- (ii) in cases where the requested **Temporary TEC Exchange Period** is 6 months or more but is less than 9 months, 7 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
- (iii) in cases where the requested **Temporary TEC Exchange Period** is 3 months or more but is less than 6 months, 6 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
- (iv) in cases where the requested **Temporary TEC Exchange Period** is less than 3 months, 4 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**.

6.34.2.2 A **Temporary TEC Exchange Rate Request** must be made by email and confirmed by fax and must attach the **Temporary TEC Exchange Rate Request Form** duly completed and signed by the **Joint Temporary TEC Exchange Users**.

6.34.2.3 A **Temporary TEC Exchange Rate Request** shall not be deemed received by **The Company** until the **Temporary TEC Exchange Rate Request Fee** has been paid to **The Company** and until the faxed copy of the **Temporary TEC Exchange Rate Request** is received in accordance with Paragraph 6.34.2.2 of the **CUSC**.

6.34.2.4 Each **Temporary TEC Exchange Rate Request** must state one **Temporary TEC Exchange Period** only. Each **Temporary TEC Exchange Rate Request** must be by reference to whole MW only.

6.34.2.5 A **Temporary TEC Exchange Rate Request** cannot be made prior to the start of the **Financial Year** to which it relates.

6.34.2.7 A **Temporary TEC Exchange Rate Request** cannot be made unless **The Company** has published within that **Financial Year** a **Temporary**

TEC Exchange Notification of Interest Form from the Temporary TEC Exchange Donor User .

- 6.34.2.9 In respect of **Power Stations** directly connected to the **GB Transmission System**, a **User's Transmission Entry Capacity** plus any **Temporary Received TEC** plus any **STTEC** or **LDTEC** less any **Temporary Donated TEC** must not exceed its total station **Connection Entry Capacity**.
- 6.34.2.10 A **Temporary TEC Exchange Rate Request** can be withdrawn at any time upon written notice from the **Joint Temporary TEC Exchange Users**.
- 6.34.2.11 The **Temporary Donated TEC** stated in a **Temporary TEC Exchange Rate Request** shall not exceed the **Transmission Entry Capacity** of the **Temporary TEC Exchange Donor User**.
- 6.34.3 Assessment by The Company of Temporary TEC Exchange Rate Requests**
- 6.34.3.1 **The Company** may reject any **Temporary TEC Exchange Rate Request** that is not made in accordance with the provisions of this Paragraph 6.34.
- 6.34.3.2 **The Company** will assess **Temporary TEC Exchange Rate Requests** and whether or not to grant **Temporary TEC Exchange Rate Requests** at its absolute discretion.
- 6.34.3.3 Subject to Paragraph 6.34.3.4 and 6.34.3.5 **The Company** will start assessing an **Temporary TEC Exchange Rate Request** no later than:
- (i) in cases where the requested **Temporary TEC Exchange Period** is 9 months or more, 10 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
 - (ii) in cases where the requested **Temporary TEC Exchange Period** is 6 months or more but is less than 9 months, 7 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
 - (iii) in cases where the requested **Temporary TEC Exchange Period** is 3 months or more but is less than 6 months, 6 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
 - (iv) in cases where the requested **Temporary TEC Exchange Period** is less than 3 months, 4 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**.
- 6.34.3.5 If **The Company** receives more than one **Temporary TEC Exchange Rate Request** for a **Temporary TEC Exchange Period** or a **STTEC Request** or an **LDTEC Request** or a **TEC Increase Request** which **The Company** believes will impact on each other, **The Company** will assess such requests and the capacity available on the **GB Transmission System** on a first come first served basis such that the request received earliest in time by **The Company** (as recorded by **The Company**) will be

considered first in terms of capacity available and then the request received next in time after that, and so on.

- 6.34.3.5 Where Paragraph 6.34.3.4 **The Company** shall be entitled to suspend the assessment and making of the **Temporary TEC Exchange Rate Offer** in respect of such **Temporary TEC Exchange Rate Request** or the **LDTEC Offer** in respect of such **LDTEC Request** or the **STTEC Offer** in respect of such **STTEC Request** or the **Offer** in respect of such **TEC Increase Request**.
- 6.34.3.6 Where the circumstances in Paragraph 6.34.3.5 apply **The Company** shall as soon as practicable advise the **Joint Temporary TEC Exchange Users** of such suspension giving an indication of the timescale for the **Temporary Exchange Rate Offer**. Where both **Joint Temporary TEC Exchange Users** agree, the **Temporary TEC Exchange Rate Request** can be withdrawn in such circumstances.
- 6.34.3.7 No priority will be given to any **Users** who have previously made successful **STTEC Requests** or **LDTEC Requests** or **Temporary TEC Exchange Rate Requests**.

6.34.4 Notification by The Company

- 6.34.4.1 Each **User** confirms and agrees that **The Company** shall have no liability to it for any **Temporary TEC Exchange Rate Request** which **The Company** does not grant in accordance with this Paragraph 6.34.
- 6.34.4.2 **The Company** is not obliged to grant any **Temporary TEC Exchange Rate Request** submitted.
- 6.34.4.3 Any **Temporary TEC Exchange Rate Request** will only be granted provided that during the **Temporary TEC Exchange Period** the **User's Transmission Entry Capacity** plus the **Temporary Received TEC** plus any **STTEC** or **LDTEC** less any **Temporary Donated TEC** does not exceed its total station **Connection Entry Capacity**.
- 6.34.4.4 **The Company** shall no later than seven days and one **Business Day** before the start date for the **Temporary TEC Exchange Period**, by 17:00 on a **Business Day** either make an **Temporary TEC Exchange Rate Offer** in response to the **Temporary TEC Exchange Rate Request** or notify the **Joint Temporary TEC Exchange Users** that it does not intend to grant a **Temporary TEC Exchange Rate Request**.

6.34.5 Charging, Invoicing and Payment

- 6.34.5.1 Each **Temporary TEC Exchange Recipient User** must pay the **LDTEC Charge** in respect of the **Temporary Received TEC** even if the **User** does not use the corresponding **Temporary Received TEC**.

6.34.6 Temporary TEC Exchange Rate Offers

- 6.34.6.1 A **Temporary TEC Exchange Rate Offer** shall:

- (i) be made to both the **Temporary TEC Exchange Donor User** and the **Temporary TEC Exchange Recipient User** and state the **Temporary Donated TEC** and **Temporary TEC Exchange Rate**;
- (ii) include in the offer sent to the **Temporary TEC Exchange Donor User** a revised Appendix C to the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** (as appropriate) of the **Temporary TEC Exchange Donor User** which will detail the **Temporary Donated TEC** and the **Temporary TEC Exchange Period** for which this applies;
- (iii) include in the offer sent to the **Temporary TEC Exchange Recipient User** a revised Appendix C to the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** (as appropriate) of the **Temporary TEC Exchange Recipient User** which will detail the **Temporary Received TEC** and the **Temporary TEC Exchange Period** for which this applies; and
- (iv) be open for acceptance by receipt of the faxed copy of the **Temporary TEC Exchange Rate Offer** up to 17:00 the following **Business Day**.

6.34.6.2 A **Temporary TEC Exchange Rate Offer** must be accepted by both the **Joint Temporary TEC Exchange Users** within the timescales in Paragraph 6.34.6.2(iii). Acceptance of a **Temporary TEC Exchange Rate Offer** shall be made by executing and faxing back the accepted **Temporary TEC Exchange Rate Offer**. A **Temporary TEC Exchange Rate Offer** lapses if not accepted by both **Temporary TEC Exchange Users** within such period.

6.34.6.3 If the **Temporary TEC Exchange Rate Offer** is accepted in accordance with Paragraph 6.34.6.2, for the **Temporary TEC Exchange Period** Appendix C to the relevant **Bilateral Agreements** will be that accepted by the **Joint Temporary TEC Exchange Users**, unless otherwise subsequently amended in accordance with such **Bilateral Agreement** or the **CUSC**. Upon expiry of the **Temporary TEC Exchange Period** such Appendix C as it relates to that **Temporary TEC Exchange Period** shall cease to have effect.

6.34.7 Temporary TEC Exchange reporting and information provisions

6.34.7.1 **The Company** may publish the following information in respect of **Temporary TEC Exchange Rate Offers** which are accepted:-

1. details of the **Temporary TEC Exchange Period**;
2. details of the **Temporary Donated TEC** and **Temporary Received TEC**;
3. the identity of the **Temporary TEC Exchange Donor User** and the **Temporary TEC Exchange Recipient User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **The Company** from time to time.

6.34.7.7 **The Company** may publish the following information in respect of **Temporary TEC Exchange Rate Offers** which are made are not accepted:-

1. details of the **Temporary TEC Exchange Period**;
2. details of the **Temporary Donated TEC** and **Temporary Received TEC**;
3. the identity of the **Temporary TEC Exchange Donor User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **The Company** from time to time.

6.34.7.8 **The Company** may publish the following information in respect of **Temporary TEC Exchange Rate Offers** not made:-

1. details of the **Temporary TEC Exchange Period**;
2. details of the **Temporary Donated TEC**;
3. the identity of the **Temporary TEC Exchange Donor User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **The Company** from time to time.

6.34.7.9 The **Temporary TEC Exchange Donor User** and the **Temporary TEC Exchange Recipient User** consent to the publication by **The Company** of the information referred to above.

6.34.7.10 A **User** may also from time to time request that **The Company** advise other **Users** that such **User** is interested in making a **Temporary TEC Exchange**. Such request must be sent by email and a fax copy made using the **Temporary TEC Exchange Notification of Interest Form**.

6.34.7.11 **The Company** shall publish such **Temporary TEC Exchange Notification of Interest Form** on its **TEC Register** within 10 **Business Days** of its receipt.

Add following New Definitions

“Joint Temporary TEC Exchange Users”	means the Temporary TEC Exchange Donor User and the Temporary TEC Exchange Recipient User .
“LDTEC Charge”	being a component of the Use of System Charges which is made or levied by The Company and to be paid by the User , in the case of an accepted LDTEC Block Offer , for Block LDTEC and in the case of an accepted LDTEC Indicative Block Offer for Requested LDTEC <u>and in the case of an accepted Temporary TEC Exchange Rate Offer for Temporary Received TEC in each case calculated in accordance with the Charging Statements.</u>
“LDTEC Period”	is, (a) in the case of an LDTEC Request , a period of weeks or part thereof within a Financial Year as specified by the User in its LDTEC Request Form for a minimum period of seven weeks commencing on a Monday at 0.00 hours and finishing at 23.59 on any given day no later than the last day of such Financial Year , <u>or</u> (b) <u>in the case of an accepted Temporary TEC Exchange Offer, the Temporary TEC Exchange Period.</u>
“Temporary Donated TEC”	is the temporary MW reduction in the export rights of the Temporary TEC Exchange Donor User arising from acceptance of a Temporary TEC Exchange Offer .
“Temporary Received TEC”	is at any time the Temporary TEC Exchange Rate .
“Temporary TEC Exchange Donor User”	is a User that has jointly made a Temporary TEC Exchange Rate Request to reduce its rights to export for the duration of the Temporary TEC Exchange Period .
“Temporary TEC Exchange Notification of Interest Form”	is the form set out in Exhibit [YYY] to the CUSC .
“Temporary TEC Exchange Offer”	is an offer made by The Company for a Temporary TEC Exchange Rate in accordance with the terms of Paragraphs 6.34.4.6.
“Temporary TEC Exchange Period”	period within a Financial Year as specified in the Temporary TEC Exchange Rate Request Form being for a minimum of four weeks and commencing at 0.00 hours on a Monday and finishing at 23.59 on any given day no later than the last day of such Financial Year .

“Temporary TEC Exchange Rate Request Fee”	is the single fee to be paid to The Company for a Temporary TEC Exchange Rate Request as detailed in the Charging Statements .
“Temporary TEC Exchange Rate Request Form”	is the form set out in Exhibit [XXX] to the CUSC .
“Temporary TEC Exchange Rate Request”	is a joint application made by a Temporary TEC Exchange Donor User and a Temporary TEC Exchange Recipient User for a Temporary TEC Exchange Rate Offer .
“Temporary TEC Exchange Rate”	is a weekly profile of the additional export rights in MW available to the Temporary TEC Exchange Recipient User as a direct result of the temporary reduction in export rights in MW of the Temporary TEC Exchange Donor User .
“Temporary TEC Exchange Recipient User”	is a User that has jointly made a Temporary TEC Exchange Rate Request to increase its rights to export for the duration of the Temporary TEC Exchange Period .
“Temporary TEC Trade Exchange”	a trade made pursuant to CUSC Paragraph 6.34

In Chapter 2: Connection

2.3 EXPORT OF POWER FROM CONNECTION SITE

- 2.3.1 Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement** and the **Grid Code**, **The Company** shall, as between **The Company** and that **User**, accept into the **GB Transmission System** at each **Connection Site** of a **User** acting in the category of **Power Station** directly connected to the **GB Transmission System**, power generated by such **User** up to the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any Temporary Received TEC less any Temporary Donated TEC for the relevant **Period** as set out in Appendix C of the relevant **Bilateral Connection Agreement** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice** by **The Company**.
- 2.3.2 Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement** and the **Grid Code** a **User** acting in the capacity of a **Power Station** directly connected to the **GB Transmission System** shall not export on to the **GB Transmission System** power generated by such **User** in excess of the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any Temporary Received TEC less any Temporary Donated TEC for the relevant **Period** as set out in Appendix C of the relevant **Bilateral Connection Agreement** save as expressly permitted or instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted or instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

In Chapter 3: Use of System

3.2.3 Transmission Entry Capacity

- (a) Other than as provided in Paragraph 3.2.3(b), each **User**, as between **The Company** and that **User**, shall not operate its **User's Equipment** such that its export of power onto the **GB Transmission System** exceeds the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any Temporary Received TEC less any Temporary Donated TEC for the relevant **Period** set out in Appendix C to the relevant **Bilateral Embedded Generation Agreement** save as expressly permitted and instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted and instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.
- (b) Each **User** in respect of an **Embedded Small Power Station** and a **Distribution Interconnector** and as a **Trading Party** responsible for **Embedded Small Power Stations**, as between **The Company** and that **User**, shall not operate its **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) such that its export of power onto the **GB Transmission System** exceeds the **Transmission Entry Capacity** and (if any) **STTEC**

and/or **LDTEC** and/or any Temporary Received TEC less any Temporary Donated TEC for the relevant **Period** set out in Appendix C to the relevant **Bilateral Embedded Generation Agreement** save as expressly permitted and instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

- 3.2.4 Subject to the other provisions of the **CUSC** and the **Grid Code** and any relevant **Bilateral Agreement**, **The Company** shall, as between **The Company** and that **User**, accept into the **GB Transmission System** power generated by each **User** up to the **Transmission Entry Capacity** and (if any) **STTEC** and/or any Temporary Received TEC less any Temporary Donated TEC for the relevant **Period** set out in Appendix C of the relevant **Bilateral Connection Agreement** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice** by **The Company**.
- 3.9.2 Each **User** shall, as between **The Company** and that **User**, in accordance with this Part II and Paragraph 6.6, be liable to pay to **The Company** (or **The Company** shall be so liable to pay to the **User**) the **Transmission Network Use of System Charges** and (if appropriate) the **STTEC** and **LDTEC Charge** in respect of its use of the **GB Transmission System** applied and calculated in accordance with the **Statement of Use of System Charges** and **Statement of the Use of System Charging Methodology** and Standard Condition C13 of the **Transmission Licence**.

In Chapter 4: Balancing Services

- 4.1.3.7A For the avoidance of doubt a **User** shall ensure that the **Transmission Entry Capacity**, and if relevant the **STTEC** and/or **LDTEC** and/or any Temporary Received TEC less any Temporary Donated TEC, for the relevant **Connection Site** shall be sufficient to enable it to comply with its obligations under Paragraph 4.1.3.7 above at all times and in respect of all **BM Units**.

In Chapter 6: General Provisions

6.6 PAYMENT

- 6.6.1 **The Company** will invoice **Users** for **Connection Charges** and/or **Use of System Charges** due under the **CUSC** and/or each **Bilateral Agreement** and/or as notified to the **User** where there is no **Bilateral Agreement**, in accordance with the **CUSC** and/or the **Charging Statements** in the following manner:
- (a) in the case of recurrent monthly charges identified in the relevant **Charging Statements** **The Company** shall despatch an invoice on or before the 15th day of the month for the charges due in relation to that month;
 - (b) in the case of the **STTEC Charge** **The Company** shall invoice the **User** on or before the 15th day of the month for the full **STTEC Charge**;

- (c) In the case of the **LDTEC Charge** **NGC** shall invoice the **User** on or before the 15th day of the month for the full **LDTEC Charge**;
- (d) unless otherwise specified in the **CUSC** where charges are payable other than monthly **The Company** shall despatch an invoice not less than 30 days prior to the due date for payment.
- 6.6.2 **Users** shall pay **Connection Charges** and/or **Use of System Charges** and the **STTEC Charge** and the **LDTEC Charge** and due to **The Company** under the **CUSC** and/or each **Bilateral Agreement** and/or as otherwise notified to the **User** where there is no **Bilateral Agreement**, in accordance with the **CUSC** and/or the **Charging Statements** in the following manner:
- (a) in the case of recurrent monthly charges and the **STTEC Charge** and the **LDTEC Charge** on the 15th day of the month in which **The Company's** invoice therefor was despatched (if despatched on the first day of that month) or, in all other cases, on the 15th day of the month following the month in which **The Company's** invoice therefor was despatched unless, in any such case, the said date is not a **Business Day** in which case payment shall be made on the next **Business Day**;
- (b) unless otherwise specified in the **CUSC** where charges are payable other than monthly within 30 days of the date of **The Company's** invoice therefor.

In Chapter 9: Interconnectors

9.4 EXPORT OF POWER FROM THE INTERCONNECTOR CONNECTION SITE

Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement** and the **Grid Code** and any **Operating Agreement**, **The Company** shall accept into the **GB Transmission System** at the **Connection Site** of an **Interconnector** power up to the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any **Temporary Received TEC** less any **Temporary Donated TEC** for the relevant **Period** as specified in Appendix C to the relevant **Bilateral Connection Agreement** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice**.

- 9.6 The **User** shall not permit the transfer of any amount of electricity onto the **GB Transmission System** in excess of the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any **Temporary Received TEC** less any **Temporary Donated TEC** for the relevant **Period** specified in Appendix C to the relevant **Bilateral Connection Agreement** or permit the taking of any amounts of electricity off the **GB Transmission System** in excess of the value as specified in Appendix C to the relevant **Bilateral Connection Agreement** save as expressly permitted or instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted pursuant to any **Operating Agreement** or the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

- 9.10 USE OF SYSTEM CHARGES - Transmission Network Use of System Charges
- 9.10.1 Subject to the provisions of the **CUSC**, and any relevant **Bilateral Agreement**, together with the relevant **Charging Statements**, the **User** shall with effect from the relevant date set out in the relevant **Bilateral Agreement**, be liable to pay to **The Company** the **Transmission Network Use of System Charges** and (if appropriate) the **STTEC Charge** and **LDTEC Charge** in accordance with the **CUSC** calculated in accordance with the **Statement of Use of System Charges** and the **Statement of the Use of System Charging Methodology**. **The Company** shall apply and calculate the **Use of System Charges** in accordance with the **Statement of Use of System Charges** and the **Statement of the Use of System Charging Methodology**.

Add the attached as a new Exhibits [XXX] and [YYY] and amend the contents page accordingly.

CUSC – EXHIBIT [XXX]

**THE CONNECTION AND USE OF SYSTEM CODE – TEMPORARY TEC
EXCHANGE RATE REQUEST FORM**

DIRECTLY CONNECTED POWER STATION

EMBEDDED POWER STATION

INTERCONNECTOR OWNER

DISTRIBUTION INTERCONNECTOR

Please study the following notes before completing and signing the Temporary TEC Exchange Rate Request Form.

1. National Grid Electricity Transmission plc ("**The Company**") requires the information requested in this form for the purposes of considering and assessing whether or not to grant your **Temporary TEC Exchange Rate Request**. It is essential that both **Joint TEC Exchange Users** supply all information requested and provides all the confirmations required and that every effort should be made to ensure that such information and confirmations are accurate.

Please note the same terms used in this form are defined in the Interpretation in Definitions (contained in Section 11 to the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

2. Where **The Company** considers that any information provided by the **Joint TEC Exchange Users** is incomplete or unclear then **The Company** will reject the **Temporary TEC Exchange Rate Request**.
3. Neither **Joint TEC Exchange Users** may make any change to the information provided.
4. **The Company** shall charge the **Joint TEC Exchange Users**, and the **Joint TEC Exchange Users** shall pay to **The Company** the **Temporary TEC Exchange Rate Request Fee**. The fee will be charged by **The Company** in accordance with the **Charging Statements**. No **Temporary TEC Exchange Rate Request** will be considered until such payment has been received.
5. **The Company** will consider the **Temporary TEC Exchange Rate Request** in accordance with the terms of Paragraph 6.34 of the **CUSC**.
6. **The Company** may publish certain information in relation to **Temporary TEC Exchange Rate Requests** as specified in Paragraph 6.34.7 of **CUSC**.
7. Please complete this form and email it to [] and fax it to [].

REQUEST FOR A TEMPORARY TEC EXCHANGE RATE

Please ensure that you have studied the notes before completing and signing this form.

Temporary TEC Exchange Donor User

A1. Details of User

Name:

Address:

Fax No.:

Email Address:

Registered Number:

Name Title and Contact Details (including email address) for the person authorised to deal with this **Temporary TEC Exchange Rate Request** for and on behalf of the **User**.

.....

B1. Bilateral Agreement details

Please detail the **Bilateral Agreement** date and reference number.

.....

C1. Connection Site

Please detail the **Connection Site** or site of **Connection** to which the **Temporary TEC Exchange Rate Request** relates.

.....

Temporary TEC Exchange Recipient User

A2. Details of User

Name:

Address:

Fax No.:

Email Address:

Registered Number:

Name Title and Contact Details (including email address) for the person authorised to deal with this **Temporary TEC Exchange Rate Request** for and on behalf of the **User**.

.....

B2. Bilateral Agreement details

Please detail the **Bilateral Agreement** date and reference number.

.....

C2. Connection Site

Please detail the **Connection Site** or site of **Connection** to which the **Temporary TEC Exchange Rate Request** relates.

.....

D. Temporary TEC Exchange Period

Please provide the dates of the **Temporary TEC Exchange Period** (being for a minimum of four weeks and commencing on a Monday) to which the **Temporary TEC Exchange Rate Request** relates.

Temporary TEC Exchange Period

<u>From</u>	<u>To</u>
No. of Weeks 00.00 from	23.59
[Monday]	[on any day no later than last day of Financial Year]

.....

E. MW donated by the Temporary TEC Exchange Donor User

Please provide details the level (in whole MW) of **Temporary Donated TEC**.

[.....] MW (Positive only)

Temporary TEC Exchange Rate Request Form

1. We agree to pay the **Temporary TEC Exchange Rate Request Fee**.
2. As Temporary **TEC Exchange Donor User** we confirm that the data submissions in respect of our **Connection Site** or site of **Connection** under the **Grid Code** are complete, accurate and up to date.
3. As Temporary **TEC Exchange Recipient User** we confirm that the data submissions in respect of our **Connection Site** or site of **Connection** under the **Grid Code** are complete, accurate and up to date
4. We consent to the disclosure of information by **The Company** in accordance with **CUSC** Paragraph 6.34.7

Signed for and on behalf of the:

Temporary TEC Exchange Donor User

.....

Temporary TEC Exchange Recipient User

.....

CUSC – EXHIBIT [YYY]

**THE CONNECTION AND USE OF SYSTEM CODE – TEMPORARY TEC
EXCHANGE NOTIFICATION OF INTEREST FORM**

The Company will use the information provided in this form to enable it to publish information about the potential willingness of **User's** to enter into a **Temporary TEC Exchange Rate Request**.

Please complete this form and email it to [] and fax it to [].

Details of the time period

Date must be within the current Financial Year

The earliest start date:

The earliest end date:

Details of the capacity that could be donated

Must be a whole number of MWs and shall not exceed the User's TEC

.....MW [must be positive]

Details of the User

The name of the **User**

.....

Preferred contact details of the **User**

.....

The **Connection Site** or site of **Connection**

.....

Date by which prospective recipients should contact the **User** if interested in proceeding with a **Temporary TEC Exchange**

Date must be within the current Financial Year

.....

We consent to the disclosure of information by **The Company** in accordance with **CUSC** Paragraph 6.34.7

Signed for and on behalf of the **User**

.....
To avoid any misunderstanding this is not to be construed as constituting an offer or invitation to treat in respect any TEC Exchange Trade

ANNEX 3 – WORKING GROUP TERMS OF REFERENCE AND MEMBERSHIP

RESPONSIBILITIES

1. The Working Group is responsible for assisting the CUSC Amendments Panel in the evaluation of CUSC Amendment Proposal CAP142 tabled by British Energy at the Amendments Panel meeting on 24 November 2006.
2. The proposal must be evaluated to consider whether it better facilitates achievement of the applicable CUSC objectives. These can be summarised as follows:
 - (a) the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence; and
 - (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.
3. It should be noted that additional provisions apply where it is proposed to modify the CUSC amendment provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

SCOPE OF WORK

4. The Working Group must consider the issues raised by the Amendment Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.
5. In addition to the overriding requirement of paragraph 4, the Working Group shall consider and report on the following specific issues:
 - Trading between 2 parties subject to NG exchange rate
 - Exchange rate shouldn't exacerbate constraints
 - TNUoS charging responsibility of party transferring TEC
 - It is within Financial Year – with the end of financial year as the buffer.
 - It should be looked at whether the 7 weeks at the start of the Financial year should be excluded as this would be the "start up" period, therefore only 45 week period i.e. To deliver a different exchange rate to enduring TEC trades, the assessment would need to be on an 'operational' basis, rather than a long term planning basis)
 - Specific consideration should be given regarding embedded
 - That it should not effect charging base
 - Sense check as to whether this is financially viable
 - National Grid would have to be clear on Grid Code requirements are met for the receiving party where a trade is carried out.
6. The Working Group is responsible for the formulation and evaluation of any Alternative Amendments arising from Group discussions which would, as compared with the Amendment Proposal, better facilitate achieving the

applicable CUSC objectives in relation to the issue or defect identified. The Working Group shall have due regard to Core Industry Documents and other industry documents in the evaluation of the Amendment Proposal and any Alternative Amendment.

7. The Working Group is to submit their final report to the CUSC Panel Secretary on **15** February 2007 for circulation to Panel Members. The conclusions will be presented to the CUSC Panel meeting on **23** February 2007.

MEMBERSHIP

8. It is recommended that the Working Group has the following members:

Malcolm Taylor	Chairman
Adam Brown	National Grid
Paul Jones	E.ON
Bill Reed	RWE-NPower
David Scott	EDF Energy
John Morris	British Energy
Mike Davies	Wind Energy
Garth Graham	Scottish & Southern Electricity
Simon Lord	International Power
Dave Wilkerson	Centrica

Authority Representative Mark Copley/Richard Miller

Technical Secretary Lilian MacLeod/ Beverley Viney

9. The membership can be amended from time to time by the CUSC Amendments Panel.

RELATIONSHIP WITH AMENDMENTS PANEL

10. The Working Group shall seek the views of the Amendments Panel before taking on any significant amount of work. In this event the Working Group Chairman should contact the CUSC Panel Secretary.
11. Where the Working Group requires instruction, clarification or guidance from the Amendments Panel, particularly in relation to their Scope of Work, the Working Group Chairman should contact the CUSC Panel Secretary.

MEETINGS

12. The Working Group shall, unless determined otherwise by the Amendments Panel, develop and adopt its own internal working procedures and provide a copy to the Panel Secretary for each of its Amendment Proposals.

REPORTING

13. The Working Group Chairman shall prepare a final report to the February 2007 Amendments Panel responding to the matter set out in the Terms of Reference.
14. A draft Working Group Report must be circulated to Working Group members with not less than five business days given for comments.
15. Any unresolved comments within the Working Group must be reflected in the final Working Group Report.
16. The Chairman (or another member nominated by him) will present the Working Group report to the Amendments Panel as required.

ANNEX 4 – INTERNAL WORKING GROUP PROCEDURE

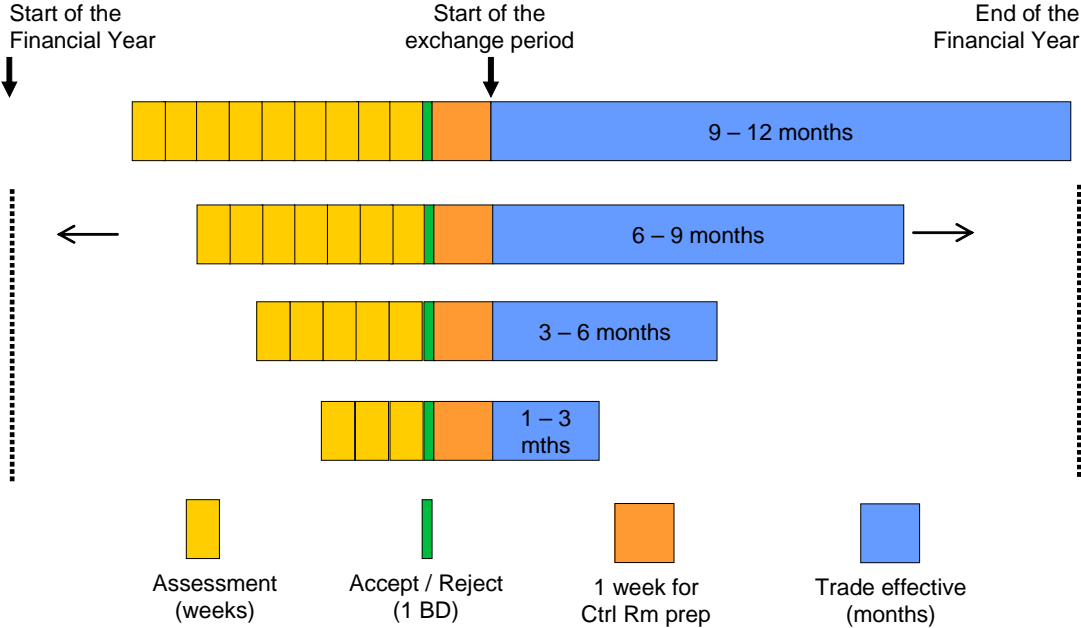
1. Very summary meeting notes of agreements reached or issues raised for further assessment, together with actions from each meeting will be produced by the Technical Secretary (provided by National Grid) and circulated to the Chairman and Working Group members for review.
2. The notes and actions will be published on the National Grid CUSC Website after they have been agreed at the next meeting or sooner on agreement by Working Group members.
2. The Chairman of the Working Group will provide an update of progress and issues to the Amendments Panel each month as appropriate.
4. Working Group meetings will be arranged for a date acceptable to the majority of members and will be held as often as required as agreed by the Working Group in order to respond to the requirements of the Terms of Reference set by the Amendments Panel.
5. If within half an hour after the time for which the Working Group meeting has been convened the Chairman of the group is not in attendance, the meeting will take place with those present.
6. A meeting of the Working Group shall not be invalidated by any member(s) of the group not being present at the meeting.

ANNEX 5 – AMENDMENT PROPOSAL FORM

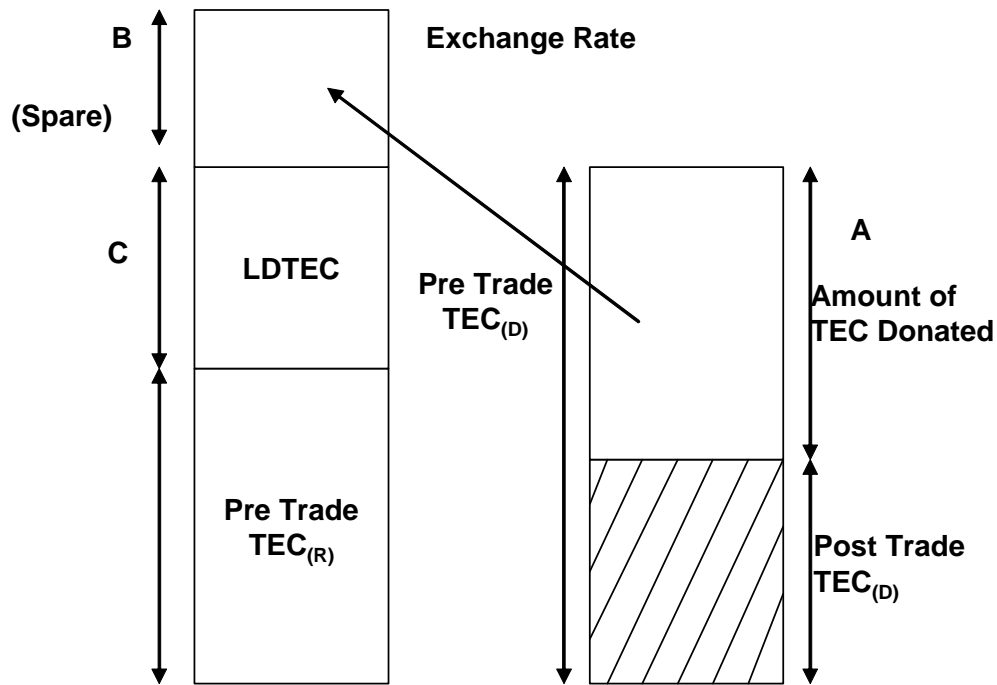
CUSC Amendment Proposal Form	CAP:142
<p>Title of Amendment Proposal:</p> <p>Temporary TEC Exchanges</p>	
<p>Description of the Proposed Amendment <i>(mandatory by proposer):</i></p> <p>CUSC Amendment CAP068 introduced the facility for TEC exchange by means of Exchange Rate Requests to NGET and corresponding Bilateral Agreements between parties. The current arrangements codified in CUSC 6.30.3 only appear to allow TEC trades between parties from the following 1 April on an enduring basis. This product is very inflexible and is probably the reason, as far as the author is aware, it has never been taken up since the modification was introduced. This amendment seeks to introduce a much more flexible approach to TEC exchange such that these can be done between parties within year for variable periods of time as defined in a bilateral agreement. NGET would have a role in identifying the exchange rate applicable between parties as in the current arrangements.</p> <p>For example, a party with a defined TEC at the beginning of the year may suffer plant problems that restrict the ability to use this TEC for some predetermined time. Under this proposal this additional TEC could be offered to others under the terms of a bilateral agreement and NGET defined exchange rate. The TEC trade would be applicable as soon as the necessary exchange rate has been established and contracts exchanged.</p> <p>It is envisaged that the party temporarily transferring TEC would continue to pay the TNUOS charges and this may be recovered from the receiving party as part of the bilateral agreement.</p> <p>Description of Issue or Defect that Proposed Amendment seeks to Address <i>(mandatory by proposer):</i></p> <p>The existing arrangement for TEC exchanges between parties is a very inflexible product. Allowing within year changes to allocation of TEC would promote more efficient use of the System.</p> <p>It may be prove to be a suitable alternative arrangement to mothballing as the TEC does not get relinquished by the transferring party and thus avoids potential difficulties of re-obtaining TEC in the future.</p> <p>Impact on the CUSC <i>(this should be given where possible):</i></p> <p>This proposal suggests the need to amend Section 6.30.3 with the inclusion of new clauses to allow within year TEC exchanges.</p>	
<p>Impact on Core Industry Documentation <i>(this should be given where possible):</i></p> <p>None anticipated</p>	

Impact on Computer Systems and Processes used by CUSC Parties <i>(this should be given where possible):</i>	
Nothing new anticipated.	
Details of any Related Modifications to Other Industry Codes <i>(where known):</i>	
None known	
Justification for Proposed Amendment with Reference to Applicable CUSC Objectives** <i>(mandatory by proposer):</i>	
This proposed modification would enhance the possibilities of the trading of TEC between generators thus furthering the efficient use of the System and better facilitate competition in the generation and supply of electricity.	
Details of Proposer: Organisation's Name:	British Energy
Capacity in which the Amendment is being proposed: <i>(i.e. CUSC Party, BSC Party or "energywatch")</i>	CUSC party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	John Morris BE Power & Energy Trading 01452-653492 john.morris@british-energy.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Louise Allport BE Power & Energy Trading 01452-654436 louise.allport@british-energy.com
Attachments (Yes/No): No If Yes, Title and No. of pages of each Attachment: No	

ANNEX 6 - TIMESCALES FOR ASSESSMENT



ANNEX 7 ASSESSMENT PROCESS – ILLUSTRATION



Prior to Exchange:

Donor has Pre-Trade TEC	$TEC_{(D)}$
Receptor has Pre-Trade TEC	$TEC_{(R)}$

Assessment 1

NG assesses spare access capacity available at Receptor site with pre-trade baseline

Spare access capacity at Receptor	LDTEC 'C'
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Assessment 2

NG assesses spare access capacity available at Receptor site with TEC at Donor site reduced by donated TEC 'A'

Spare access capacity at Receptor	LDTEC 'C' + Spare TEC 'B'
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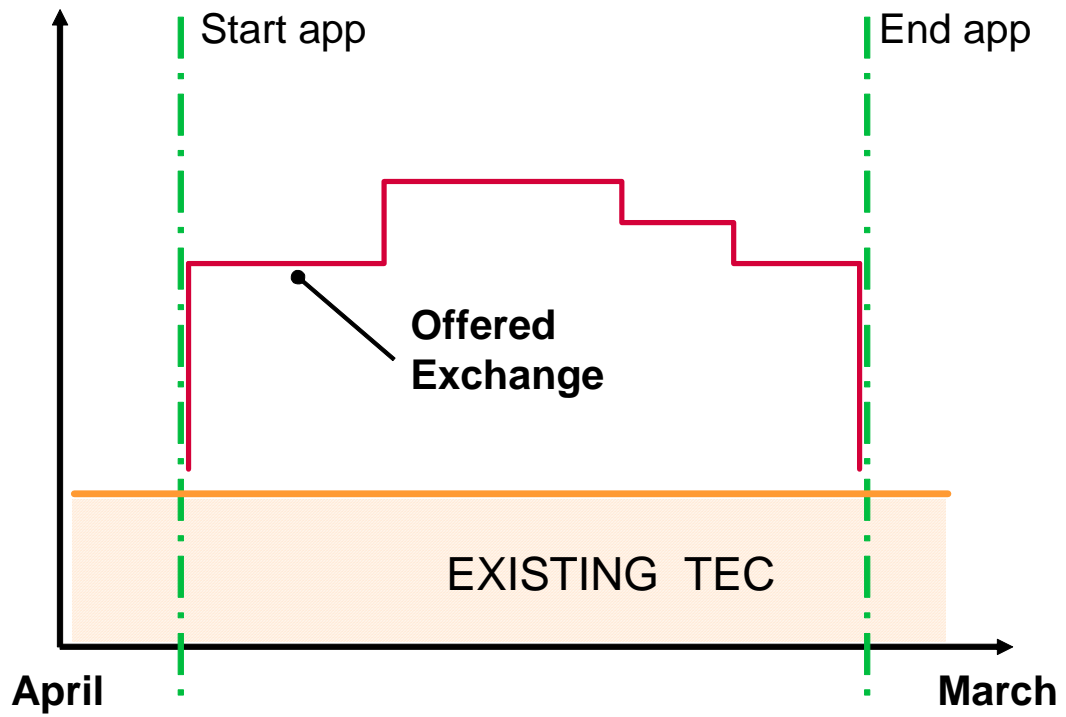
Access created at Receptor site by donation at Donor site = Spare TEC 'B'

$$\begin{aligned} \text{Spare TEC 'B'} &= \text{Assessment 2} - \text{Assessment 1} \\ &= \text{'B'} + \text{'C'} - \text{'C'} \end{aligned}$$

Therefore exchange rate for this exchange = 'B'/'A'¹

¹ N.B. In the draft legal text the term Temporary TEC Exchange Rate is defined as the weekly profile of the value of 'B' created by the donation of 'A'

ANNEX 8 TYPICAL EXCHANGE TEC OFFER



ANNEX 9 – A TYPICAL EXCHANGE SCENARIO AND THREE DIFFERENT OPTIONS FOR PAYMENT FOR ACCESS

NON-UNITY EXCHANGE RATE AND DIFFERENT CHARGING ZONES

NB Any Changes in access charges during the period of the exchange apply only for the period; at the end of the period the charges revert to the values applying before the exchange

Donor has 200 MW TEC
 Donor donates 100 MW TEC for period of exchange
 Donor has left 100 MW TEC for period of exchange
 Exchange rate = 0.5²
 Receptor has 500 MW TEC
 Receptor gains 50 MW TEC for period of exchange
 Receptor's Total 550 MW TEC for period of exchange

	Original Donor full, Receptor none		Option (1) Donor reduced, Receptor LDTEC		Option (2) WGAA Donor full, Receptor LDTEC	
TEC	200	500	200	500	200	500
Donated	100		100		100	
Received		50		50		50
Max Export during exchange	100	550	100	550	100	550
Access Charges during exchange	$200 \times \text{TNUoS}_D$	$500 \times \text{TNUoS}_R$	$100 \times \text{TNUoS}_D$	$500 \times \text{TNUoS}_R$ + $50 \times \text{LDTEC}_R$	$200 \times \text{TNUoS}_D$	$500 \times \text{TNUoS}_R$ + $50 \times \text{LDTEC}_R$
Bilateral	Determined by negotiation		Determined by negotiation		Determined by negotiation	

² N.B. In the draft legal text the term Temporary TEC Exchange Rate is defined as the weekly profile of the receptor gain created by the donation.