

Amendment proposal:	Connection and Use of System Code (CUSC) CAP152-155: Exhibit B, D, F and I Revisions WGAAs		
Decision:	The Authority ¹ directs that these proposals be made ²		
Target audience:	National Grid Electricity Transmission PLC (NGET), Parties to the CUSC and other interested parties		
Date of publication:	31 January 2008	Implementation Date:	14 February 2008

Background to the amendment proposal

The CUSC sets out the contractual framework for connection to, and use of, the GB Transmission System.

Parties wishing to connect to, and/or, use the GB Transmission System, or modify an existing agreement to connect to and or use the GB transmission system, must submit an application to National Grid Electricity Transmission plc (NGET). These applications must be in the form of templates which are set out in the Exhibits to the CUSC. The information provided by potential Users and existing users in these templates will form the basis of an offer from NGET to enter into or modify the relevant agreement with the User³. Those agreements are, in turn, in a form also set out in the Exhibits to the CUSC.

The different application templates apply in different circumstances:

Exhibit	User	Application
B	Directly Connected Power Station, Non Embedded Customer, Directly Connected Distribution System	Connection Application
D	Embedded Generator, Distribution Interconnector Owner, Small Power station Trading Party	Use of System
F	Suppliers, Interconnector Users, Interconnector Error Administrator	Use of System
I	All the above	Modification Application

The proposer believes that the current templates are not sufficiently clear with regards to the nature of the information required from potential Users and existing Users and as such could lead to a protracted application process.

CAP152, CAP153, CAP154 and CAP155 seek to address this through amendments to Exhibits B, D, F and I respectively.

The amendment proposals

Amendment proposals CAP152-CAP all seek to update and modify the text of the application forms and accompanying guidance notes for Users set out in the respective

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

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

³ Users are Directly Connected Power Stations, non Embedded Customers and distributed Systems.

Exhibits. Each proposal seeks to improve a particular exhibit within the guidance notes, addressing minor typographical errors along with rectifying alignment and formatting issues⁴. They also aim to clarify questions and request additional project programme information relating to, amongst other things key project milestones.

In addition, CAP152 aims to ensure that Users update NGET when changes occur and introduces new questions regarding design variations from the GB Security and Quality of Supply Standards (GB SQSS) and ownership boundaries

The working group alternative amendment proposals (WGAAs)

The working group developed alternatives to the CAP152 – CAP155 original proposals. The working group alternatives (WGAAs) seek to provide additional clarity to the draft legal text in terms of guidance notes and the questions/information requests.

CUSC Panel⁵ recommendation

The recommendation of the CUSC panel held on 14 December 2007 as to whether the following better facilitated the Applicable CUSC Objectives was as follows:

	CAP152	CAP153	CAP154	CAP155
Original:	Yes – majority	Yes – majority	Yes – majority	Yes – majority
WGAA:	Yes – unanimously	Yes – unanimously	Yes – unanimously	Yes – unanimously

In each case the Panel voted unanimously in support of the WGAA best facilitating the relevant objectives of the CUSC.

The Authority’s decision

The Authority has considered the issues raised by the amendment proposals and the final Amendment Reports (AR) dated 24 December 2007. The Authority has considered and taken into account the responses to NGET’s consultation on the amendment proposals which are attached to the ARs⁶. The Authority has concluded that:

1. implementation of the WGAAs will better and best facilitate the achievement of the applicable objectives of the CUSC⁷; and
2. directing that the WGAAs be made is consistent with the Authority’s principal objective and statutory duties⁸.

⁴ Details of the CAP152-CAP155 Final Amendment Report can be found at <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/currentamendmentproposals/>

⁵ The CUSC Panel is established and constituted from time to time pursuant to and in accordance with the section 8 of the CUSC.

⁶ CUSC amendment proposals, amendment reports and representations can be viewed on NGET’s website at <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/>

⁷ As set out in Standard Condition C10(1) of NGET’s Transmission Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=5327

⁸The Authority’s statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

Reasons for the Authority's decision

We note that each of CAP152 to CAP155 and their WGAAs form a suite of amendment proposals that seek to modify and update a number of exhibits of the CUSC. Collectively these amendments seek to modify, streamline and update the application process to connect to, and/or, to use the GB Transmission System.

The application form is the first formal contact NGET has with a prospective User of the transmission system. The information provided within these forms will be used to determine the nature of the offer NGET will make to the User. Given the complex nature of connecting to and use of the transmission system, NGET's current practice is that it does not progress the application until a fee for the engineering costs associated with the application has been received from the applicant.

From the point at which NGET is in receipt of the information it considers it reasonably requires for the purposes of formulating the terms of the offer⁹, NGET has up to three (3) months to assess the application and to make an offer¹⁰. During this assessment phase NGET will consult with other transmission and/or distribution licensees on matters of technical compatibility with the GB Transmission System.

During the assessment phase the applicant has the opportunity to amend their application. However, NGET may not be able to accommodate a change that may have a material impact on the application which may ultimately require the applicant to withdraw the application and lose some or the entire application fee.

Therefore, to facilitate the accuracy and completeness of an application, the form must seek the appropriate information and provide sufficient guidance for applicants, especially new entrants.

The original amendments went some way to accommodate this by proposing some textual changes to the guidance notes, posing additional questions and amending the typographical errors. However the WG felt that the original amendments did not address all the defects identified during the development stage of the original amendments. For example signposting the cross reference to other codes that the applicant must comply with.

Five (5) responses were received to the consultation on CAP152-CAP155 and the WGAAs. All respondents were in support of the WGAAs stating that they added clarity to the Exhibits by refining the guidance notes and amending the questions and request for information. Respondents also considered that the WGAAs ensured the appropriate information was sought at the application stage which could reduce the number of amendments that a User may raise during the assessment stage.

One respondent however noted that it may not be feasible to provide accurate timeline data relating to project milestones set out in the Exhibits at the point of application. This was due to the current planning and consent procedure being lengthy and unpredictable. Therefore this respondent is of the view that milestone data should not be used as concrete timelines but as aspirational guidelines instead. Ofgem notes the commercial risks a User faces whilst developing a large and complex project to connect to the GB

⁹ Paragraph 5, standard condition C8 (Requirement to offer terms) of the electricity transmission licence ("SLC C8").

¹⁰ Paragraph 7,, SLC C8..

transmission system and the risk that a project may be curtailed or terminated if particular milestones are not achieved. However during the assessment stage of the application the User will have the opportunity to amend their application. Therefore the onus is on the applicant to inform NGET at the earliest opportunity of changes to their project to mitigate as far as possible, those commercial risks.

Given the complex nature of establishing a connection to the GB Transmission system and the costs to both the applicant and to NGET, it is Ofgem's view that the information provided at the application stage should be as accurate and as complete as possible.

Having considered both the original amendments and the WGAA's Ofgem is of the view that in each case the WGAA's address the key issues that were raised by the WG in significantly more detail than the original amendment. Further, we are of the view that the refined guidance notes and additional questions should ensure the applicant will provide the appropriate information at the time of application to allow NGET to undertake a robust assessment of the application leading to an appropriate offer. We note that should NGET and an applicant fail to agree the terms of an offer; either party can refer the offer to the Authority for the Authority to settle any terms in dispute¹¹.

Taking into account the considerations of the respondents we believe that the CAP152 to CAP155 WGAA's will better facilitate the efficient discharge by the licensee of its obligations and therefore better and best facilitate relevant objective (a) of Standard Condition C10(1) of NGET's Transmission Licence.

Decision notice

In accordance with Standard Condition C10 of NGET's Transmission Licence, the Authority, hereby directs that the Working Group alternative amendment (WGAA) of CAP 152, CAP153, CAP154 and CAP155 (Exhibit B, D, F and I Revisions, respectively) be made.

The implementation date will be 10 days after the Authority decision.



Bob Hull
Director, Gas and Electricity Transmission

Signed on behalf of the Authority and authorised for that purpose.

¹¹ Standard condition C9 (Functions of the Authority)