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Direct Dial: 020-7901-7491

23 March 2006

National Grid Electricity Transmission
Company (NGET), CUSC Signatories
and Other Interested Parties

Our Ref:IND/COD/CUSC/113-118

Dear Colleague,

Amendments to the Connection and Use of System Code ("CUSC") – CAP113 to CAP118 inclusive – various housekeeping amendments¹ (the Amendment Proposals).

The Gas and Electricity Markets Authority (the "Authority"²) has considered the issues raised in the Amendment Report³ in respect of the Amendment Proposals.

NGET (The Company) recommended to the Authority that the Amendment Proposals should be approved, and that if approved that the Implementation Date should be 10 Business Days after an Authority decision.

Having considered the Amendment Report and the CUSC Amendment Panel's recommendation, as well as having regard to the Applicable CUSC Objectives⁴ and Ofgem's wider statutory duties,⁵ the Authority has decided to direct a modification to the CUSC in line with the Amendment Proposals.

¹ Decision and Direction in relation to Proposed Amendment CAP113 "Deletion of 'the The Company'", Proposed Amendment CAP114 "Amending Name and Address of National Grid", Proposed Amendment CAP115 "Replacing the term 'The Company Transmission System'", Proposed Amendment CAP116 "CUSC Section 6.5.1 (d) – insertion of missing word", Proposed Amendment CAP117 "CUSC Section 3.12.3 – incorrect spelling of word", and Proposed Amendment CAP118 "CUSC Section 6.8.3(b)(iii) – incorrect spelling of word"

² Ofgem is the office of the Authority. The terms "Ofgem" and "the Authority" are used interchangeably in this letter.

³ CAP113-118 Amendment Report dated 20 February 2006.

⁴ The Applicable CUSC Objectives are contained in Standard Condition C10 of the licence to transmit electricity treated as granted to NGET under Section 6 of the Electricity Act 1989 (the "Transmission Licence") and are:

(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this 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.

⁵ Ofgem's statutory duties are wider than the matters that the Panel must take into consideration and are explained in sections 3A – 3D of the Electricity Act 1989.

This letter explains the background to the Amendment Proposals, and sets out the Authority's reasons for its decision. This letter constitutes notice by the Authority under section 49A of the Electricity Act 1989.

Background

A number of errors and code defined term inaccuracies were identified in the CUSC. It was recognised that these defects should be corrected. In order to rectify this situation, The Company submitted the Amendment Proposals for consideration by the Panel at its meeting on 27 January 2006. The Panel determined that the alterations in question could be appropriately defined as Housekeeping Amendments.

The Proposed Amendments

The amendments proposed to correct errors to the way in which The Company is referred to in the CUSC, to change its correspondence address, to correct the reference to 'the GB Transmission System', to insert the word 'to' at section 6.5.1(d), to correct the spelling of 'satisfactory' in section 3.12.3, and to correct the spelling of the word 'required' within section 6.8.3 (b)(iii).

It was the view of the proposer that the Amendment Proposals would better facilitate Applicable CUSC Objective (a) by correcting minor errors within the CUSC and therefore making it clearer and fit for purpose.

Respondents' views

The CUSC requires that as soon as practicable after the Panel meeting where the changes were presented and approved as Housekeeping Amendments, The Company will publish the Housekeeping Amendment (including the proposed text to amend the CUSC) on the Company Website for a minimum 10 Business Days. It is also obliged to notify CUSC Parties and all other persons who may properly be considered to have an appropriate interest in it of the publication of that document.

The Company received one response to the consultation in respect of the Amendment Proposals. The response supported the implementation of the Amendment Proposals.

The Company's recommendation

The Company recommended to the Authority that the Amendment Proposals should be approved, and that if approved that the Implementation Date should be 10 Business Days after an Authority decision.

Ofgem's view

Having considered the Amendment Report, Ofgem considers, having regard to the Applicable CUSC Objectives and its statutory duties, that the Amendment Proposals would better facilitate the achievement of Applicable CUSC Objective (a) by correcting minor errors within the CUSC.

Ofgem considers it would have been more efficient for the changes raised within CAP113 – CAP118 to have been addressed within one amendment proposal and one Amendment Report.

Ofgem recognises that the CUSC Amendments Procedure has been significantly expedited following the implementation of CAP085 which introduced new arrangements for Housekeeping Amendments. Notwithstanding this, Ofgem encourages CUSC Parties and the CUSC Amendments Panel to keep under review whether further improvements to the process could be made.

The Authority's Direction

The Authority has decided to direct that the Amendment Proposals as set out in the Amendment Report, should be made and implemented.

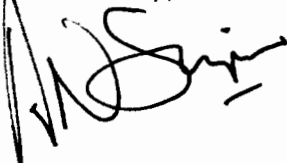
Having regard to the above, the Authority, in accordance with Condition C10.7(a) of the licence to transmit electricity granted to NGET under Section 6 of the Electricity Act 1989 (the "Transmission Licence"), hereby directs NGET to modify the CUSC in accordance with the Amendment Proposals as set out in the Amendment Report.

The modification is to be implemented and take effect on 7 April 2006.

In accordance with Condition C10.7(c) of NGET's Transmission Licence, NGET shall modify the CUSC in accordance with this direction of the Authority.

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the above number.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Nick Simpson', with a horizontal line underneath.

Nick Simpson
Director, Industry Codes and Licensing

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