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Direct Dial: 020-7901-7491

31 January 2006

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

Our Ref: IND/COD/CUSC/CAP108-112

Dear Colleague,

**Amendment to the Connection and Use of System Code ("CUSC") - Decision and Direction in relation to the five Proposed Housekeeping Amendments CAP108-112 all titled: "CUSC Housekeeping Proposed Amendment".**

The Gas and Electricity Markets Authority (the "Authority"<sup>1</sup>) has considered the issues raised in the Housekeeping Amendment Report<sup>2</sup> in respect of Proposed Amendments CAP108-112 "CUSC Housekeeping Proposed Amendment".

NGET recommended to the Authority that CAP108-112 be approved with an implementation date of ten Business Days after an Authority decision.

Having considered the Housekeeping Amendment Report and NGET's recommendation, as well as having regard to the Applicable CUSC Objectives<sup>3</sup> and Ofgem's wider statutory duties,<sup>4</sup> the Authority has decided to direct Amendments to the CUSC in line with the amendment proposals for CAP108-112.

This letter explains the background to CAP108-112, 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.

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<sup>1</sup> Ofgem is the office of the Authority. The terms "Ofgem" and "the Authority" are used interchangeably in this letter.

<sup>2</sup> CAP108-112 Housekeeping Amendment Report dated 18 January 2006.

<sup>3</sup> 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.

<sup>4</sup> Ofgem's statutory duties are wider than the matters that the Panel must take into consideration and include amongst other things a duty to have regard to social and environmental guidance provided to Ofgem by the government.

## **Background**

CAP108-112 were raised by NGET and submitted for consideration at the CUSC Amendments Panel (the Panel) Meeting on 16 December 2005 as Housekeeping Amendments. At the meeting the Panel determined that CAP108-112 were eligible to be treated as Housekeeping Amendments and therefore should be progressed as such in accordance with the Housekeeping Amendments procedures as set out in the CUSC. NGET issued a draft Amendment Report on 23 December 2005 inviting comments by 11 January 2006. The final Amendment Report was submitted to the Authority on 18 January 2006.

## **The Proposed Amendments**

### CAP108

The CUSC definitions of Actual Amount and Notional Amount incorrectly cross reference paragraph 3.12 of the CUSC. CAP108 would correct this cross reference to correctly reference paragraph 3.13.

### CAP109

The CUSC definition of Qualified Company or Qualifying Company currently refers to a "public ompany". CAP109 would correct this reference to correctly read "public company".

### CAP110

HM Customs and Excise have changed their name to HM Revenue and Customs. CAP110 would recognise this name change in paragraph 4.3.2.20 of the CUSC which currently refers to HM Customs and Excise.

### CAP111

CUSC exhibits B, D, F, I, and Q incorrectly reference the CUSC Panel Secretary as the appropriate contact for the return of certain application forms. The correct contact is the Customer Agreements Manager and CAP111 would correct this reference in these exhibits.

### CAP112

The CUSC definition of Housekeeping Amendment Report incorrectly references paragraph 8.22.2.1(b) of the CUSC. CAP112 would correct this cross reference to correctly reference paragraph 8.21.2.2.

It was considered that correcting these errors would better facilitate the achievement of Applicable CUSC Objective (a) by making the CUSC clearer and less ambiguous.

## **Respondents' views**

NGET issued a draft Housekeeping Amendment Report on 23 December 2005 inviting responses from CUSC Parties and interested parties.

NGET received one response to the issue of the draft Housekeeping Amendment Report in respect of CAP108-112, which expressed support for the proposed amendments. The respondent's views are contained in full in the Housekeeping Amendment Report in respect of CAP108-112.

## **NGET's recommendation**

NGET recommended that the original amendment proposals for CAP108-112 should be approved with an implementation date of ten Business Days after an Authority decision.

## **Amendment Panel Members Views**

No formal responses were submitted by Amendment Panel Members to publication of the draft Housekeeping Amendment Report for amendment proposals CAP108-112.

## **Ofgem's view**

Ofgem considers, having regard to its statutory duties and the Applicable CUSC Objectives, that the amendment proposals for CAP108-112, as set out in the Housekeeping Amendment Report, would improve the clarity and transparency of the CUSC and therefore better facilitate achievement of the Applicable CUSC Objective (a).

Ofgem notes that the Housekeeping Amendments procedures do not require the Panel to make a recommendation in relation to proposed Housekeeping Amendments. As a result decisions on all proposed Housekeeping Amendments are eligible to be appealed to the Competition Commission.

## **The Authority's Direction**

The Authority has decided to direct that CAP108-112, as set out in the Housekeeping 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 Proposed Amendments as set out in the Housekeeping Amendment Report.

The Amendments are to be implemented and take effect ten Business Days after the Authority's decision.

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 'N. Simpson', written over a horizontal line.

**Nick Simpson**

**Director, Industry Codes and Licensing**

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