

CUSC Amendment Proposal Form	CAP: 078
<p>Title of Amendment Proposal: Charging for Costs incurred in the acquisition of consents under the Construction Agreement</p>	
<p>Description of the Proposed Amendment <i>(mandatory by proposer):</i> Under the terms of the Construction Agreement (shown in Section 2.4.1 of Schedule 2 Exhibit 3 of the CUSC), Users are liable to pay to NGC all Engineering Charges and proper expenses incurred in seeking and obtaining consents for works necessary to facilitate the connection. Consents costs can generally be defined as those costs associated with the seeking and obtaining of any permissions or rights necessary to construct and/or operate transmission assets. Typically they can include costs in evaluating potential options, providing drawings for new works, production of Environmental Statements, meetings with local authorities and landowners, inquiries and appeals, surveyors and legal charges incurred in the production of a lease, wayleaves and easements and the actual wayleave and easement costs. These costs may be incurred as internal NGC costs or externally.</p> <p>This amendment proposes that this liability upon Users is removed. Costs incurred in acquiring consents for construction work would be capitalised to the cost of the scheme and recovered through connection or TNUoS charges as appropriate. Users would still be required to provide security for Final Sums for these consent costs, in the event that their agreement is terminated prior to the completion date.</p>	
<p>Description of Issue or Defect that Proposed Amendment seeks to Address <i>(mandatory by proposer):</i></p> <p>Following the implementation of the new connection charging methodology in April 2004, a greater proportion of assets that are required to be constructed to facilitate a new connection are now infrastructure assets. Users have suggested that NGC should review the requirement to pay up-front costs associated with the acquisition of consents for infrastructure assets – these costs can be relatively large and their value uncertain. Where significant consent costs are anticipated, the ‘up-front’ payments of these costs are perceived to be a barrier to entry for smaller generation companies. NGC believes that the treatment of consent costs for both infrastructure and connection assets should be consistent.</p>	
<p>Impact on the CUSC <i>(this should be given where possible):</i></p> <p>Section 2.4.1 of Schedule 2 Exhibit 3 “<i>Construction Agreement</i>” of the CUSC would need to be revised to reflect the removal of the obligation upon Users to pay consent costs as an ‘up-front’ charge.</p>	
<p>Impact on Core Industry Documentation <i>(this should be given where possible):</i></p> <p>Although not a core industry document, the Statement of Connection Charging Methodology would need to be revised to reflect any changes to the Construction Agreement.</p>	
<p>Impact on Computer Systems and Processes used by CUSC Parties <i>(this should be given where possible):</i></p> <p>None anticipated.</p>	

Details of any Related Modifications to Other Industry Codes *(where known):*

None known

Justification for Proposed Amendment with Reference to Applicable CUSC Objectives**
(mandatory by proposer):

This proposed amendment would help facilitate competition in generation by removing a potential barrier for smaller generators who may be faced with large, up-front consent costs.

Details of Proposer: Organisation's Name:	NGC
Capacity in which the Amendment is being proposed: (i.e. CUSC Party, BSC Party or "energywatch")	CUSC party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Ben Graff The National Grid Company plc 01926 656312 ben.graff@ngtuk.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Stuart Bailey The National Grid Company plc 01926 655987 stuart.bailey@ngtuk.com
Attachments (Yes/No): No If Yes, Title and No. of pages of each Attachment:	

Notes:

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

The completed form should be returned to:

Richard Dunn
Panel Secretary
Commercial Frameworks
National Grid Company plc
NGT House
Warwick Technology Park
Gallows Hill
Warwick, CV34 6DA
Or via e-mail to: CUSC.Team@uk.ngrid.com

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

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