



Direct Dial: 020-7901-7435

23 December 2003

The National Grid Company, CUSC Signatories and  
Other Interested Parties

Your Ref: CAP064  
Our Ref: IND/COD/CUSC/CAP064

Dear Colleague,

**Amendment to the Connection and Use of System Code ("CUSC") - Decision and Direction in relation to Proposed Amendment CAP064: "Minor reference error in Schedule 2, Exhibit 3, Construction Agreement".**

The Gas and Electricity Markets Authority (the "Authority"<sup>1</sup>) has carefully considered the issues raised in the Amendment Report<sup>2</sup> in respect of Proposed Amendment CAP064 "Minor reference error in Schedule 2, Exhibit 3, Construction Agreement".

The National Grid Company plc ("NGC") recommended to the Authority that Proposed Amendment CAP064 should be approved with an implementation date of 10 days after the Authority's decision.

The Authority has decided to direct a modification to the CUSC.

This letter explains the background to Proposed Amendment CAP064, as set out in the Amendment Report, and sets out the Authority's reasons for its decision. In addition, this letter contains a direction to NGC to modify the CUSC in respect of Proposed Amendment CAP064.

This letter constitutes the notice by the Authority under Section 49A of the Electricity Act 1989 in relation to the direction.

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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> CAPs056-066 Amendment Report dated 7 November 2003.

## **Background**

Proposed Amendment CAP064 was raised by NGC and submitted for consideration at the CUSC Panel Meeting on 18 September 2003. At the meeting the Amendments Panel determined that the Proposed Amendment should proceed to wider consultation. A consultation paper was issued on 3 October 2003 with responses invited by 24 October 2003. The final Amendment Report was submitted to the Authority on 7 November 2003.

## **The Proposed Amendment**

Proposed Amendment CAP064 seeks to amend the minor reference error in Schedule 2, Exhibit 3, Construction Agreement at Paragraph 7.2 from sub-clauses 4.1, 4.2 and 4.3 to Clause 5.

The Proposer considered that Proposed Amendment CAP064 would better facilitate achievement of the Applicable CUSC Objective C7F.1(a) for the efficient discharge by NGC of the obligations imposed upon it under the Act and by its Transmission Licence<sup>3</sup>. The Proposer considered that Proposed Amendment CAP064 would improve efficiency in the Amendment Procedures themselves in order to provide clarity in the process of review.

## **Respondents' views**

NGC issued a consultation paper on 3 October 2003 inviting views from CUSC Parties and interested parties.

The respondents' views are summarised and contained in the Amendment Report in respect of Proposed Amendment CAP064.

## **Amendments Panel Members' views**

Two responses were received in response to the consultation relating to CAPs056-066.

No formal responses were submitted by Amendments Panel Members to the consultation on Proposed Amendment CAP064.

## **NGC's recommendation**

NGC recommended to the Authority that Proposed Amendment CAP064 be approved with an implementation date of 10 days after the Authority's decision.

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<sup>3</sup> The Applicable CUSC Objectives are contained in Standard Condition C7F of the licence to transmit electricity treated as granted to NGC under Section 6 of the Electricity Act 1989 as amended (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.

## **Ofgem's view**

Having had regard to its statutory duties, the Applicable CUSC Objectives and the consultation responses, Ofgem is of the view that Proposed Amendment CAP064 would improve the clarity and accuracy of the CUSC and therefore better facilitate achievement of the Applicable CUSC Objective C7F.1(a) for the efficient discharge by NGC of the obligations imposed upon it under the Act and by its Transmission Licence.

It is the considered view of the Authority that Schedule 2, Exhibit 3, Construction Agreement, Paragraph 7.2 should be amended as stated within the Amendment Report. Ofgem is of the opinion that Proposed Amendment CAP064 is necessary to ensure that the information contained within the CUSC is accurate and consistent.

## **The Authority's Decision**

The Authority has therefore decided to direct that Proposed Amendment CAP064, as set out in the Amendment Report, should be made and implemented.

## **Direction Under Condition C7F.7(a) of NGC's Transmission Licence**

Having regard to the above, the Authority, in accordance with Condition C7F.7(a) of the licence to transmit electricity treated as granted to NGC under Section 6 of the Electricity Act 1989 as amended (the "Transmission Licence"), hereby directs NGC to modify the CUSC in respect of Proposed Amendment CAP064, as set out in the Amendment Report.

The modification is to be implemented and take effect from 10 days after the Authority's decision.

In accordance with Condition C7F.7(b) of NGC's Transmission Licence, NGC 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 of Industry Codes Development**

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