



# National Grid

## CONSULTATION DOCUMENT

### CUSC Amendment Proposal CAP054 Introduction of Year Round Charges

*The purpose of this document is to consult on Amendment Proposal CAP 054 with CUSC Parties and other interested Industry members*

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**I DOCUMENT CONTROL****a National Grid Document Control**

Version	Date	Author	Change Reference
0.1	1/10/03	National Grid	Initial Draft for internal comment
1.0	3/10/03	National Grid	Formal version for release

**b Document Location**

National Grid website:

[http://www.nationalgridinfo.co.uk/cusc/mn\\_consultation\\_index.html](http://www.nationalgridinfo.co.uk/cusc/mn_consultation_index.html)

**c Distribution**

Name	Organisation
CUSC Parties	Various
Panel Members	Various
Interested Parties	Various
Core Industry Document Owners	Various
National Grid Industry Information Website	-

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## 1.0 SUMMARY

- 1.1 CUSC Amendment Proposal CAP054 was proposed by National Grid and submitted to the Amendments Panel for consideration at their meeting on 26<sup>th</sup> September 2003. The Amendments Panel determined that the Amendment Proposals should go straight to wider industry consultation.
- 1.2 CAP054 has been put forward as consequential change to the CUSC, required by Charging Modification Proposal UoSCM-M-11 (if approved). It proposes inserting new text in the CUSC relating to the introduction of Year Round TNUoS Charges. Existing text will also need to be revised as, given the implementation of UoSCM-M-11, the current TNUoS charges will be redefined as Peak TNUoS charges, such that the total TNUoS charge will then consist of Peak TNUoS charges plus Year Round TNUoS charges. This will ensure that the CUSC is in alignment with the Statement of the Connection Charging Methodology.
- 1.3 This document initiates the wider industry consultation process and invites views on CUSC Amendment Proposal CAP054. The consultation closing date is **31<sup>st</sup> October 2003**.

## 2.0 INTRODUCTION

- 2.1 This consultation document is issued by National Grid under the rules and procedures specified in the Connection and Use of System Code (CUSC) as designated by the Secretary of State.
- 2.2 This document outlines the nature of the CUSC changes that are proposed and seeks views from industry members relating to Amendment Proposal CAP054. Representations received in response to this consultation document will be included in National Grid's Amendment Report that will be furnished to the Authority for their decision.
- 2.3 This consultation document has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid website, at <http://www.nationalgrid.com/uk/indinfo/cusc>, along with the Amendment Proposals.

## 3.0 THE AMENDMENT PROPOSAL

- 3.1 As a consequence of UoSCM-M-11, which introduces a new category of TNUoS Charge, CAP054 proposes inserting new text in the CUSC relating to this new charge - Year Round TNUoS Charges and redefining the current charge as Peak TNUoS charges. The total of these is then the TNUoS Charge.
- 3.2 Under UoSCM-M-11, as Year Round TNUoS charges will be levied on Settlement Final (SF) data, this will require a new final reconciliation process using Reconciliation Final (RF) data issued by Elexon 14 months later and to this effect CAP054 introduces the relevant text into the CUSC.
- 3.3 The draft revision/removal of text to give effect to CAP054 is contained in Annex 1.

## **4.0 IMPLEMENTATION AND TIMESCALES**

- 4.1 CAP054 is a consequential change arising from the potential implementation of UoSCM-M-11 and as such has to be in place at the same time as the change envisaged by UoSCM-M-11 is implemented. UoSCM-M-11 has been proposed for implementation as of April 2004, but due to charge setting timescales it should be known in November whether it has been vetoed by the Authority. If UoSCM-M-11 has not been approved prior to 1 April 2004 this modification will be redundant.
- 4.2 There is no material impact specifically associated with the implementation of CAP054. However, it is a consequential change arising from the implementation of UoSCM-M-11 (if approved), which will impose new system and charging process requirements on both National Grid and users. These have been recognised within the consultation process conducted as part of the Charging Review leading to UoSCM-M-11 but were deemed not sufficient to impact on the proposed implementation of UoSCM-M-11 as of 1 April 2004.
- 4.3 Upon implementation of CAP054, users would need to allow for variations in their monthly levied TNUoS charges reflecting the impact of the new structure of TNUoS charges i.e. the combination of Peak and Year Round charges. Also, due to the use of SF data, users would see a 2 month lag in the levying of Year Round charges for each month within the relevant charging year.
- 4.4 Thereafter NHH demand users will see an additional element in their Final Reconciliation 14 months after the end of the relevant charging year to reflect use of RF data for final settlement purposes. For HH demand users, generation users and those users who can both import and export during the year, this Final Reconciliation will be a new reconciliation process they face for TNUoS charges.

## **5.0 INITIAL VIEW OF AMENDMENTS PANEL**

- 5.1 The Amendments Panel members determined that CAP054 be subject to wider consultation to seek industry views on the Amendment Proposal and whether such an amendments of the CUSC would better facilitate the achievement of the Applicable CUSC Objectives.

## **6.0 INITIAL VIEW OF NATIONAL GRID**

- 6.1 National Grid believes that the implementation of CAP054 would enable National Grid to discharge its obligations more efficiently under the Transmission Licence by ensuring consistency between the CUSC and the Charging Methodologies.

## **7.0 VIEWS INVITED**

- 7.1 National Grid is seeking the views of interested parties in relation to the issues raised by Amendment Proposal CAP054 and any issues associated with the proposed timing for implementation.

7.2 Please send your responses to this consultation to National Grid by no later than close of business on **Friday 31<sup>st</sup> October 2003**.

7.3 Please address all comments to the following e-mail address:

[Richard.Lavender@ngtuk.com](mailto:Richard.Lavender@ngtuk.com)

Or alternatively, comments may be addressed to:

Richard Lavender  
Commercial Frameworks  
National Grid Company plc  
National Grid Transco House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

## Annex 1 - Proposed Text to Modify CUSC

1. Paragraph 3.12.2 shall be renumbered as Paragraph 3.12.2.1 and amended by the insertions and deletions as follows:

### Generation Reconciliation

3.12.2.1 As soon as reasonably practicable and in any event by 31 March in each **Financial Year** NGC shall prepare ~~a the~~ Peak Generation Reconciliation Statement ~~(the "Generation Reconciliation Statement")~~ in respect of generation related Peak Transmission Network Use of System TNUoS Charges and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of generation related Peak Transmission Network Use of System TNUoS Charges for each month during the relevant **Financial Year** and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.

2. The following shall be inserted as Paragraph 3.12.2.2:

3.12.2.2 **NGC** shall as soon as reasonably practicable following receipt by it of the **Final Reconciliation Settlement Run** or **Final Reconciliation Volume Allocation Run** as appropriate in respect of the last **Settlement Day** in each **Financial Year** issue the **Year Round Generation Reconciliation Statement** in respect of **Year Round TNUoS Charges** payable in respect of each month of that **Financial Year** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of generation related **Year Round TNUoS Charges** for each month during the relevant **Financial Year** [calculated by reference to the **Users'** highest **Transmission Entry Capacity** and annual metered output for that **Financial Year**] and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.

3. Paragraph 3.12.3 shall be renumbered as paragraph 3.12.3.1 and amended as follows:

3.12.3.1 Together with the Peak Generation Reconciliation Statement and Year Round Generation Reconciliation Statement, **NGC** shall issue a credit note in relation to any sums shown by the Peak Generation Reconciliation Statement or Year Round Generation Reconciliation Statement to be due to the **User** or an invoice in respect of

sums due to **NGC** and in each case interest thereon calculated pursuant to Paragraph 3.12.6 below.

4. The following shall be inserted as Paragraph 3.12.3.2:

3.12.3.2 Payment of any invoice issued pursuant to Paragraph 3.12.3.1 above or the application of any credit note issued pursuant to that paragraph against any liability of the **User** to **NGC** for Peak TNUoS Charges or Year Round TNUoS Charges will be in full and final settlement of all peak TNUoS Charges or Year round TNUoS Charges for the **Financial Year** to which the invoice or credit note relates provided that nothing in this Paragraph 3.12.3.2 shall affect the rights of the parties under the provisions of Paragraph 7.3.5.

5. Paragraph 3.12.8 shall be amended by the inclusion of the words as follows:

3.12.8 The right to submit **Peak Generation Reconciliation Statements, Year Round Generation Reconciliation Statements, Initial Demand Reconciliation Statements and Final Demand Reconciliation Statements** and the consequential invoices and/or credit notes shall survive the termination of the **User's** rights under the **CUSC** and the parties agree that the provisions contained in Paragraphs 3.12 and 3.13 shall continue to bind them after such termination (the version in existence at the date of termination being the applicable version in the case of any amendments).

6. Paragraph 9.10.4.2 shall be renumbered as 9.10.4.2.1 and amended by the inclusion of the words as follows:

#### Generation Reconciliation

9.10.4.2.1 As soon as reasonably practicable and in any event by 30 April in each **Financial Year NGC** shall prepare a ~~generation reconciliation statement the~~ **“Peak Generation Reconciliation Statement”**) in respect of generation related ~~Peak Transmission Network Use of System TNUoS Charges~~ **Peak Transmission Network Use of System TNUoS Charges** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of generation related ~~Peak Transmission Network Use of System TNUoS Charges~~ **Peak Transmission Network Use of System TNUoS Charges** for each month during the relevant **Financial Year** and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.

7. The following shall be inserted as Paragraph 9.10.4.2.2

9.10.4.2.2 **NGC** shall as soon as reasonably practicable following receipt by it of the **Final Reconciliation Settlement Run** or **Final Reconciliation Volume Allocation Run** as appropriate in respect of the last **Settlement Day** in each **Financial Year** issue the **Year Round Generation Reconciliation Statement** in respect of **Year Round TNUoS Charges** payable in respect of each month of that **Financial Year** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of generation related **Year Round TNUoS Charges** for each month during the relevant **Financial Year** [calculated by reference to the **Users'** highest **Transmission Entry Capacity** and annual metered output for that **Financial Year**] and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.

8. Paragraph 9.10.4.3 shall be amended by the inclusion of the words as follows:

9.10.4.3 Together with the **Peak Generation Reconciliation Statement and Year Round Generation Reconciliation Statement**, **NGC** shall issue a credit note in relation to any sums shown by the **Peak Generation Reconciliation Statement and Year Round Generation Reconciliation Statement** to be due to the **User** or an invoice in respect of sums due to **NGC** and in each case interest thereon calculated pursuant to Paragraph 9.10.4.4-6 below.

9. The following definitions shall be added to Section 11:

**“Peak Generation Reconciliation Statement”** the statement prepared in accordance with Paragraph 3.12.2.1 and Paragraph 9.10.4.2.1

**“Peak TNUoS Charges “** the element of **Transmission Network Use of System Charges** calculated in accordance with the **Use of System Charging Methodology** in respect of peak related infrastructure investment.

**“Year Round Generation Reconciliation Statement”** the statement prepared in accordance with Paragraph 3.12.2.2 and Paragraph 9.10.2.2.2

**“Year Round TNUoS Charges”**

the element of **Transmission Network Use of System Charges** calculated in accordance with the **Use of System Charging Methodology** in respect of year round related infrastructure investment.