



National Grid

AMENDMENT REPORT

CUSC Proposed Amendment CAP054

Introduction of Year Round Charges

The purpose of this report is to assist the Authority in their decision of whether to implement Amendment Proposal CAP054

Amendment Ref	CAP054
Issue	1.0
Date of Issue	14 November 2003
Prepared by	National Grid

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

Version	Date	Author	Change Reference
0.1		National Grid	Draft for internal comment
0.2	7/11/03	National Grid	Draft for Industry comment
1.0	14/11/03	National Grid	Formal version for submission to the Authority

b Document Location

Nation Grid Website:

<http://www.nationalgrid.com/uk/indinfo/cusc>

c Distribution

Name	Organisation
The Gas and Electricity Markets Authority	Ofgem
CUSC Parties	Various
Panel Members	Various
National Grid Industry Information Website	

II	CONTENTS TABLE	
I	DOCUMENT CONTROL	2
	a National Grid Document Control	2
	b Document Location.....	2
	c Distribution	2
II	CONTENTS TABLE	3
1.0	SUMMARY AND RECOMMENDATION.....	4
2.0	PURPOSE AND SCOPE OF THE REPORT	4
3.0	THE PROPOSED AMENDMENT	5
4.0	IMPLEMENTATION AND TIMESCALES	5
5.0	IMPACT ON THE CUSC	6
6.0	ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES.....	6
7.0	IMPACT ON CUSC PARTIES	6
8.0	IMPACT ON CORE INDUSTRY DOCUMENTS.....	6
9.0	ALTERNATIVE AMENDMENT	6
10.0	VIEWS AND REPRESENTATIONS	7
11.0	NATIONAL GRID RECOMMENDATION	8
	ANNEX 2 – PROPOSED TEXT TO MODIFY CUSC	12
	Part A - Text to give effect to the Proposed Amendment.....	12
	Part B - Text to give effect to the Alternative Amendment.....	19
	ANNEX 3 – COPIES OF REPRESENTATIONS RECEIVED TO CONSULTATION	26

1.0 SUMMARY AND RECOMMENDATION

- 1.1 CUSC Amendment Proposal CAP054 was proposed by National Grid and submitted to the Amendments Panel for consideration at their meeting on 26th September 2003. The Amendments Panel determined that the Amendment Proposals should go straight to wider industry consultation. The period of industry consultation closed on Friday 31st October 2003.
- 1.2 The original CAP054 Amendment proposal and a (virtually identical) Alternative Amendment have been put forward as consequential change to the CUSC, required by Charging Modification Proposal UoSCM-M-11 (if approved). CAP054 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 National Grid received four responses to the CAP054 consultation document three respondents supported the proposed amendment. The fourth did not support CAP054 as they opposed the corresponding charging modification proposal UoSCM-M-11. One response sought clarification on a part of the proposed new CUSC text. To aid clarity, National Grid has edited the original text in one paragraph and this now creates an Alternative Amendment.

National Grid Recommendation

- 1.7 National Grid recommends the CAP054 Alternative Amendment be approved if UoSCM-M-11 is implemented as this better facilitates the Applicable CUSC objectives than both the existing CUSC text and the Original Amendment proposal. However, if for any reason the Authority were to reject the Alternative Amendment, we would in that instance recommend approval of the original CAP054 as better meeting the CUSC objectives if UoSCM-M-11 is implemented.
- 1.8 It is recommended that the CUSC be modified in line with the Alternative Amendment at the same time Charging methodology UoSCM-M-11 is implemented. Or, if the Alternative Amendment is rejected, that the CUSC be modified in line with the Original CAP054 Amendment proposal.

2.0 PURPOSE AND SCOPE OF THE REPORT

- 2.1 This Amendment Report has been prepared and 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. It addresses issues relating to changes to the CUSC proposed in Amendment Proposal CAP054.
- 2.2 Further to the submission of Amendment Proposal CAP054 (see Annex 1) and the subsequent wider industry consultation that was undertaken by National Grid, this document is addressed and furnished to the Gas and

Electricity Markets Authority (“the Authority”) in order to assist them in their decision whether to implement Alternative Amendment Proposal CAP054.

- 2.3 This document outlines the nature of the CUSC changes that are proposed. It incorporates National Grid’s recommendations to the Authority concerning the Amendment. Copies of all representations received in response to the consultation have been also been included and a ‘summary’ of the representations received is also provided. Copies of each of the responses to the consultation are included as Annex 3 to this document.
- 2.4 This Amendment Report 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>

3.0 THE PROPOSED AMENDMENT AND ALTERNATIVE AMENDMENT

- 3.1 Both the original CAP054 Amendment, and the Alternative that we now favour are identical in effect.
- 3.2 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.
- 3.3 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.

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 and should be rejected.
- 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 IMPACT ON THE CUSC

- 5.1 The text required to give effect to the Proposed Amendment is contained as Annex 2 part 1 of this document. The text required to give effect to the Proposed Alternative Amendment is contained in part 2 of this Annex.

6.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

- 6.1 Amendment of the CUSC on the basis of the consequential amendments represented by both the original CAP054 proposal and the Alternative Amendment would enable National Grid to discharge its obligations more efficiently under the Transmission Licence by ensuring consistency between the CUSC and the Charging Statements. However, it is National Grid's view that the Alternative Amendment would better facilitate Applicable CUSC objectives than the original Amendment.

7.0 IMPACT ON CUSC PARTIES

- 7.1 No impact has been identified on CUSC Parties from the proposed or alternative amendment detailed in this document.

8.0 IMPACT ON CORE INDUSTRY DOCUMENTS

- 8.1 The Proposed Amendment and Alternative Amendment will have no impact on Core Industry documents or other Industry documentation.

9.0 ALTERNATIVE AMENDMENT

Description of Alternative Amendment

- 9.1 The Alternative Amendment has been put forward by National Grid to clarify one aspect of the legal text following one response to the consultation document. The contents of one sentence has been interpreted to infer that TEC will be used to calculate the notional amount of generation whereas the intention was to only reference the metered amount against TEC.

Impact of Alternative Amendment on CUSC

- 9.2 The only difference between the original Proposal and the Alternative is the removal of one bracketed sentence in the proposed new paragraph 3.12.2.2,

see Annex 2. Other than this, the proposed Alternative Amendment and the original Amendment proposal are identical.

Assessment Against Applicable CUSC Objectives

- 9.3 Both the original CAP054 Amendment proposal and the Alternative Amendment proposal would ensure that the CUSC remained in line with the proposed modification UoSCM-M-11 (were that to be approved) and would therefore enable National Grid to discharge its obligations more efficiently under the Transmission Licence by ensuring consistency between the CUSC and the Charging Statements.
- 9.4 It is National Grid's view that the Alternative Amendment better facilitates applicable CUSC objectives than the original CAP054 Amendment proposal.

10.0 VIEWS AND REPRESENTATIONS

- 10.1 This Section contains a summary of the views and representations made by consultees during the consultation period in respect of the Proposed Amendment and the Alternative Amendment.

Views of Panel Members

- 10.2 No formal responses have been submitted during the consultation by members of the Amendments Panel.

View of Core Industry Document Owners

- 10.3 No responses have been received from Core Industry Document Owners noting any impact of CAP054 on Core Industry Documents.

Responses to Consultation

- 10.4 The following table provides an overview of the representations received. Copies of the representations are attached as Annex 3.

Reference	Company	Supportive	Comments
CAP054-CR-01	British Energy	Yes	Agrees that amendment is necessary if UoSCM-M-11 is approved
CAP054-CR-02	British Gas Trading	Yes	Supports CAP054 in principle
CAP054-CR-03	EDF Energy	Yes	Supports Cap054 if UoSCM-M-11 implemented
CAP054-CR-04	Powergen	No	Does not support CAP054

- 10.5 The respondent in CAP054-CR-01 agrees that the implementation of CAP054 will have the effect required to bring the CUSC in line with the change made in the Use of System Charging Modification proposal UoSCM-M-11.
- 10.6 The respondent in CAP054-CR-02 supports the implementation of CAP054 in principle, as they are also supportive of UoSCM-M-11. However, they raise

some concerns with the drafting of the CUSC text regarding the lack of detail concerning notional payments. The respondent argues that it is unclear whether that the suggested notional amount for the Year Round Generation Charge will be based on TEC.

- 10.7 The respondent CAP054-CR-03 would support the implementation of CAP054 (if UoSCM-M-11 were implemented) as it would ensure consistency between the CUSC and the Charging Methodology and therefore enable National Grid to discharge its Transmission Licence obligations more efficiently.
- 10.8 The respondent CAP054-CR-04 does not support CAP054 as they oppose the charging methodology modification, UoSCM-M-11, that CAP054 relates to. In addition, the respondent re-iterates arguments against UoSCM-M-11.

National Grid Response

- 10.9 In response to respondent CAP054-CR-02, National Grid would like to confirm that the detail methodology behind calculation of TNUoS charges are set out in the Use of System Charging Methodology statement and that the CUSC text only gives effect to the Charging Statements. The methodology confirms that the notional Year Round Generation Charge will be based on metered data (SF) levied two months in arrears with final reconciliation on RF data approximately 14 months after the relevant settlement day.
- 10.10 For any avoidance of doubt, TEC will not be used for calculation of the notional amount of generation related to the Year Round TNUoS Charges, however, to aid clarity National Grid proposed amending the CUSC text in proposed paragraph 3.12.2.2 by removing the sentence in square brackets; namely "[calculated by reference to the **User's highest Transmission Entry Capacity** and annual metered output for that **Financial Year**]".
- 10.11 In response to respondent CAP054-CR-04, we note that their arguments concern the application of UoSCM-M-11 and that they have already been received in response to the charging methodology consultation. National Grids view of arguments made during the UoSCM-M-11 consultation will be issued in a separate document.

11.0 NATIONAL GRID RECOMMENDATION

- 11.1 National Grid agrees with the majority of respondents to the consultation that the CUSC amendment proposed by CAP054 will bring the CUSC in line with the Charging Methodology Proposal UoSCM-M-11 and therefore will better facilitate achievement of the Applicable CUSC Objectives. However, National Grid also believes that the minor text change of the Alternative Amendment brings greater clarity to users. National Grid therefore recommends approval of the Alternative Amendment. However, were for any reason the Authority to reject the Alternative Amendment, in those circumstances, National Grid would recommend the approval of the original CAP054 Amendment proposal.

Annex 1 - Amendment Proposal Form

CUSC Amendment Proposal Form	CAP054
Title of Amendment Proposal: "Introduction of Year Round TNUoS Charges"	
Description of the Proposed Amendment (mandatory by proposer): The inclusion of text into the CUSC in relation to Year Round TNUoS charges as a consequence of (if approved) Charging Modification Proposal UoSCM-M-11.	
Description of Issue or Defect that Proposed Amendment seeks to Address (mandatory by proposer): Charging Modification Proposal UoSCM-M-11 introduces a new category of TNUoS Charge, namely Year Round TNUoS Charges. As a consequence of this (if approved), new text relating to year round TNUoS charges will need to be introduced in the CUSC so that there is consistency between the Charging Statements and the CUSC, and that National Grid is charging in accordance with the Charging Statements.	
Impact on the CUSC (this should be given where possible): Inclusion of new text in section 2 and 9 of CUSC setting out reconciliation process and definitions in Section 11.	
Impact on Core Industry Documentation (this should be given where possible): None	
Impact on Computer Systems and Processes used by CUSC Parties (this should be given where possible): None	
Details of any Related Modifications to Other Industry Codes (where known): None to Codes but this is a consequence and therefore dependent on the proposed modification to the Charging Statements (UoSCM-M-11) as highlighted above, which introduces Year Round TNUoS charges.	
Justification for Proposed Amendment with Reference to Applicable CUSC Objectives** (mandatory by proposer): The modification will enable the efficient discharge by National Grid of its obligations under its licence by ensuring that the contractual provisions in the CUSC are consistent with the Charging Statements.	

Details of Proposer: Organisation's Name:	Stuart Easterbrook, National Grid Company plc
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:	Stuart Easterbrook National Grid Company plc 01926 656 213 stuart.easterbrook@ngtuk.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Richard Lavender National Grid Company plc 01926 656 447 richard.lavender@ngtuk.com
Attachments (Yes/No): No If Yes, Title and No. of pages of each Attachment: n pages	

Notes:

1. 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.
2. 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 Development
National Grid Company plc
National Grid House
Kirby Corner Road
Coventry, CV4 8JY
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).

*Applicable CUSC Objectives** - These are defined within the National Grid Company Transmission Licence under Section C7F, paragraph 15. Reference should be made to this section when considering a proposed amendment.*

Annex 2 – Proposed Text to modify CUSC

Part A - Text to give effect to the Proposed Amendment

Conformed Version

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~~ 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.

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** 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.

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.

Clean Version

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 the **Peak Generation Reconciliation Statement** in respect of generation related **Peak TNUoS Charges** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of generation related **Peak 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.

4.5. 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 **Peak Generation Reconciliation Statement** in respect of generation related **Peak TNUoS Charges** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of generation related **Peak 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 9.10.4.6 below.

9-10. 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.

Part B - Text to give effect to the Alternative Amendment

Conformed Version

- 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 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** 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.

6. 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** 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.

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.

11. 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.

Clean Version

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 the **Peak Generation Reconciliation Statement** in respect of generation related **Peak TNUoS Charges** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of generation related **Peak 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** 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.

~~5.7.~~ 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 **Peak Generation Reconciliation Statement** in respect of generation related **Peak TNUoS Charges** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of generation related **Peak 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 9.10.4.6 below.

~~40-12.~~ _____ 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.

Annex 3 – Copies of Representations Received to Consultation

This Annex includes copies of any representations received following circulation of the Consultation Document (circulated on Friday 3rd October, requesting comments by close of business on Friday 31st October).

Representations were received from the following parties:

No.	Company	File Number
1	British Energy	CAP054-CR-01
2	British Gas Trading	CAP054-CR-02
3	EDF Energy	CAP054-CR-03
4	Powergen	CAP054-CR-04

Reference	CAP054-CR-01
Company	British Energy



20th October 2003

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

Dear Richard,

CUSC Consultation Document CAP 054:
Introduction of Year Round Charges

Thank you for the opportunity to comment on the above Amendment Proposal.

In consideration of the above CAP, British Energy advises that it agrees that the implementation will have the effect required to bring the CUSC in line with the change made in the Use of System Charging Modification proposal UoSCM-M-11.

We have already responded to the consultation regarding UoSCM-M-11. This response is in no way superceding that document.

If you have any queries associated with this response, please do not hesitate to contact me to discuss further

Yours faithfully,

Gayle Cairns

Trading Consultant
Market Development
Power & Energy Trading

Reference	CAP054-CR-02
Company	British Gas Trading



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

Please reply to:

Charter Court
50 Windsor Road
Slough
Berkshire
SL1 2HA

Tel. (01753) 758052
Fax (01753) 758137

31st October 2003

Dear Richard,

CUSC Amendment Proposals CAP052, CAP053 & CAP054

British Gas Trading (BGT) welcomes the opportunity to provide comments to NGT on the above proposals.

Notwithstanding that we do not support NGC's proposed modification to its methodology statement (CCM-M-07) which results in the first two of these amendments being raised, we wish to raise the following issues to NGT regarding the amendments:

CAP052 - Removal of Land Charges

No Comments

CAP053 Reconciliation of Site Specific Maintenance Charges

No comments

CAP054 Introduction of Year Round Charges

In principle we are supportive of this proposal as we believe that this should ensure that peaking plant is available across the highest demand periods of Winter and thus are more correctly charged. However, we are concerned at the lack of detail as to the notional payments. Without this information it is unclear whether the proposal that the suggested notional amount for the Year Round Generation Charge will be based on TEC is the most appropriate. This basis would we believe only be correct for base load generators that run at TEC. It would appear that using this as the basis of the notional charge could therefore greatly overestimate the Year Round Charge for the vast majority of generators and result in overpayments being made to NGC.

Alternative bases should therefore be considered before any decision is made. The final outcome should then be reflected in the CUSC drafting.

I hope these comments have been of use and please contact me if you require any further clarification.

Yours sincerely,

Sarah Owen
Commercial Manager
British Gas Trading

Reference	CAP054-CR-03
Company	EDF Energy

**Our Ref
Your**

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



Date 31 October 2003

Dear Richard,

**EDF Energy Response to CUSC Amendment Proposal CAP054 –
“Introduction of Year Round Charges”**

Thank you for giving EDF Energy the opportunity to respond to this CUSC Amendment Proposal 054 “Introduction of Year Round Charges”.

EDF Energy does not support modification UoSCM-M-11 although we do believe that there is scope for a charging framework that better reflects the costs imposed by users with differing patterns of generation or consumption. We do not believe that the case for this change has been adequately demonstrated in terms of the transmission licence objectives.

However, if this proposed charging modification were to be implemented then we would support the implementation of this CUSC amendment proposal as it would ensure consistency between the CUSC and the Charging Methodology and therefore enable National Grid to discharge its Transmission Licence obligations more efficiently.

We hope our comments have been useful in helping Ofgem assess the merits of this proposal but please contact me if you would like to discuss further.

Regards

Russell Hill
Regulation and Market Infrastructure
EDF Energy

Reference	CAP054-CR-04
Company	Powergen



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

31 October, 2003

Dear Richard

CUSC amendment proposals CAP052, CAP053 and CAP054

Powergen support CAP052 "Removal of Land Charges" and CAP053 "Reconciliation of Site Specific Maintenance Charge". However, we do not support proposal CAP054 "Introduction of Year Round Charges" as we believe that that the charging methodology modification to which it relates, UoSCM-M-11, should not be implemented.

We understand why Users would wish to see a commodity based use of system charge, so that they have the flexibility to avoid charges if they are generating or taking demand for only part of the year. However, the proposal in UoSCM-M-11 does not provide this flexibility for two reasons:

- 1) Only 10 percent of costs would be recovered on this basis, meaning that Users would still be exposed to a capacity based charge for the vast majority of cost.
- 2) The commodity element of the charge is further limited as it is only recovered over half of the day.

The fact that the charge is recovered over only half of the day provides Users with an additional problem in that it makes pricing customer contracts and costing generation capacity more complicated. If UoSCM-M-11 is implemented, then suppliers and generators will have to estimate the demand their

customers will be taking and the output from their stations between the hours of 7hrs and 19hrs. This will be in addition to the work that they presently carry out to estimate their triad demand, their NHH demand between 16hrs and 19hrs and the likely load factor of their generation plant. As mentioned above, it is not clear what benefit they will accrue in return for this increase in complexity. A simple, 24 hour, year round commodity charge would simplify matters as the charge per unit could be simply added to the energy price being costed. No assumptions on load factor or pattern of demand or output would need to be made for this element.

The implementation of CAP054 and UoSCM-M-11 would result in a more complicated charging structure which provides no additional benefit over the present methodology. The changes therefore cannot be beneficial to competition in supply or generation.

I hope the above comments prove helpful.

Yours sincerely,

Paul Jones
Trading Arrangements