

CUSC Amendment Proposal Form	CAP: 047
Title of Amendment Proposal: Introduction of a competitive process for the provision of Mandatory Frequency Response	
Description of the Proposed Amendment <i>(mandatory by proposer):</i> This amendment seeks to facilitate competition in the provision of Frequency Response services by increasing transparency and providers' ability to vary prices. It will also facilitate the eventual development of a frequency response market along the lines contemplated by the BSSG.	
The proposed amendment has three elements: <ul style="list-style-type: none"> • Revision of the provisions regarding the right to amend payment rates such that the User can submit 'holding' prices to be applied in each calendar month for each mandatory frequency response service (Primary, Secondary and High). Such submissions to be made by the 15th business day of the month prior to month in which the prices shall apply. • A requirement for National Grid to publish market data describing prices and volumes of frequency response services procured in previous months, submitted prices for each service by BMU, and their future requirements for the service. • Lifting of the cost reflective charging principle as currently applied to the 'holding' payments. 	
Where a provider chooses not to submit prices for a BMU in any month, the previous month's prices shall apply. In the case that no price has previously been submitted, the prices for each service shall be deemed to be nil but the SO shall only instruct the provision of Frequency Response from such BMU where no other source of Frequency Response is available to meet the total system requirement at the time of instruction.	
Description of Issue or Defect that Proposed Amendment seeks to Address <i>(mandatory by proposer):</i> The current arrangements in CUSC for the provision of mandatory Frequency Response services do not enable parties to actively compete in the provision of those services. Furthermore, circumstances can emerge whereby service providers cannot fully recover their costs. Adoption of this amendment will not only provide a framework for competition in the provision of the service, but also give confidence that costs can be fully recovered under changing market conditions thus enhancing the security of the system.	
Impact on the CUSC <i>(this should be given where possible):</i> Likely changes would include: <ul style="list-style-type: none"> Change to 4.1.3.13 to separate the amendment of levels of response from payment rates. This might be achieved by limiting 4.1.3.13 to payment rates and making 4.1.3.14 reciprocal. Drafting of 4.1.3.13 to permit the monthly submission by users of "holding" prices to apply in each calendar month. Changes to 4.4 (Charging Principles) Consequential changes to 4.1.3.15 / 16 / 18 (dispute resolution for changes to payment rates). Consequential changes to 4.1.3.20 / 21 / 22 (Triennial Review of prices). Consequential changes to 4.5 (indexation) Introduction of a requirement on National Grid to publish market data. This may require review of confidentiality clause 6.15. 	

Impact on Core Industry Documentation *(this should be given where possible):*

Changes to MSAs to remove payment rates.

Possible changes to Procurement Guidelines in relation to information to be published.

Impact on Computer Systems and Processes used by CUSC Parties *(this should be given where possible):*

National Grid would be required to update 'holding' prices for the purposes of economic despatch monthly rather than annually or when changes are agreed.

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

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

By introducing market forces into the provision of Frequency Response, the modification would facilitate effective competition in the generation of electricity.

Details of Proposer: Organisation's Name:	Innogy 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:	Raoul Thulin Innogy plc 01793 892634 raoul.thulin@innogy.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	David Tolley Innogy plc 01793 892650 david.tolley@innogy.com
Attachments (Yes/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 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).

Amendment Proposal CAP: ###

3. 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.