CUSC Amendment Proposal Form	**CAP:149**

Title of Amendment Proposal:

Transmission Entry Capacity with restricted access rights (TEC-lite).

Description of the Proposed Amendment *(mandatory by proposer)*:

It is proposed to amend the CUSC to formalise existing transmission access arrangements whereby some Users, through non-standard variations to their Bilateral Agreement, have restricted access to the GB Transmission System.

The proposed amendment would establish a new enduring access product for existing and future Users with such restricted access rights. The proposed new product is to be termed the **TEC-lite Access Product**.

The User's rights with regards to the export of power into the GB Transmission System would be the only difference between TEC-lite and the existing enduring access product (TEC); in all other respects, TEC-lite would have the same rights and obligations as TEC. In order to reflect a lesser right of access, it is proposed that the Transmission Network Use of System Charge for the TEC-lite Access Product would be lower than the charge for "full" TEC.

This amendment proposes to change National Grid's obligations with respect to the export of power from a Connection Site. Under CUSC 2.3, National Grid is obliged to accept into the GB Transmission System power generated by a User up to the Transmission Entry Capacity. It is proposed to amend this obligation for a User with TEC-lite such that National Grid is obliged to accept into the GB Transmission System power generated by a User that reflects the Notification of Restrictions on Availability of named circuits provided by National Grid in accordance with the provisions of the relevant Bilateral Agreement.

A key element of the proposed amendment is to revise the standard forms of the Bilateral Connection Agreement as set out in Exhibit 1 to Schedule 2 of the CUSC and the Bilateral Embedded Generation Agreement as set out in Exhibit 2 to Schedule 2 of the CUSC to include Clauses that would restrict access to the GB Transmission System. These Clauses would describe the obligations on National Grid and the User in the event of reduced capability or unavailability of named circuits. The proposed Clauses are substantially of the form of Clauses in existing Bilateral Agreements.

TEC-lite would be available to all existing and future Users with a connection to the GB Transmission System which is a variation to the connection design as provided for in Chapter 2 of the GB Security and Quality of Supply Standards (version 1) (GB SQSS). Should a User's connection subsequently change such that it is no longer a variation to that specified in the GB SQSS, then the User will no longer be eligible for TEC-lite and would automatically revert to the "full" TEC access product.

Description of Issue or Defect that Proposed Amendment seeks to Address *(mandatory by proposer)*:

The proposed amendment seeks to address an anomaly in the CUSC that results in different Users

having different access rights to the GB Transmission System while, apparently, both purchasing the same access product.

The proposed new enduring access product, TEC-lite, would formalise in the CUSC the access rights of this group of existing and future Users with restricted access (including Users with Bilateral Agreements who have yet to be energised).

Although not a specific issue with the CUSC, or justification of this proposal with regard to the Applicable CUSC Objectives, it is noted that this amendment would address an issue that was raised during the recent Transmission Price Control Review.

Under the present arrangements, there is no incentive for a User to request a variation to the connection design specified in the GB SQSS as only one enduring access product (TEC) is available and the rights and obligations associated with this access product are predicated on the connection design being as that specified in the GB SQSS. In effect, this means that Transmission Owners are being obliged to provide a double circuit connection for all new Power Stations regardless of the economics of the investment. For many new Power Stations, the characteristics and location of the station are such that a double circuit connection can be shown to be an inefficient investment where the most efficient connection design would be a single circuit.

An enduring access product with restricted access rights, such as the TEC-lite Access Product, would expose Users to the economics of the investment in their connection design. Hence this product may address the potential for inefficient capital expenditure to facilitate new connections.

Impact on the CUSC *(this should be given where possible)*:

As a minimum, the following changes are expected:

- Revisions to and new paragraph(s) in:
  - ♦ CUSC Section 2.3 – Export of power from connection site.
  - ♦ CUSC Section 2.4 – Import of power to connection site.
  - ♦ CUSC Section 2.13 – New connection sites.
  - ♦ CUSC Section 3.9 – Use of system charges.
- New definitions in CUSC Section 11.3 – Definitions.

These proposed changes are set out in Annex 1 – Proposed Legal Text.

- Amendments to:
  - ♦ Schedule 2 – Exhibit 1 (Bilateral Connection Agreement).
  - ♦ Schedule 2 – Exhibit 2 (Bilateral Embedded Generation Agreement).
  - ♦ Exhibit B (Connection Application).

These proposed changes are set out in subsequent Annexes 2-4.

- New exhibit to Schedule 2:

- Schedule 2 – Exhibit 6 (Transmission Related Agreement).

This is set out in Annex 5.

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

The proposed amendment may require a minor changes to the STC (in particular the procedures relating to connection offers, STCP-18).

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)*:

The proposed amendment will have an impact on National Grid's Statement of the Use of System Charging Methodology, Statement of the Connection Charging Methodology and Charging Statements. In particular, a Transmission Network Use of System charge (or charges) for Users of the TEC-lite Access Product will be required.

Scottish Power Transmission Limited and Scottish Hydro Electric Transmission Limited may have to review their Transmission Owner Charges.

The proposed amendment may have an impact on the GB SQSS. Variations to the connection design as provided for in Chapter 2 of the GB SQSS are permitted so long as the variation arises from a User's request and satisfies the conditions set out in paragraphs 2.15 to 2.18 of the GB SQSS. Currently, Users acknowledge that the connection design is a variation to the standard in their Bilateral Agreement. It is proposed that, rather than seek a change to the GB SQSS, this acknowledgement from the User is continued to be included in the Bilateral Agreement.

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

The proposed amendment better facilitates the achievement of the Applicable CUSC Objectives as follows:

(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence

National Grid has a range of statutory duties and licence obligations which include ensuring the efficient, economic and co-ordinated operation of the GB Transmission System, the facilitation of competition and non-discrimination. The proposed amendment better faciliates the efficient discharge by National Grid of these obligations and, in particular, it is observed that:

- The present arrangements do not offer a choice of enduring access product. For new Users, the lack of choice in access product is potentially resulting in inefficient investment by Transmission Owners and may be contributing to a delay in facilitating new connections. The potential for inefficient investment and delays during the connection process is likely to be inhibiting the economic and efficient development of the system. A choice of enduring access

product would address this issue and hence improve the efficient, economic and co-ordinated operation of the GB Transmission System.

- For existing Users, the present arrangements mean that different Users have different access rights under the same access product. As a consequence, the present arrangements may not be cost-reflective for those Users with restricted access to the GB Transmission System. This implies there may be discrimination between Users. A choice of enduring access product would remove this potential for discrimination.

For this reason, the proposed amendment would better facilitate Applicable CUSC Objective (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence.

(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

The present arrangements may restrict competition. For example:

- The present arrangements do not treat existing Users on the same basis. Different Users have different access rights under the same access product. As a consequence, the present arrangements may be a barrier to effective competition between Users. A choice of enduring access product would address this issue.
- The present arrangements may act as a barrier to entry to new Users. To the extent that the connection process may be prolonged and no choice exists in the price of access, this may deter new entrants to the generation market. A choice of enduring access product would address this issue.

For this reason, the proposed amendment would better facilitate Applicable CUSC Objective (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.

Details of Proposer: Organisation's Name:	 SSE Generation Limited
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:	 Campbell McDonald SSE Generation Limited 01738.458.412 campbell.mcdonald@scottish-southern.co.uk
Details of Representative's Alternate: Name: Organisation: Telephone Number:	 Aileen McLeod Scottish and Southern Energy plc 01738.456.107

Email Address:	aileen.mcleod@scottish-southern.co.uk

Attachments (Yes/~~No~~):

If Yes, Title and No. of pages of each Attachment:

- Annex 1 – Proposed Legal Text (8 pages).
- Annex 2 – Schedule 2 – Exhibit 1 (Bilateral Connection Agreement) (18 pages).
- Annex 3 – Schedule 2 – Exhibit 2 (Bilateral Embedded Generation Agreement) (16 pages).
- Annex 4 – Exhibit B (Connection Application) (12 pages).
- Annex 5 – Schedule 2 – Exhibit 6 (Transmission Related Agreement) (9 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:

   Beverley Viney
   Panel Secretary
   Commercial Frameworks
   National Grid
   National Grid House
   Warwick Technology Park
   Gallows Hill
   Warwick
   CV34 6DA

   Or via e-mail to: Beverley.Viney@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 C7F, paragraph 15. Reference should be made to this section when considering a proposed amendment.