CUSC Amendment Proposal Form	**CAP:150**

Title of Amendment Proposal:

Capacity Reduction

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

In summary, it is proposed to amend the CUSC to enable The Company to ascertain whether a User's power station project (Project) will be capable of utilising the transmission capacity provided for in its Bilateral Agreement by the Completion Date. If the User is unable to provide satisfactory evidence that this is the case then The Company would have the right to propose changes to the User's Bilateral Agreement and Construction Agreement to reduce the capacity to an appropriate level and revise the Construction Works as necessary to reflect this. In addition The Company has the ability to recover the cost from the User of any abortive works (or relevant User Commitment Charges) as a consequence of this reduction in capacity and for The Company's costs associated with processing such changes (as if the changes were requested by the User) on same basis as Modification application Fees.

It is proposed:

1. In addition to the quarterly reports provided by the User on its Project under the Construction Agreement The Company has the right to request information from a User regarding their Project such as planning consents applied for

2. The Construction Programme will identify dates for particular events (milestones) associated with the User's works e.g. grant of Section 36 consent

3 Where the Company becomes aware (e.g. Section 36 planning consent is granted for a lower capacity than is reflected in the relevant bilateral agreements) that there might be a discrepancy with the capacity in the Bilateral Agreement or the User fails to meet the milestones such that it is reasonable to question whether the User can complete their Project by the completion date, then The Company would notify the User and seek an explanation from the User regarding the inconsistency between the transmission capacity within their bilateral agreement (contracted position) and the available Project information.

4. If the inconsistency is not resolved, then The Company would be entitled to vary the bilateral agreement to reduce the User's capacity (TEC or power station capacity in relation to a BELLA) to a figure that The Company considered was appropriate based upon the information available and make any other necessary consequential contractual changes including changes to the Construction Agreement to reflect any changes to the works. The agreement to vary would also provide for recovery of any costs of abortive works resulting from the capacity reduction.

This proposal would require amendment to the standard forms of the Bilateral Connection Agreement as set out in Exhibit 1 to Schedule 2 of the CUSC, the Bilateral Embedded Generation Agreement as

set out in Exhibit 2 to Schedule 2 of the CUSC, the Construction Agreement as set out in Exhibit 3 to Schedule 2 of the CUSC and the BELLA as set out in Exhibit 5 to Schedule 2 of the CUSC

This change would be applicable to all existing and future Users with one of the agreements described above prior to completion of the User works.

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

There has recently been an unprecedented level of applications for connection to and use of the GB Transmission System. In several locations this level of applications has resulted in many Users' receiving offers for connection dates later than their aspirational connection date. This is particularly relevant in Scotland where as a consequence of the transition to BETTA a "queue" of 168 Projects totalling some 13.5GW of capacity exists. The Company's offers of connection in some cases are 10 years in future. The Company is also aware of connection "queues" in parts of England and Wales such as the Thames Estuary and South Wales.

At present The Company is aware of Projects throughout Great Britain that have a capacity in their Bilateral Agreement that is considerably in excess of the Project's apparent needs (e.g. based on planning consent applications, planning consent approvals etc) or where the User's Works required to utilise this capacity are unachievable by the Completion Date but nevertheless the User refuses to reduce their contracted position or seek a delay to their Completion date.

This presents a number of issues for The Company:

- It causes uncertainty over the volume of transmission capacity necessary
- It create the potential risk of over investment
- The release of this capacity could permit other Projects to connect earlier than their current contracted date and present opportunities for new projects.

The proposed amendment seeks to address the issue of Users that have a contracted position that is inconsistent with their Project details (e.g. planning consent) or the construction programme. Whilst there are remedies available where a User does not progress or complete a Project, the nature of these remedies means that a User can hold onto TEC or capacity until very close to their connection date. Consequently, The Company is unable to utilise this capacity for other Users in a timely manner or review the works required, which has an adverse impact on competition. In addition the current remedies of termination may not be proportionate in all cases.

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

As a minimum, the following changes are expected:

New definitions in CUSC Section 11.3 – Definitions.

Schedule 2 – Exhibit 1 (Bilateral Connection Agreement).

Schedule 2 – Exhibit 2 (Bilateral Embedded Generation Agreement).

Schedule 2 – Exhibit 3 (Construction Agreement).

Schedule 2 – Exhibit 5 (BELLA).

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

The proposed amendment may require a minor consequential changes to the STC (in particular the procedures relating to connection offers, STCP-18). In addition charging methodology changes may also be required for abortive works and deemed application fees.

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

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 facilitates the efficient discharge by National Grid of these obligations and, in particular, it is observed that:

- Existing arrangements allow Users to hoard capacity until the backstop date.
- The new arrangements would allow The Company to release capacity to Projects that are able to use it and thereby facilitate competition.
- It improves the level of certainty over the actual capacity connecting, reduces the amount of short term attrition and removes any potential risk of over investment

For these reasons, 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

- By facilitating release of capacity from a Project that is manifestly unable to use it The Company can release this capacity to other Projects that are able to use it.

- The present arrangements may act as a barrier to entry to new Users to the extent that capacity is being hoarded.
- The connection process may be prolonged; this may deter new entrants to the generation market.

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:	National Grid Electricity Transmission 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:	Philip Collins
Organisation:	National Grid
Telephone Number:	01926 656143
Email Address:	Phil.collins@uk.ngrid.com
Details of Representative's Alternate:	
Name:	Andy Balkwill
Organisation:	National Grid
Telephone Number:	01926 655988
Email Address:	Andy.balkwill@uk.ngrid.com
Attachments (No):	

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.