

Draft for Amendments Panel
Recommendation Vote

AMENDMENT REPORT

CUSC Amendment Proposal CAP140

Change to BSC Party Obligation

The purpose of this report is to assist the Authority in their decision of whether to implement Amendment Proposal CAP140

Amendment Ref	CAP140
Issue	0.2
Date of Issue	28 th March 2007
Prepared by	National Grid

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

Version	Date	Author	Change Reference
0.1	20/03/07	National Grid	Draft for Industry Comment
0.2	28/03/07	National Grid	Draft for Amendments Panel Recommendation Vote
0.3		National Grid	Draft for Amendments Panel Members comment
1.0		National Grid	Formal version for submission to the Authority

b Document Location

National Grid Website:

www.nationalgrid.com/uk/Electricity/Codes/

c Distribution

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

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1.0 SUMMARY AND RECOMMENDATIONS

Executive Summary

- 1.1 CAP140 – Change to BSC Party Obligation was proposed by Eclipse Energy and was submitted to the CUSC Amendments Panel on the 24th November 2006. CAP140 aims to remove an anomaly with CUSC 6.29 where CUSC parties are also required to become BSC parties subject to a number of exemptions. However, the existing exemption provisions treat Exempt transmission connected Users differently to Exempt distribution connected Users. Therefore, it is proposed to amend the CUSC to remove this defect to ensure transmission connected and distributed connected Users have the same rights.
- 1.2 However, the Working Group did not believe the proposed draft legal text for the Original Amendment was the best solution as it would remove CUSC 6.29.3 which was introduced during the BETTA process and would require disproportional effort to fully understand the consequential impacts upon Embedded Exemptable Large Power Station's compared with the defect. Consequently, a Working Group Alternative Amendment was developed.

National Grid Recommendation

- 1.3 National Grid is supportive of the Working Group Alternative Amendment, believing that it would better facilitate the achievement of Applicable CUSC Objective (b) and should be implemented 10 Business Days after the Authority decision.

Amendment Panel Recommendation

1.4

2.0 PURPOSE AND INTRODUCTION

- 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.
- 2.2 Further to the submission of Amendment Proposal CAP140 (see Annex 2) 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 Amendment Proposal CAP140.
- 2.3 CAP140 was proposed by Eclipse Energy and submitted to the CUSC Amendments Panel for consideration at their meeting on 24th November 2006. CAP140 Working Group Report was submitted to the CUSC Panel meeting on 23rd February 2007. Following evaluation by the Working Group, the Amendments Panel determined that CAP140 was appropriate to proceed to wider industry consultation by National Grid.
- 2.4 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.

- 2.5 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 www.nationalgrid.com/uk/Electricity/Codes/.

3.0 PROPOSED AMENDMENT

- 3.1 CAP140 – Change to BSC Party Obligations aims to address an anomaly in Section 6.29, which requires CUSC Parties to accede and become members of the BSC subject to a number of exemptions. The exemptions allow another User to accede and become responsible for a User's export under the BSC and applies to the following classes:

- Non-Embedded Customer being supplied by a Trading Party (6.29.1)
- Exempt Power Station directly connected to the GB Transmission System (6.29.2)
- Embedded Exemptable Large Power Station (6.29.3)

- 3.2 If a User is an Exempt Power Station but is not directly connected to the GB Transmission System then they are required to accede to the BSC and under the current CUSC arrangements cannot allow another party to become responsible under the BSC for its export, resulting in differing treatment of transmission and distribution connected Users.

- 3.3 Therefore, it is proposed to amend CUSC 6.29 to allow all Exemptable Power Stations the right to allow another party to be responsible under the BSC for its export thus ensuring both transmission and distribution connected Users are treated in the same manner.

4.0 ALTERNATIVE AMENDMENT

Working Group Alternative

- 4.1 The Working Group Alternative Amendment seeks to address the same defect but with simplified legal text which ensures CUSC 6.29.3 introduced at BETTA go-live for Embedded Exemptable Large Power Station remains unchanged.

5.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

Proposed Amendment

- 5.1 CAP140 Original Amendment would not better facilitate the CUSC Objectives due to the impact upon existing exemptions within CUSC 6.29 and increases the likelihood of confusion in terms of the obligations placed on such Users (in particular 6.29.3 - Embedded Exemptable Large Power Station). Therefore CAP140 would not facilitate competition or improve efficiency.

Working Group Alternative Amendment

5.2 CAP140 Working Group Alternative Amendment would better facilitate CUSC Objective;

(b) facilitating effective competition in generation and supply of electricity and facilitating such competition in the sale, distribution and purchase of electricity.

5.3 CAP140 Working Group Alternative Amendment would remove the different treatment of Embedded Power Stations based upon their connection (either transmission or distribution) which may be discriminatory thus ensuring a level playing field for such Users regardless of connection.

6.0 PROPOSED IMPLEMENTATION

6.1 The Working Group and National Grid with Industry support propose CAP140 should be implemented 10 Business days after an Authority decision.

7.0 IMPACT ON THE CUSC

7.1 CAP140 Original Amendment and Working Group Alternative Amendment require amendments to Section 6 – General Provisions 6.29. The text required to give effect to the Original Amendment is contained as Part A and the text to give effect to the Working Group Alternative Amendment is attached as Part B of Annex 1 of this document.

8.0 IMPACT ON CUSC PARTIES

8.1 CAP140 has a limited impact upon a small number of CUSC Parties who are currently in breach of CUSC 6.29 as the exemption does not apply to Embedded Generators. Please note that these Users are not in breach of any BSC provision, since the requirement for them to be BSC Parties stems purely from CUSC 6.29.

9.0 IMPACT ON INDUSTRY DOCUMENTS AND COMPUTER SYSTEMS AND PROCESSES

9.1 CAP140 Original and Working Group Alternative Amendment have no impact upon Core Industry Documents or computer systems and processes used by CUSC Parties. No consequential changes are required to the BSC, since the BSC itself does not require licence-exempt generators to become BSC Parties where they have authorised another BSC Party to be responsible for their export.

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 views or representations were made by Panel Members in their capacity as Panel Members during the Consultation

View of Core Industry Document Owners

10.3 No views or representations were made by Core Industry Document Owners

Working Group

10.4 The Working Group supports CAP140 Working Group Alternative Amendment and believes the Alternative better facilitates Applicable CUSC Objective (b).

Responses to Consultation

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

Reference	Company	Supportive	Comments
CAP140-CR-01	EDF Energy	YES - the Working Group Alternative Amendment	EDF Energy supports the Working Group Alternative and believes it will better facilitate Applicable Objective (b), as it is unfair to treat Exempt embedded connected Users differently to Exempt transmission connected Users.
CAP140-CR-02	ScottishPower Energy Wholesale, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.	YES - the Working Group Alternative Amendment	ScottishPower believes the Working Group Alternative achieves the objective of the Original Amendment of removing an inconsistency in the treatment of exempt generators with the minimum of effect on the remainder of the CUSC.

11.0 AMENDMENT PANEL RECOMMENDATION

11.1

12.0 NATIONAL GRID RECOMMENDATION

12.1 National Grid is supportive of the Working Group Alternative Amendment believing that it would better facilitate achievement of Applicable CUSC Objective (b).

13.0 COMMENTS ON DRAFT AMENDMENT REPORT

13.1 National Grid received 1 responses following the publication of the draft Amendment Report. The following table provides an overview of each representation. Copies of the representations are attached as Annex ###.

Reference	Company	Summary of Comments
CAP140-AR-01	ScottishPower Energy Wholesale, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.	Agree that the Amendment Report reflects ScottishPower's Energy Businesses' views and that the Working Group Alternative Amendment should be implemented 10 business days after the Authority decision

ANNEX 1 – PROPOSED LEGAL TEXT TO MODIFY THE CUSC**Part A - Text to give effect to the Original Proposed Amendment**

CUSC Section 6 – General Provisions

Insert the coloured underlined text and delete the struck through coloured text

6.29 BSC

Each and every **User** connected to or using the **GB Transmission System** shall be a **BSC Party** except for:

6.29.1 **Non-Embedded Customers** being supplied by a **Trading Party**;

6.29.2 A **User** acting in the category of an **Exemptable** ~~**Exempt**~~ **Power Station** ~~directly connected to the **GB Transmission System**~~ where another party is responsible under the **BSC** for the export from such **Exemptable** ~~**Exempt**~~ **Power Station**;

~~6.29.3 A **User** acting in the category of an **Embedded Exemptable Large Power Station** where another party is responsible under the **BSC** for the export from such **Embedded Exemptable Large Power Station**.~~

Part B - Text to give effect to the Working Group Alternative Amendment

CUSC Section 6 – General Provisions

Delete the struck through coloured text

6.29 BSC

Each and every **User** connected to or using the **GB Transmission System** shall be a **BSC Party** except for:

- 6.29.1 **Non-Embedded Customers** being supplied by a **Trading Party**;
- 6.29.2 A **User** acting in the category of **Exempt Power Station** ~~directly connected to the GB Transmission System~~ where another party is responsible under the **BSC** for the export from such **Exempt Power Station**;
- 6.29.3 A **User** acting in the category of an **Embedded Exemptable Large Power Station** where another party is responsible under the **BSC** for the export from such **Embedded Exemptable Large Power Station**.

ANNEX 2 – AMENDMENT PROPOSAL FORM

CUSC Amendment Proposal Form	CAP:140
Title of Amendment Proposal: Change to BSC Party Obligation	
Description of the Proposed Amendment (mandatory by proposer): It is proposed that the CUSC be modified to remove an anomaly in Section 6.29. This currently allows a generator to avoid mandatory accession to the BSC provided another party is responsible under the BSC for its export and either: a) the generator is Exempt and directly connected (Section 6.29.2) or b) the generator is Exemptable, Embedded and Large (Section 6.29.3). This drafting thus requires an Exempt or Exemptable User, acting as an Embedded Small Power Station or Embedded Medium Power Station, to accede to the BSC even if another party was to be responsible under the BSC for its export.	
Description of Issue or Defect that Proposed Amendment seeks to Address (mandatory by proposer): The existing provisions for allowing generators to avoid becoming a BSC Party were introduced for BETTA and as such only focused on requirements in Scotland. However, the text can now be seen to be discriminatory in that the BSC obligation is applied differently according to whether an Exempt Small or Medium Power Station is directly connected or Embedded. Further, an Embedded Exemptable generator of more than 10MW connecting in the North of Scotland, or of more than 30MW connecting in the South of Scotland, would not need to accede to the BSC, whereas a generator of the same size connecting in England and Wales would have to.	
Impact on the CUSC (this should be given where possible): Amend Section 6.29 as attached	
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	
Justification for Proposed Amendment with Reference to Applicable CUSC Objectives** (mandatory by proposer): This modification will remove unnecessary and discriminatory treatment of certain Medium and Small Power Stations and thus enable National Grid to more easily and efficiently discharge its obligations under the Act and the Transmission Licence and fulfil its obligations to facilitate competition in the generation and supply of electricity.	
Details of Proposer: Organisation's Name:	Eclipse Energy Company Ltd

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:	Anthony Cotton ETCS Ltd 01473 780 933 tony@energytechnical.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Ian Hatton Eclipse Energy Company Ltd 01476 561 391 ianhatton@eclipse-energy.com
Attachments: Yes If Yes, Title and No. of pages of each Attachment: Proposed Legal Text, one page	

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:

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).

- 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.

CUSC Amendment Proposal: Change to BSC Party Obligation**Attachment: Proposed Legal Text****6.29 BSC**

Each and every **User** connected to or using the **GB Transmission System** shall be a **BSC Party** except for:

6.29.1 **Non-Embedded Customers** being supplied by a **Trading Party**;

6.29.2 A **User** acting in the category of an **Exemptable Exempt Power Station** ~~directly connected to the **GB Transmission System**~~ where another party is responsible under the **BSC** for the export from such **Exemptable Exempt Power Station**;

~~6.29.3 A **User** acting in the category of an **Embedded Exemptable Large Power Station** where another party is responsible under the **BSC** for the export from such **Embedded Exemptable Large Power Station**.~~

ANNEX 3 – REPRESENTATIONS RECEIVED DURING CONSULTATION

This Annex includes copies of any representations received following circulation of the Consultation Document (circulated on 24th February 2007, requesting comments by close of business on 19th March 2007).

Representations were received from the following parties:

No.	Company	File Number
1	EDF Energy	CAP140CR-01
2	ScottishPower Energy Wholesale, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.	CAP140CR-02

Reference	CAP140 CR-01
Company	EDF Energy

Beverly Viney
Amendments Panel Secretary
Electricity Codes
National Grid [National Grid House]
Warwick Technology Park
Gallows Hill, Warwick
CV34 6DA



14th March 2007

Dear Beverley,

CUSC Amendment Proposal, CAP140 Change to BSC obligation

EDF Energy is pleased to have the opportunity to comment on the CUSC amendment proposal, CAP140 and was pleased to be represented at the working group.

We consider that CAP140 WGAA better facilitates the applicable CUSC objective (B – Competition) and should be implemented.

Our reasoning is that it is unfair that exempt embedded Users currently need to accede to the BSC, but not exempt transmission connected Users.

We do not believe the original amendment proposal should be implemented as we accept that WGAA is better than the Original amendment proposal. We believe the suggested legal text of the original would not improve the CUSC, as the introduction of the term “Exemptable” is not required.

Our consideration of the matter

At first the working group was a little confused at whether there was a defect to the CUSC. This was because the proposer could easily have avoided the requirement to accede to the BSC by not signing a BEGA (Bilateral Embedded Generation Agreement) with National Grid. It was the legal text in the CUSC agreement (the BEGA) that required the generator to accede to the BSC, not the BSC itself.

The proposer associated some value to the BEGA, yet the group was not informed why the proposer had requested the BEGA¹. It apparently made no difference to the works required to connect the project, as it was already subject to National Grid stipulating works being completed prior to connection. It is likely that the BEGA was requested to help the User manage the works required of National Grid and the Distribution network operator (DNO) prior to connection, rather than allowing the DNO and National Grid to complete the process on its behalf.

¹ [Embedded generators will usually request a BEGA from National Grid if they wish to participate in the Balancing Mechanism (BM) or they wish to receive TNUoS payments directly, through establishing an Exempt Export Balancing Mechanism Unit (BMU), rather than contracting with a supplier and being linked to a supplier's BMU. It is the Embedded, Exempt status that provides the generator the opportunity to receive, rather than make, TNUoS payments. In this case the User wished to have another party responsible for volumes in the (BM) and did not want to actively trade in the BM with an Export Exempt BMU].

 <p>EDF Energy 40 Grosvenor Place Victoria London SW1X 7EN</p>	<p>Tel +44 (0) 20 7752 2524</p>	<p>edfenergy.com</p>
<p>EDF Energy plc Registered in England and Wales. Registered No. 2366852. Registered Office: 40 Grosvenor Place, Victoria, London, SW1X 7EN</p>		



National Grid advised the working group that it considered embedded generators in exactly the same manner as transmission connected generators when assessing the impact they have on the transmission system. This includes any requirement for works to be completed and connection agreements to be modified. This allayed any concerns that we had over the potential advantage or adverse implications that the generator might have created by requesting a BEGA.

Upon consideration, we believe the defect to be the different treatment of exempt, directly connected and exempt, embedded generators. The WGAA will remove this defect.

We hope that you will find these comments helpful.

If you have any queries please do not hesitate to contact me.

Yours sincerely,

David Scott
Electricity Regulation, Energy Branch



edfenergy.com

Reference	CAP140 CR-02
Company	ScottishPower Energy Wholesale

Beverley Viney
Amendments Panel Secretary
Electricity Codes
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

15 March 2007

0141 568 4469

Dear Beverley,

CAP140 Change to BSC Party Obligation

Thank you for the opportunity to respond to this consultation. This response is submitted on behalf of ScottishPower Energy Wholesale, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.

ScottishPower supports the Working Group Alternative Amendment as outlined in Annexe 1 – Part B as this achieves the objective of the original amendment of removing an inconsistency in the treatment of exempt generators with the minimum of effect on the remainder of the CUSC.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely,

James Anderson
Commercial & Regulation

ANNEX 4 – REPRESENTATIONS RECEIVED UPON THE DRAFT AMENDMENT REPORT

This Annex includes copies of any representations received following circulation of the Draft Amendment Report (circulated on 20 March, requesting comments by close of business on 27 March 2007).

Representations were received from the following parties:

No.	Company	File Number
1	ScottishPower Energy Wholesale, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.	CAP140-AR-01

Reference	CAP140-AR-1
Company	ScottishPower Energy Wholesale, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.



Beverley Viney
Amendments Panel Secretary
Electricity Codes
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Ref CAP140 DMR
Date 26th March 2007

Tel No. 01355 845208
Email: ukelectricityspoc@saic.com

Dear Beverley,

CUSC Draft Amendment Report for CAP140, Change to BSC Party Obligation

Thank you for the opportunity to comment on the Draft Amendment Report for CAP140 regarding equal treatment of Transmission and Distribution connected users, and the requirement of Parties to accede to the BSC. This response is submitted on behalf of ScottishPower Energy Wholesale, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.

In considering the draft amendment report, we agree that it reflects ScottishPower's Energy Businesses' views expressed in the consultation response and that the Working Group Alternative Amendment should be implemented 10 Business Days after the Authority decision.

Should you have any queries, please do not hesitate to contact me.

Yours sincerely

Man Kwong Liu

SAIC Ltd.
For and on behalf of: ScottishPower Energy Wholesale, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.