

DRAFT FOR PANEL
RECOMMENDATION VOTE

AMENDMENT REPORT

CUSC Proposed Amendment CAP CAP160 Improvements to the assessment of Amendments

The purpose of this report is to assist the Authority in their decision of whether to implement Amendment Proposal CAP160

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1.0 SUMMARY AND RECOMMENDATIONS

Executive Summary

- 1.1 CAP160 “Improvements to the assessment of Amendments” was proposed by National Grid following discussions at the Governance Standing Group (GSG). The proposal seeks to amend the CUSC governance process for new Amendment Proposals by extended the Working Group process, broadly in line with the BSC.
- 1.2 When a new Amendment proposal is raised the CUSC Panel will decide whether to send the proposal to Consultation or Working Group. Those Amendment proposals that are sent to Working Group will have an extended time period from 3 months to 4 months in order to undertake a Consultation to gain Industry views on the Original and any draft Working Group Alternatives. At this stage CUSC Parties will have an opportunity to respond and raise a “WG Consultation Request”. The WG Consultation Request is not an Alternative but a request for the Working Group to consider their issue or proposal. If the majority of the Working Group or the chair believes it is a valid issue / proposal the Working Group will amended the draft Working Group Alternative(s) or raise a new Alternative. The Working Group will prepare a report for the Panel and the Amendment will follow the existing process but CUSC Parties will be unable to raise Consultation Alternatives.
- 1.3 Those Amendment proposals that are sent to Consultation will follow the existing process but CUSC Parties will be unable to raise Consultation Alternatives. However, the CUSC Panel will at any time be able to establish and refer the proposal and any issues raised by respondents to the Consultation to a Working Group. For the avoidance of doubt CUSC Parties will be able to raise issues for the Panel's consideration but will be unable to raise Consultation Alternatives. The existing right to raise new Amendment Proposals at any time will remain unchanged.

Standing Group Recommendation

- 1.4 The GSG considered and supported the development of this proposal prior to CAP160 being proposed by National Grid. In addition the GSG reviewed the legal text following the raising of CAP160. The GSG is fully supportive of CAP160 and responded to the National Grid Consultation.

National Grid Recommendation

- 1.5 National Grid, as the Proposer of CAP160 is supportive of the Amendment Proposal, believing that it would better facilitate achievement of the Applicable CUSC Objective (a) by improving the efficiency of the CUSC governance process.

Amendment Panel Recommendation

- 1.6 *To be completed after the Panel vote*

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 CAP160 (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 CAP160.
- 2.3 CAP160 was proposed by National Grid and submitted to the CUSC Amendments Panel for consideration at their meeting on 25th April 2008. The Amendments Panel determined that CAP160 was appropriate to proceed to wider industry consultation by National Grid following input by the Governance Standing Group.
- 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 The objective of this Amendment is to ensure CUSC governance is efficient and a full assessment is undertaken for all Consultation Alternatives. Recent experience has highlighted two difficulties with the Amendments process in terms of Consultation Alternative Amendments. Firstly, it is possible for a large numbers of alternatives to be raised which creates difficulties for the Industry, the Panel and the Authority to make an assessment and decision. Secondly, Consultation Alternatives are raised towards the end of the process and at present the Panel has no ability to establish or re-establish a Working Group to undertake any necessary Industry analysis. Consequently, this can lead to an unmanageable number of alternatives and/or limits the amount of analysis that can be undertaken for Consultation Alternatives.
- 3.2 It is proposed to amend the governance process for Amendment Proposals to extended the Working Group process which would be broadly in line with the BSC. This was discussed in detail at the GSG meeting on 11th April and a copy of the minutes can be found in Annex 4.
- 3.3 The GSG agreed that the best process would include an Industry Consultation at the Working Group stage and the removal of the automatic right to raise Consultation Alternatives at the end of the process. The GSG agreed that CUSC Parties should be able to raise issues and request the consideration of Alternatives following the Working Group Consultation. Consequently, this would allow the Working Group to undertake the required analysis for all Alternatives.
- 3.4 To aid the reader the existing process is summarised below and a process diagram can be found in Annex 5 of this document.

1. Proposal raised and considered by the Panel

For those Amendments that require a Working Group

2. Working Group phase of 3 months to evaluate the Original proposal and the development of any Working Group Alternatives, if applicable. A Working Group Report is then presented to the CUSC Panel outlining the Working Group discussions.
3. The CUSC Panel accepts or rejects the report and requests the proposal to proceed to National Grid Consultation.

If no Working Group is instigated by the CUSC Panel then the process would commence from the following stage.

4. National Grid Consult on the Original Proposal (and any Working Group Alternatives, if applicable) for a time period directed by the Panel, usually 4 weeks.
5. Responses are received by CUSC Parties and can include Consultation Alternatives.
6. Consultation Alternatives raise additional issues and proposals to the Original Proposal (and any Working Group Alternatives, if applicable).
7. If a Consultation Alternative is raised there is a further 2 week Consultation period. Following the second Consultation no further alternatives can be proposed.
8. A draft Amendment Report is issued to the Industry to ensure all responses have been included.
9. The CUSC Panel undertake a Recommendation Vote at the next CUSC Panel prior to the submission to the Authority for determination.

3.5 The new process for Amendments is described below and a process diagram can be found in Annex 6 of this document:

1. Proposal raised and considered by the Panel.

For those Amendments that require a Working Group.

2. *Extend the Working Group phase to 4 months, which would include a Consultation on the proposed Amendment and any draft Working Group Alternatives to gain Industry views. The precise time period for Consultation will be agreed by the CUSC Panel in the Working Group terms of reference. It is envisaged that the Consultation would occur once the Working Group have developed the detail of the important aspects of the Amendment.*
3. *CUSC Parties have the opportunity to respond and raise a WG Consultation Request. It is envisaged that a proforma for responses will be developed and agreed by the Panel.*
4. *The Working Group will consider all responses and WG Consultation Alternative Requests. The right to raise a Consultation alternative will be removed by the new process. WG Consultation Request may constitute a new Working Group Alternative or amend an existing Working Group Alternative or may not be taken forward.*
5. *The Working Group chair may if required request an additional Consultation period from the CUSC Panel, subject to Authority approval to extend the timetable.*
6. *The Working Group will prepare a draft Amendment Report including justification for all WG Consultation Alternative Requests and responses to any significant issues raised by CUSC Parties. It is envisaged that the existing report template will be updated and agreed by the Panel.*
7. *Working Group would then submit a draft Amendment Report to the CUSC Amendments Panel for consideration.*
8. *The draft report would be discussed by the Panel. If the report is accepted, the Panel discussion and views will be included in the report.*

If no Working Group is instigated by the CUSC Panel then the process would commence from the following stage.

9. *A further period of Consultation will be undertaken by National Grid. There will be no option to raise Consultation Alternatives.*
10. *Following National Grid's Consultation if a new issue arose the Panel has the option to return the proposal to the Working Group or instigate a Working Group for further work, subject to Authority approval to extend the timetable.*
11. *The CUSC Panel would then vote as per the existing process prior to the submission to The Authority for a decision.*

3.6 Under this process the only stage that would allow for Alternatives is the Working Group. The aim of this is to ensure that any Alternative options raised by the Industry in Consultation or by Working Group members are fully considered by the Working Group.

3.7 For the avoidance of doubt, it is proposed to remove Consultation Alternative Amendments. During the Working Group Consultation Process a CUSC Party can make a Working Group Consultation Request for an area to be included or an alternative option explored. The Working Group Consultation

Request will need to include sufficient detail similar to that in a new Amendment proposal as per the existing process for Consultation Alternatives. As mention above it is envisaged a proforma will be developed and agreed by the Panel.

- 3.8 The Working Group will consider all responses and if the majority of the Working Group or the Working Group chair believes a request should become an Alternative the required analysis will be undertaken. If a request is not taken forward the Working Group will provide reasoning in the report.
- 3.9 To ensure that all views are included in the new process :
- *Interested parties can comment, make suggestions and input their views at the Working Group stage, for consideration by the Working Group,*
 - *There would be a further opportunity to comment at the National Grid Consultation stage,*
 - *And as a final safeguard if a party believes that their views were not addressed, the party has the option to raise a new Amendment Proposal at the next CUSC Panel.*
- 3.10 All responses will be included in the final Working Group report along with details of the Working Group discussions as per the existing process.
- 3.11 Consequently, it is believed that this improved process will enable the Working Group and its chair to efficiently manage the number of Alternatives taken forward by the Working Group and appropriate analysis is undertaken.
- 3.12 In conclusion, it is believed that CAP160 would allow a more efficient and full assessment of Amendment Proposals by the Working Group, interested parties, the CUSC Panel and the Authority. In addition would create a governance process similar to the BSC process and therefore create consistent code governance in electricity.

4.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

Proposed Amendment

- 4.1 National Grid and the GSG believe CAP160 would better facilitate the CUSC Objective (a) *the efficient discharge by the Licensee of the obligations imposed upon it by the act and the Transmission Licence* by ensuring that all CUSC Parties have an opportunity to input into the Working Group development discussions, the number of alternative options is efficiently managed and all have the same level of analysis. Consequently, this addresses the concerns raised by the Panel and the Authority with the existing process and results in a robust and efficient process for new Amendment Proposals.
- 4.2 In addition, with regard to the principles of the Ofgem Industry Code Governance Review the process is broadly in line with the BSC which creates consistent code governance and aids understanding within the industry.

5.0 PROPOSED IMPLEMENTATION

- 5.1 The GSG and National Grid propose CAP160 should be implemented the following Business Day after an Authority decision.
- 5.2 On the 15th May 2008 a GSG meeting was held where CAP160 implementation, draft legal text and process was discussed. It is proposed that the following transition arrangements are put in place for CAP160;
- 5.2.1 Any Amendment Proposal that is currently being processed and has proceeded to the Consultation stage will continue as with the existing process. For the avoidance of doubt CUSC Parties in this case would be able to raise a Consultation Alternative Amendment, at the appropriate time within the process.
- 5.2.2 Any new Amendment Proposals or any Working Group that have not yet proceeded to the Consultation stage will follow the new process as proposed by CAP160. For the avoidance of doubt CUSC Parties in this case would not be able to raise Consultation Alternative Amendments and a WG Consultation Alternative Request would have to be raised if a CUSC Party wanted an Alternative to be considered by the Working Group. As a consequence this could require an extension to the timetable, subject to Authority approval, to allow the Working Group to undertake the Consultation.
- 5.3 It should be noted that CAP161 to CAP167 could be affected if CAP160 is approved and implemented prior to wider Consultation by National Grid. Each Working Group chair has been informed and consideration will need to be given by Working Groups in relation to this potential interaction and change to the process. However, it is envisaged that the proformas and updated report templates discussed in section 3 will be prepared prior to an Authority decision to aid the transition period.
- 5.4 In addition it should be noted that a concern was raised regarding the draft legal text at the GSG meeting. The concern regarded the drafting of clause 8.23.6, the transition implementation phase, where the clause refers to the term CAP160. National Grid explained that this was necessary and the most pragmatic legal drafting to ensure transition covers all possible outcomes for Amendments in progress. As a way forward it was proposed and agreed that National Grid would raise an Amendment Proposal to remove the transition implementation clause 8.23, if CAP160 is approved by The Authority as soon as practicable when all Proposals using the former process were completed.
- 5.5 In conclusion, the GSG supported this approach to the transition arrangements for CAP160.
- 5.6 In accordance with 8.19.3(b) views were invited on the proposed implementation date and British Energy disagreed with the proposed implementation believing it should not be applied to Amendments that are currently in the process. British Energy fully support CAP160 but believe that it would be appropriate only to apply to new Amendment Proposals because industry parties may have chosen not to attend current Working Groups in the knowledge that they would have an opportunity to propose alternatives at the Consultation stage.
- 5.7 National Grid notes British Energy's concern; however in the new process CUSC Parties who are not members of current Working Groups i.e. CAP161

to CAP167 would have an opportunity to submit a WG Consultation Request to concerned their issue or alternative proposal to be considered by the Working Group.

- 5.8 In accordance with 8.20.2 (g) the Amendments Panel determined that CAP160 should **##### To be completed following the Panel recommendation**

6.0 IMPACT ON THE CUSC

- 6.1 CAP160 requires amendments to Section 8 & Section 11 of the CUSC.
- 6.2 The text required to give effect to the proposal is contained in Annex 1 of this document.

7.0 IMPACT ON CUSC PARTIES

Proposed Amendment

- 7.1 CAP160 will have an impact upon CUSC parties as their ability to raise Consultation Alternatives will be removed and parties will need to familiarise themselves with the new governance process if approved.

8.0 IMPACT ON INDUSTRY DOCUMENTS

Impact on Core Industry Documents

- 8.1 CAP160 has no impact upon Core Industry Documents.

Impact on other Industry Documents

- 8.2 CAP160 has no impact upon other Industry Documents.

9.0 IMPACT ON INDUSTRY COMPUTER SYSTEMS OR PROCESSES

- 9.1 CAP160 has no impact upon on Industry Computer Systems or Processes

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.

Views of Panel Members

- 10.2 No views or representations were made by the 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 the Panel members in their capacity as Panel Members during the consultation.

Governance Standing Group

- 10.4 The Governance Standing Group (GSG) responded to confirm that they fully support CAP160 and a copy of their response can be found in Annex 3.

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
CAP160-CR-01	British Energy	Yes	British energy is supportive of the proposal and believes it would better facilitate applicable Objective a. However British Energy disagree with the proposed implementation believing that it should only apply to new Amendment Proposals and not to those currently within the process. This is detailed further in Section 5.
CAP160-CR-02	Centrica	Yes	Centrica is supportive of the proposal and implementation believing it will better facilitate applicable Objective a. In addition a quick decision would be beneficial to ensure CAP161 to CAP166 fall under this new more efficient process.
CAP160-CR-03	Governance Standing Group (GSG)	Yes	GSG is supportive of the proposal and implementation believing it will better facilitate applicable Objective a.
CAP160-CR-04	RWE npower	Yes	RWE is supportive of the proposal and implementation believing it will better facilitate applicable Objective a.
CAP160-CR-05	Scottish Power	Yes	Scottish Power is supportive of the proposal and implementation believing it will better facilitate applicable Objective a. In particular the enhanced role of the Working Group to consider any issues raised by respondents during the Consultation period.
CAP160-CR-06	Welsh Power	Yes	Welsh Power is supportive of the proposal and implementation believing it will better facilitate applicable Objective a.

11.0 COMMENTS ON DRAFT AMENDMENT REPORT

- 11.1 National Grid received **no** responses following the publication of the draft Amendment Report.

12.0 AMENDMENT PANEL RECOMMENDATION

- 12.1 ***To be added after the Panel Vote***

13.0 NATIONAL GRID RECOMMENDATION

- 13.1 National Grid, as the Proposer of CAP160 is supportive of the Amendment Proposal, believing that it would better facilitate achievement of the Applicable CUSC Objective (a) for the reasons detailed below.
- 13.2 National Grid believes that this is the most substantial change to governance since the constitution of the CUSC and believes it is required to ensure all CUSC Parties have an opportunity to input into the Working Group development discussions, the number of alternative options is efficiently managed and all Alternatives have the same level of analysis.
- 13.3 CAP160 addresses the concerns raised by the Panel and the Authority in relation to Amendment proposals CAP89/90/91¹ and CAP131- (User Commitment for New and Existing Generators) were an unmanageable number of Alternatives were raised. National Grid believes the amended process allows the Panel and the Working Group to efficiently manage the number of alternatives.
- 13.1 CAP160 also addresses the concerns raised by the Authority in CAP158 (Provision of interim response volume information analysis) decision letter with regard to the ability to undertake Industry analysis when a Consultation Alternative Amendment is raised. National Grid believes that CAP160 will ensure all Alternatives have the required level of analysis.
- 13.2 Furthermore, it addresses a concern experience by National Grid during CAP150 (Capacity Reduction) were Consultation Alternatives were raised which required further debate at the Working Group but the Panel had no vires to make such a determination. Consequently, CAP160 provides the Panel with the ability to either refer any Amendment back to Working Group or instigate a Working Group at any stage.
- 13.3 Finally, in addition to the Applicable Objectives CAP160 creates consistency with the BSC which is inline with the principles of the Industry Code Governance Review and will aid Industry understanding.

¹ Maximum Unsecured Credit Limit/ Credit Limits for rated companies/ Establishment and maintenance of an Unsecured Credit Allowance for Rated and Unrated Companies and the *alignment of the Value at Risk* calculation with current best practice

ANNEX 1 – PROPOSED LEGAL TEXT TO MODIFY THE CUSC

Text to give effect to the Original Proposed Amendment

The proposed Legal text to modify the CUSC is detailed below by inserting the coloured underlined text and deleting the text shown struck through.

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8.19 The Company Consultation

Section 8.2

8.2.3.4 Subject to notifying Users, ~~The Company~~ will, with the Authority's approval, apply to the Authority for a revision or revisions to the ~~Implement~~Implementation Date where ~~The Company~~ becomes aware of any circumstances which is likely to mean that the ~~Implementation Date~~ is unachievable, which shall include as a result of a Legal Challenge, at any point following the approval of the Amendment Proposal.

8.2.3.6 Prior to making any request to the Authority for any revision pursuant to Paragraphs 8.2.3.4 (where it is necessary as a result of a Legal Challenge) or 8.2.3.5 ~~The Company~~ shall consult on the revision with CUSC Parties and such other person who may properly be considered to have an appropriate interest in it in accordance with Paragraphs 8.19.2 and 8.19.5. The request to the Authority shall contain ~~copied~~copies of (and a summary of) all written representations or objections made by consultees during the consultation period.

Section 8.9

8.9.2 Subject to Paragraph 8.9.3, a quorum shall be 6 Panel Members who have a vote present (~~Subjects~~subject to 8.7.8) in person or by their alternates, of whom at least one shall be appointed by ~~The Company~~

Section 8.10

8.10.1 At any meeting of the Amendments Panel any matter to be decided which shall include the Amendments Panel Recommendation Vote shall be put to a vote of Panel Members upon the request of the ~~chairman~~Panel Chairman or any Panel Member.

Section 8.15

8.15.4 Without prejudice to the development of ~~an~~a Working Group Alternative Amendment pursuant to Paragraph 8.20.2, the Amendments Panel shall direct in the case of (a), and may direct in the case of (b), the Panel Secretary to reject a proposal pursuant to Paragraph 8.15 if and to the extent that such proposal has, in the opinion of the Amendments Panel, substantially the same effect as:

8.15.7 It shall be a condition to the right to make a proposal to modify the CUSC under this Paragraph 8.15 that the Proposer:

- (a) grants a non-exclusive royalty free licence to all CUSC Parties who request the same covering all present and future rights, IPRs and moral rights it may have in such proposal (as regards use or application in Great Britain); and
- (b) warrants that, to the best of its knowledge, information and belief, no other person has asserted to the Proposer that such person has any IPRs or normal rights or rights of confidence in such proposal,

and, in making a proposal, a Proposer which is a CUSC Party shall be deemed to have granted the licence and given the warranty in (a) and (b) above.

The provisions of this Paragraph 8.15.7 shall also apply to any WG Consultation Alternative Request, and for these purposes the term Proposer shall include any person making such a WG Consultation Alternative Request.

Section 8.16

8.16 PANEL PROCEEDINGS

8.16.1 This Paragraph 8.16 is subject to the Urgent CUSC Amendment Proposals procedures and the Housekeeping Amendment procedures set out in Paragraph 8.21.

8.16.2 An Amendment Proposal made pursuant to Paragraph 8.15 shall, subject to Paragraph 8.15.6, be discussed by the Amendments Panel at the next following Amendments Panel meeting convened.

8.16.3 The Proposer's representative shall attend such Amendments Panel meeting and the Amendments Panel may invite the Proposer's representative to present his Amendment Proposal to the Amendments Panel.

8.16.4 (a) The Company and the Amendments Panel shall together establish a timetable to apply for the Amendment Process.

- (b) The Amendments Panel shall establish the part of the timetable for the consideration by the Amendments Panel and by a Working Group (if any) which shall be no longer than four months unless in any case the particular circumstances of the Amendment Proposal (taking due account of its complexity, importance and urgency) justify an extension of such timetable, and provided the Authority does not object, taking into account all those issues.

- (c) The Company shall establish the part of the timetable for the consultation to be undertaken by The Company under this Section 8 and separately the preparation of an Amendment Report to the Authority. Where the particular circumstances of the Amendment Proposal (taking due account of its complexity, importance and urgency) justify an extension of such timescales and provided the Authority does not object, taking into account all those issues, The Company may revise such part of the timetable.
- (d) In setting such a timetable, the Amendments Panel and The Company shall exercise their respective discretions such that, in respect of each Amendment Proposal, an Amendment Report may be submitted to the Authority as soon after the Amendment Proposal is made as is consistent with the proper evaluation of such Amendment Proposal, taking due account of its complexity, importance and urgency.
- (e) ~~Without prejudice to Paragraph (d) above, the timetable under (b) above shall be set such that it is no longer than three months, that under (c) above such that it is no longer than two months for the consultation and another 14 days for the preparation of the Amendment Report, unless in any case the particular circumstances of the Amendment Proposal (taking due account of its complexity, importance and urgency) justify an extension of such timetable, and provided the Authority does not object, taking into account all those issues.~~ (f) Having regard to the complexity, importance and urgency of particular Amendment Proposals, the Amendments Panel may determine the priority of Amendment Proposals and may (subject to any objection from the Authority taking into account all those issues) adjust the priority of the relevant Amendment Proposal accordingly.
- 8.16.5 In relation to each Amendment Proposal, the Amendments Panel shall determine at any meeting of the Amendments Panel whether to:
- (a) amalgamate the Amendment Proposal with any other Amendment Proposal;
 - (b) establish a Working Group of the Amendments Panel, to consider the Proposed Amendment; or
 - (c) proceed directly to wider consultation by The Company.
- 8.16.6 The Amendments Panel may decide to amalgamate an Amendment Proposal with one or more other Amendment Proposals where the subject-matter of such Amendment Proposals is sufficiently proximate to justify amalgamation on the grounds of efficiency and/or where such Amendment Proposals are logically dependent on each other.

- 8.16.7 Where Amendment Proposals are amalgamated pursuant to Paragraph 8.16.6:
- (a) such Amendment Proposals shall be treated as a single Amendment Proposal;
 - (b) references in this Section 8 to an Amendment Proposal shall include and apply to a group of two or more Amendment Proposals so amalgamated;
 - (c) the Proposers of each such Amendment Proposal shall cooperate in deciding which of them is to provide a representative for any Working Group in respect of the amalgamated Amendment Proposal and, in default of agreement, the Panel Chairman shall nominate one of the Proposers for that purpose.

8.16.8 In respect of any Amendment Proposal that the Amendments Panel determines to proceed directly to wider consultation by The Company in accordance with Paragraph 8.16.5, the Amendments Panel, may at any time prior to the Amendments Panel Recommendation Vote having taken place decide to establish a Working Group of the Amendments Panel and the provisions of Paragraph 8.17 shall apply. In such case the Amendments Panel shall be entitled to adjust the timetable referred to at Paragraph 8.16.4(b) and The Company shall be entitled to adjust the timetable referred to at Paragraph 8.16.4 (c), provided that the Authority does not object.

Section 8.17

8.17 WORKING GROUPS

- 8.17.1 If the Amendments Panel has decided not to proceed directly to wider consultation by The Company (or where the provisions of Paragraph 8.16.8 applies), a Working Group will be established, or an existing Standing Group identified and actioned, by the Amendments Panel to assist the Amendments Panel in evaluating whether an Amendment Proposal better facilitates achieving the Applicable CUSC Objectives and whether a Working Group Alternative Amendment would, as compared with the Amendment Proposal, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified in the Amendment Proposal. Where a Standing Group is identified and actioned in relation to an Amendment Proposal, a reference to Working Group in this Section 8 shall, in relation to that Amendment Proposal, be deemed to be a reference to that Standing Group acting in that capacity. Unless specifically appointed pursuant to this Paragraph or permitted pursuant to Paragraph 8.19, a Standing Group shall not comment upon any Amendment Proposal.

- 8.17.2 A single Working Group may be responsible for the evaluation of more than one Amendment Proposal at the same time, but need not be so responsible.
- 8.17.3 A Working Group shall comprise at least five (5) persons (who may be Panel Members) selected by the Amendments Panel from those nominated by CUSC Parties for their relevant experience and/or expertise in the areas forming the subject-matter of the Amendment Proposal(s) to be considered by such Working Group (and the Amendments Panel shall ensure, as far as possible, that an appropriate cross-section of representation, experience and expertise is represented on such Working Group) provided that there shall always be at least one member representing The Company and if, and only if, the Amendments Panel is of the view that an Amendment Proposal is likely to have an impact on the STC, the Amendments Panel may invite the STC committee to appoint a representative to become a member of the Working Group. A representative of the Authority may attend any meeting of a Working Group as an observer and may speak at such meeting.
- 8.17.4 The Company shall in consultation with the Amendments Panel appoint the chairman of the Working Group who shall act impartially and as an independent chairman.
- 8.17.5 The Amendments Panel may add further members or the Working Group chairman may add or vary members to a Working Group.
- 8.17.6 The Amendments Panel may (but shall not be obliged to) replace any member of a Working Group appointed pursuant to Paragraph 8.17.3 at any time if such member is unwilling or unable for whatever reason to fulfil that function and/or is deliberately and persistently disrupting or frustrating the work of the Working Group.
- 8.17.7 The Amendments Panel shall determine the terms of reference of each Working Group and may change those terms of reference from time to time as it sees fit.
- 8.17.8 The terms of reference of a Working Group must include provision in respect of the following matters:
- (a) those areas of a Working Group's powers or activities which require the prior approval of the Amendments Panel;
 - (b) the seeking of instructions, clarification or guidance from the Amendments Panel; ~~and~~
 - (c) the timetable for the work to be done by the Working Group, in accordance with the timetable established pursuant to Paragraph 8.16.4 (save where Paragraph 8.16.8 applies) and
 - (d) the length of any Working Group Consultation.

In addition, prior to the taking of any steps which would result in the undertaking of a significant amount of work (including the production of draft legal text to modify the CUSC in order to give effect to a Proposed Amendment and/or Working Group Alternative Amendment, with the relevant terms of reference setting out what a significant amount of work would be in any given case), the Working Group shall seek the views of the ~~Amendment~~Amendments Panel as to whether to proceed with such steps and, in giving its views, the ~~Amendment~~Amendments Panel may consult the Authority in respect thereof.

- 8.17.9 Subject to the provisions of this Paragraph 8.17.9 and unless otherwise determined by the Amendments Panel, the Working Group shall develop and adopt its own internal working procedures for the conduct of its business and shall provide a copy of such procedures to the Panel Secretary in respect of each Amendment Proposal for which it is responsible. Unless the Amendments Panel otherwise determines, meetings of each Working Group shall be open to attendance by a representative of any CUSC Party, any BSC Party or the GECC and any person invited by the chairman or any other member of that Working Group, and the chairman of a Working Group or any other member of that Working Group may invite any such person to speak at such meetings.
- 8.17.10 After development by the Working Group of the Amendment Proposal, and (if applicable) after development of any draft Working Group Alternative Amendment, the Working Group will (subject to the provisions of Paragraph 8.17.16) consult (“Working Group Consultation”) on the Amendment Proposal and, if applicable, on any draft Working Group Alternative Amendment with:

(a) CUSC Parties; and

(b) such other persons who may properly be considered to have an appropriate interest in it.

Where following the establishment of a Working Group in relation to an Amendment Proposal, the terms of reference of a Standing Group have been amended by the Amendments Panel to include the ability to comment on that Amendment Proposal, that Standing Group as a body shall be deemed to fall within sub-paragraph (ii) above and therefore shall be able to respond to the Working Group Consultation. It shall not, however, in so doing undertake the functions of a Working Group. In the absence of such a change in terms of reference, the Standing Group as a body shall have no ability to respond to any Working Group Consultation.

- 8.17.11 The Working Group Consultation will be undertaken by issuing a Working Group Consultation paper (and its provision in electronic form on The Company Website and in electronic mails to CUSC Parties

and such other persons, who have supplied relevant details, shall meet this requirement). Such Working Group Consultation paper will include:

- (a) Issues which arose in the Working Group discussions
- (b) Details of any draft Working Group Alternative Amendment
- (c) The date(s) proposed by The Company for the implementation of the Amendment Proposal and draft Working Group Alternative Amendment(s).

8.17.12 Working Group Consultation papers will be copied to Core Industry Document Owners and the secretary of the STC committee.

8.17.13 Any CUSC Party may (subject to Paragraph 8.17.17) raise a WG Consultation Alternative Request in response to the Working Group Consultation. Such Working Group Consultation Alternative Request must include:

- (a) the information required by Paragraph 8.15.2 (which shall be read and construed so that any references therein to "amendment proposal" or "proposal" shall be read as "request" and any reference to "Proposer" shall be read as "requester"); and
- (b) sufficient detail to enable consideration of the request including details as to how the request better facilitates the Applicable CUSC Objectives than the current version of the CUSC, than the Amendment Proposal and than any draft Working Group Alternative(s).

8.17.14 The Working Group shall consider and analyse any comments made or any WG Consultation Amendment Request made by any CUSC Party in response to the Working Group Consultation.

8.17.15 If a majority of the members of the Working Group or the chairman of the Working Group believe that the WG Consultation Amendment Request will better facilitate the Applicable CUSC Objectives than the current version of the CUSC, the Working Group shall develop it as a Working Group Alternative Amendment or, where the chairman of the Working Group agrees, amalgamate it with one or more other draft Working Group Alternative Amendment(s) or WG Consultation Amendment Request(s);

8.17.16 Unless the Amendments Panel directs the Working Group otherwise pursuant to Paragraph 8.17.17, and provided that a Working Group Consultation has been undertaken in respect of the Amendment Proposal, no further Working Group Consultation will be required in respect of any Working Group Alternative Amendment(s) developed in respect of such Amendment Proposal.

8.17.17 The Amendments Panel may, at the request of the chairman of the Working Group, direct the Working Group to undertake further Working Group Consultation(s). At the same time as such direction the Amendments Panel shall adjust the timetable referred to at Paragraph 8.16.4(b) and The Company shall be entitled to adjust the timetable referred to at Paragraph 8.16.4 (c), provided that the Authority does not object. No WG Consultation Amendment Request may be raised by any CUSC Party during any second or subsequent Working Group Consultation.

8.17.18 The Working Group shall finalise the Working Group Alternative Amendment(s) for inclusion in the report to the Amendments Panel.

8.17.19 ~~8.17.10~~

- (a) Each Working Group chairman shall prepare a report to the Amendments Panel responding to the ~~matter~~matters detailed in the terms of reference in accordance with the timetable set out in the terms of reference.
- (b) If a Working Group is unable to reach agreement on any such matter, the report must reflect the views of the members of the Working Group.
- (c) The report will be circulated in draft form to Working Group members and a period of not less than five (5) Business Days or if all Working Group members agree three (3) Business Days given for comments thereon. Any unresolved comments made shall be reflected in the final report.

8.17.20 ~~8.17.11~~—The chairman or another member (nominated by the chairman) of the Working Group shall attend the next Amendments Panel meeting following delivery of the report and may be invited to present the findings and/or answer the questions of Panel Members in respect thereof. Other members of the Working Group may also attend such Amendments Panel meeting.

8.17.20 ~~8.17.12~~—At the meeting referred to in Paragraph ~~8.17.11~~8.17.20 the Amendments Panel shall consider the Working Group's report and shall determine whether to:-

- (a) refer the Amendments Proposal back to the Working Group for further analysis (in which case the Amendments Panel shall determine the timetable and terms of reference to apply in relation to such further analysis); or
- (b) proceed then to wider consultation by The Company.

Section 8.19

8.19 THE COMPANY CONSULTATION

8.19.1 ~~In respect of any Amendment Proposal where a Working Group has been established or a Standing Group identified and actioned Paragraph 8.19.1 to 8.19.6 shall apply.~~

8.19.2 ~~8.19.1~~ After consideration of any Working Group report on the Amendment Proposal and if applicable any Working Group Alternative Amendment by the Amendments Panel and a determination by the Amendments Panel to proceed to wider consultation by The Company, The Company shall consult on the Amendment Proposal and if applicable any Working Group Alternative Amendment with:

~~(i)~~ (i) CUSC Parties; and

~~(ii)~~ (ii) such other persons who may properly be considered to have an appropriate interest in it.

Where following the establishment of a Working Group, ~~or the decision of the Amendments Panel to proceed directly to consultation by The Company, in relation to an Amendment Proposal,~~ the terms of reference of a Standing Group have been amended by the Amendments Panel to include the ability to comment on that Amendment Proposal, that Standing Group as a body shall be deemed to fall within sub-paragraph (ii) above and therefore shall be able to respond to The Company's consultation. It shall not, however, in so doing undertake the functions of a Working Group. In the absence of such a change in terms of reference, the Standing Group as a body shall have no ability to respond to any consultation.

8.19.3 ~~8.19.2~~ The consultation will be undertaken by issuing a Consultation Paper (and its provision in electronic form on The Company Website and in electronic mails to CUSC Parties and such other persons, who have supplied relevant details, shall meet this requirement).

8.19.4 ~~8.19.3~~ The Consultation Paper will contain

~~(a)~~ (a) the proposed drafting for the Amendment Proposal and any Working Group Alternative Amendment (unless the Authority decides none is needed in the Amendment Report under Paragraph ~~8.19.4~~ 8.19.5) and will indicate the issues which arose in the Working Group discussions, where there has been a Working Group and will incorporate The Company's and the Amendments Panel's initial views on the way forward; and

the date proposed by The Company for the implementation of the Amendment Proposal and any Working Group Alternative

Amendment and, where the Working Group terms of reference require and the dates proposed by the Working Group are different from those proposed by The Company, those proposed by the Working Group. Views will be invited on these dates.

8.19.5 ~~8.19.4~~ Where The Company is proposing to recommend to the Authority that a Proposed Amendment or Working Group Alternative Amendment should not be made, The Company shall consult with the Authority as to whether the Authority would like the Amendment Report to include the proposed text to amend the CUSC. If it does not, no text needs to be included. If it does, and no detailed text has yet been prepared, The Company shall prepare such text to modify the CUSC in order to give effect to such Proposed Amendment or Working Group Alternative Amendment and shall seek the views of the relevant Working Group.

8.19.6 ~~8.19.5~~ Consultation Papers will be copied to Core Industry Document Owners and the secretary of the STC committee.

~~8.19.6 If a CUSC Party proposes a Consultation Alternative Amendment The Company shall as soon as practicable consult on the basis of Paragraph 8.19.2 with the parties identified in Paragraph 8.19.1 as to whether this Consultation Alternative Amendment better facilitates achievement of the CUSC Objective than the Proposed Amendment and any Working Group Alternative Amendment. The position on legal drafting of the text shall be the same as that set out in Paragraphs 8.19.3 and 8.19.4. A CUSC Party may not propose a Consultation Alternative Amendment following the start of the further period of consultation described in this Paragraph 8.19.6. A Consultation Alternative Amendment shall not be subject to the confidentiality provisions described in Paragraph 8.22.1.~~

8.19.7 ~~In respect of any Amendment Proposal where a Working Group has not been established nor a Standing Group identified and actioned Paragraph 8.19.7 to 8.19.12 shall apply.~~

8.19.8 ~~After determination by the Amendments Panel to proceed to wider consultation by The Company, The Company shall consult on the Amendment Proposal with:~~

~~(i) CUSC Parties; and~~

~~(ii) such other persons who may properly be considered to have an appropriate interest in it.~~

~~Where following the decision of the Amendments Panel to proceed directly to consultation by The Company, in relation to an Amendment Proposal, the terms of reference of a Standing Group have been~~

amended by the Amendments Panel to include the ability to comment on that Amendment Proposal, that Standing Group as a body shall be deemed to fall within sub-paragraph (ii) above and therefore shall be able to respond to The Company's consultation. It shall not, however, in so doing undertake the functions of a Working Group. In the absence of such a change in terms of reference, the Standing Group as a body shall have no ability to respond to any consultation.

8.19.9 The consultation will be undertaken by issuing a Consultation Paper (and its provision in electronic form on The Company Website and in electronic mails to CUSC Parties and such other persons, who have supplied relevant details, shall meet this requirement).

8.19.10 The Consultation Paper will contain:

- (a) the proposed drafting for the Amendment Proposal (unless the Authority decides none is needed in the Amendment Report under Paragraph 8.19.11) and will incorporate The Company's and the Amendments Panel's initial views on the way forward; and
- (b) the date proposed by The Company for the implementation of the Amendment Proposal. Views will be invited on this date.

8.19.11 Where The Company is proposing to recommend to the Authority that a Proposed Amendment should not be made, The Company shall consult with the Authority as to whether the Authority would like the Amendment Report to include the proposed text to amend the CUSC. If it does not, no text needs to be included. If it does, and no detailed text has yet been prepared, The Company shall prepare such text to modify the CUSC in order to give effect to such Proposed Amendment.

Section 8.20

8.20 AMENDMENT REPORT

- 8.20.1 Subject to The Company's consultation having been completed, The Company shall prepare and submit to the Authority a report (the "Amendment Report") in accordance with this Paragraph 8.20 for each Amendments Proposal which is not withdrawn.
- 8.20.2 The matters to be included in an Amendment Report shall be the following (in respect of the Amendment Proposal):
 - (a) the Proposed Amendment and any Working Group Alternative Amendment ~~or Consultation Alternative Amendment~~;
 - (b) the recommendation of The Company as to whether or not the Proposed Amendment (or any Working Group Alternative Amendment as provided below) should be made;

- (c) a summary (agreed by the Amendments Panel) of the views (including any recommendations) from Panel Members and/or the Working Group as the case may be made during the consultation in respect of the Proposed Amendment and of any Working Group Alternative Amendment;
- (d) an analysis of whether (and, if so, to what extent) the Proposed Amendment would better facilitate achievement of the Applicable CUSC Objective(s);
- (e) an analysis of whether (and, if so, to what extent) ~~the any~~ Working Group Alternative Amendment would better facilitate achievement of the Applicable CUSC Objective(s) as compared with the Proposed Amendment and any ~~Consultation~~other Working Group Alternative Amendment and the current version of the CUSC;
- ~~(f) an analysis of whether (and if so to what extent) any Consultation Alternative Amendment as compared with the Proposed Amendment, and any Working Group Alternative Amendment, and the current version of the CUSC would better facilitate achievement of the Applicable CUSC Objective(s);~~
- ~~(g)~~ (f) the proposed date for the implementation of the Proposed Amendment or any Working Group Alternative Amendment taking into account the views put forward during the process described at Paragraph 8.19.3(b) such date to be determined by the Amendments Panel in the event of any disparity between such views and those of The Company;
- ~~(h)~~ (g) an assessment of:
 - (i) the impact of the Proposed Amendment and any Working Group Alternative Amendment on the Core Industry Documents and the STC;
 - (ii) the changes which would be required to the Core Industry Documents and the STC in order to give effect to the Proposed Amendment and any Working Group Alternative Amendment;
 - (iii) the mechanism and likely timescale for the making of the changes referred to in Paragraph (ii);
 - (iv) the changes and/or developments which would be required to central computer systems and, if practicable, processes used in connection with the operation of arrangements established under the Core Industry Documents and the STC;

- (v) the mechanism and likely timescale for the making of the changes referred to in Paragraph (iv);
- (vi) an estimate of the costs associated with making and delivering the changes referred to in Paragraphs (ii) and (iv), such costs are expected to relate to: for (ii) the costs of amending the **Core Industry Document(s)** and **STC** and for (iv) the costs of changes to computer systems and possibly processes which are established for the operation of the **Core Industry Documents** and the **STC**.

together with a summary of representations in relation to such matters;

~~(h)~~ to the extent such information is available to **The Company**, an assessment of the impact of the **Proposed Amendment** and any **Working Group Alternative Amendment** on **CUSC Parties** in general (or classes of **CUSC Parties** in general), including the changes which are likely to be required to their internal systems and processes and an estimate of the development, capital and operating costs associated with implementing the changes to the **CUSC** and to **Core Industry Documents** and the **STC**;

~~(i)~~ copies of (and a summary of) all written representations or objections made by consultees during the consultation in respect of the **Proposed Amendment** and any **Working Group Alternative Amendment** and subsequently maintained;

~~(j)~~ a copy of any impact assessment prepared by **Core Industry Document Owners** and the **STC** committee and the views and comments of **The Company** in respect thereof;

~~(k)~~ details of the outcome of the **Amendments Panel Recommendation Vote**.

- 8.20.3 A draft of the **Amendment Report** will be circulated by **The Company** to **CUSC Parties** and **Panel Members** (and its provision in electronic form on **The Company Website** and in electronic mails to **CUSC Parties** and **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made thereon. Any unresolved comments made shall be reflected in the final **Amendment Report**.
- 8.20.4 A draft of the **Amendment Report** shall be tabled at the **Panel Meeting** prior to submission of that **Amendment Report** to the **Authority** as set in accordance with the timetable established pursuant to Paragraph 8.16.4 at which the **Panel Chairman** will undertake the **Amendments Panel Recommendation Vote**.
- 8.20.5 A draft of the **Amendment Report** following the **Amendments Panel Recommendation Vote** will be circulated by **NGC**~~The Company~~ to

Panel Members (and in electronic mails to **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made on the **Amendments Panel Recommendation Vote**. Any unresolved comments made shall be reflected in the final **Amendment Report**.

- 8.20.6 Each **Amendment Report** shall be addressed and furnished to the **Authority** and none of the facts, opinions or statements contained in such **Amendment Report** may be relied upon by any other person.
- 8.20.7 In accordance with the **Transmission Licence**, the **Authority** may approve the **Proposed Amendment** or ~~an~~ **Working Group Alternative Amendment** contained in the **Amendment Report** (which shall then be an "Approved Amendment" until implemented). If the **Authority** believes that neither the **Proposed Amendment** (nor any **Working Group Alternative Amendment**) would not better facilitate achievement of the **Applicable CUSC Objectives**, then there will be no approval. In such a case, **The Company** will notify **CUSC Parties** and will raise the issue at the next **Amendments Panel** meeting.
- 8.20.8 **The Company** shall copy (by electronic mail to those persons who have supplied relevant details to **The Company**) the **Amendment Report** to:
- (i) each **CUSC Party**;
 - (ii) each **Panel Member**; and
 - (iii) any person who may request a copy,
- and shall place a copy on **The Company Website**.

Section 8.21

- 8.21.1.9 Where an **Urgent Amendment Proposal** results in an amendment being made in accordance with Paragraph ~~8.23~~ 8.21.1.5, the **Amendments Panel** shall determine whether or not to submit the Amendment for review by a **Standing Group** or by a **Working Group** in accordance with ~~Paragraph~~ Paragraphs 8.17 or 8.18 on terms specified by the **Amendment Panel** in order to consider and report as to whether any **Working Group Alternative Amendment** could, as compared with the amendment being made better facilitate achieving the **Applicable CUSC Objectives** in respect of the subject matter of that **Urgent Amendment Proposal**.

Section 8.22**8.22 CONFIDENTIALITY**

- 8.22.1 Any representations submitted by a person pursuant to the **Amendment Procedures** may be made publicly available save as otherwise expressly requested by such person by notice in writing to **The Company**. [A WG Consultation Alternative Request may in all cases be made publicly available.](#)
- 8.22.2 The **Amendment Panel** and **The Company** shall not be liable for any accidental publication of a representation which is the subject of a request made under Paragraph 8.22.1.
- 8.22.3 For the avoidance of doubt, all representations (whether or not marked confidential) shall be sent to the **Authority**.

Section 8.23

- 8.23.1 The **CUSC** shall be modified in accordance with the terms of the direction by the **Authority** relating to, or other approval by the **Authority** of, the **Proposed Amendment** or any [Working Group Alternative Amendment](#) contained in the relevant **Amendment Report** or **Housekeeping Amendment Report**.
- 8.23.2 **The Company** shall forthwith notify (by publication on **The Company Website** and, where relevant details are supplied by electronic mail):
- (a) each **CUSC Party**;
 - (b) each **Panel Member**;
 - (c) the **Authority**;
 - (d) each **Core Industry Document Owner**,
 - (e) the secretary of the **STC** committee;
- of the change so made and the effective date of the change.
- 8.23.3 An amendment of the **CUSC** shall take effect from the time and date specified in the direction, or other approval, from the **Authority** referred to in Paragraph 8.23.1 or, in the absence of any such time and date, from 00:00 hours on the day falling ten (10) **Business Days** after the date of such direction, or other approval, from the **Authority**.
- 8.23.4 An amendment made pursuant to and in accordance with Paragraph 8.23.1 shall not be impaired or invalidated in any way by any inadvertent failure to comply with or give effect to this Section.
- 8.23.5 If an amendment is made to the **CUSC** in accordance with the **Transmission Licence** but other than pursuant to the other

Amendment Procedures in this Section 8, the Amendments Panel shall determine whether or not to submit the amendment for review by a Standing Group in accordance with Paragraph 8.18 on terms specified by the Amendment Panel in order to consider and report as to whether any Working Group Alternative Amendment could, as compared with the amendment being made better facilitate achieving the Applicable CUSC Objectives in respect of the subject matter of the original amendment.

8.23.6 Notwithstanding the provisions of Paragraph 8.23.3, Amendment Proposal CAP 160 changes the Amendment Process and therefore may affect other Amendment Proposals which have not yet become Approved Amendments. Consequently, this Paragraph deals with issues arising out of the implementation of Amendment Proposal CAP 160. In particular this Paragraph deals with which version of the Amendment Process will apply to Amendment Proposal(s) which were already instigated prior to the implementation of Amendment Proposal CAP 160.

In respect of any Amendment Proposal which the Amendment Panel has determined, as at the date and time of implementation of Amendment Proposal CAP 160 (as directed by the Authority), should proceed to wider consultation by The Company is known as an "Old Amendment Proposal". In respect of any Amendment Proposal where the Amendment Panel has not determined, as at the date and time of implementation of Amendment Proposal CAP 160 (as directed by the Authority), that it should proceed to wider consultation by The Company is known as a "New Amendment Proposal". The provisions of Section 8 and the associated definitions in Section 11 which will apply to any Old Amendment Proposal(s) are the provisions of Section 8 and the associated definitions in Section 11 of the CUSC which are in force immediately prior to the implementation of CAP 160. The provisions of Section 8 and the associated definitions in Section 11 which will apply to any New Amendment Proposals are the provisions of the CUSC in force from time to time.

Section 11

“Alternative Amendment”	Means collectively any Working Group Alternative Amendment or Consultation Alternative Amendment;
“Amendments Panel Recommendation Vote”	The vote of Panel members <u>Members</u> undertaken by the <u>Panel Chairman</u> in accordance with Paragraph 8.20.3, 8.20.4 as to whether they believe each Proposed Amendment, or Working Group Alternative Amendment or Consultation Alternative Amendment would better facilitate achievement of the applicable CUSC Objective(s);
“Amendment Process”	the part of the Amendment Procedures relating to consideration by the <u>Amendments Panel</u> and Working Groups, consultation by <u>the Working Groups and The Company</u> and preparation of an Amendment Report by The Company;
“Approved Amendment”	as defined in Paragraph 8.20.5, 8.20.7 and 8.21.2.3;
“WG Consultation Alternative Amendments <u>Request</u> “	any alternative expressly proposed as such (which contains the information required by Paragraph 8.15.2 and sufficient detail to enable consideration of the alternative) by a CUSC Party in response to The Company’s Consultation on any Amendment Proposal and any request from a CUSC Party for a Working Group Alternative Amendment which the CUSC Party better facilitates the Applicable CUSC Objectives than the Amendment Proposal or Working Group Alternative Amendment or the current version of the CUSC to be developed by the Working Group expressed as such and which contains the information referred to at Paragraph 8.17.13. For the avoidance of doubt any WG Consultation Alternative Request does not constitute an Amendment Proposal;
“Working Group Alternative Amendment”	An alternative amendment to the Amendment Proposal developed by the Working Group under the Working Group terms of reference <u>(either as a result of a</u>

Working Group Consultation or otherwise) and which is believed by a ~~member or~~ majority of the members of the Working Group or by the chairman of the Working Group to better facilitate the Applicable CUSC Objectives than the Amendment Proposal or the current version of the CUSC;

"Working Group Consultation"

As defined in Paragraph 8.17.10, and any further consultation which may be directed by the Amendments Panel pursuant to Paragraph 8.17.17;

ANNEX 2 – AMENDMENT PROPOSAL FORM

CUSC Amendment Proposal Form	CAP:160
Title of Amendment Proposal: Improvements to the assessment of Amendments	
Description of the Proposed Amendment (<i>mandatory by proposer</i>):	
<p>It is proposed to re-order the governance process for Amendment Proposals to give a more robust and extended Working Group process which would be broadly in line with the BSC. This process would involve:</p> <ol style="list-style-type: none"> 1. An extended working group phase of 4 months, which would include a consultation on the proposed Amendment to gain industry views. We anticipate that the precise time for consultation would be at the discretion of the Working Group Chair but would anticipate that this consultation would occur once the Working Group had 'worked up' the detail of the important aspects of the modification; 2. The results of the Working Group consultation, including consideration of any suggested alternative approaches to the defect would then be considered by the Working Group in its continuing work. 3. Once complete, Working Group would then submit a draft Amendment Report to the CUSC Amendments Panel for consideration. 4. The draft Amendment report would be discussed by the Panel. If the report is accepted by the Panel, the Panel discussion and views would be added to the draft report to form the Amendment Report. 5. Following the Amendment Report Consultation if new an issue arose the Panel could chose to return to the Working Group or instigate a Working Group for further work, subject to time constraints. 6. The Amendment report would be consulted on for a further period before returning to the Panel for final vote. 7. The CUSC Panel would then vote as per the existing process <p>A flow diagram of this process is provided as an attachment to this proposal.</p> <p>Note for Amendment Proposals that do not go to Working Group , the Amendment Proposal would go straight to consultation with the inclusion of any Panel comments and discussion, and return to Panel at step 5 for discussion on the Consultation responses.</p> <p>Under this process, the only stage of the proposed Amendment Process that would allow for alternatives to a CUSC Amendment Proposal is the Working Group stage. The aim of this is to ensure that any alternative options raised by the industry in consultation or by Working Group members can be fully considered by the experts on the Working Group. For the avoidance of doubt, it is proposed to remove consultation alternative amendments, however CUSC Parties have the right to raise a new Amendment Proposal at any time, and this right will remain unchanged. This is to ensure that the Working Group and its Chairman can efficiently manage the number of alternatives taken forward by the working group as part of the proposal.</p> <p>To ensure that all views are included in the process we note that as part of this process:</p> <ul style="list-style-type: none"> • Interested parties can comment, make suggestions and input their views at the working group stage, for consideration by the working group; • There would be a further opportunity to comment on the final report • If a parties' concerns are discounted by the Working Group the party would still have the option to raise a new Amendment Proposal. <p>This process would create a governance process similar to the BSC process and therefore create consistent code governance. This would create a more efficient process as this would allow the CUSC Panel the right to return the Amendment Proposal to Working Group (or instigate a Working Group) for further work. Consequently this ensures all the necessary analysis of Proposals is undertaken prior to submission to the Authority.</p>	

It is not proposed to limit the number of Working Group Alternatives but to avoid an inefficient number of alternatives we propose that Working Group Alternatives can only be raised either by a majority vote of Working Group or at the discretion of the chairman.

At the final Working Group meeting the Working Group would be expected to vote on the individual Working Group Alternatives and the Original as to whether it better met the CUSC objectives compared to the baseline. A vote should also be undertaken as to which of these was the BETTER option. This requirement would be included in each Working Groups terms of Reference.

If implemented, it is proposed that this change in governance be applied to all Amendments, both new and those in progress at the Working Group stage that have not submitted their final Working Group Report to the CUSC Panel.

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

Under Section 8 of CUSC, National Grid is required to ensure an efficient and full assessment is made of all modification proposals. Recent experience has highlighted the difficulties that can be posed by large numbers of alternatives at the CUSC assessment stage and during Ofgem's assessment and providing the same level of Industry analysis and discussion within the CUSC process for consultation alternatives.

This proposal would allow a more efficient and full assessment of Amendment Proposals by the Working Group of industry experts, interested parties, the CUSC Panel and the Authority.

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

Changes would be required to Section 8 and 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

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

National Grid believes that this proposal will better facilitate CUSC Applicable Objective (a) ***(The efficient discharge by the licensee of the obligations imposed upon it under the Act and by the Transmission Licence)*** by ensuring that all CUSC Parties have the opportunity to input to the Working Group discussions and that the number of alternative options is efficiently managed and all have the same level of analysis to ensure a robust and efficient process for amendments to the CUSC.

Details of Proposer: Organisation's Name:	National Grid
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:	Beverley Viney National Grid 01926 653547 Beverley.viney@uk.ngrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Emma Carr National Grid 01926 655843 Emma.j.carr@uk.ngrid.com
Attachments (Yes/No): If Yes, Title and No. of pages of each Attachment: Yes CAP160 – flowchart (1 page) Mods Process Flowchart – BSC (1 page)	

ANNEX 3 – REPRESENTATIONS RECEIVED DURING CONSULTATION

This Annex includes copies of any representations received following circulation of the Consultation Document (circulated on 29th May 2008, requesting comments by close of business on 26th June 2008).

Representations were received from the following parties:

No.	Company	File Number
1	British Energy	CAP160-CR-01
2	Centrica	CAP160-CR-02
3	Governance Standing Group (GSG)	CAP160-CR-03
4	RWE npower	CAP160-CR-04
5	Scottish Power	CAP160-CR-05
6	Welsh Power	CAP160-CR-06



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

26th June 2008

Dear Beverley

CUSC AMENDMENT PROPOSAL CAP160 – CONSULTATION DOCUMENT

Thank you for the opportunity to comment on the issues raised by the consultation document on the above amendment proposal.

On the whole the CUSC amendment process has worked well. However, the assessment process of a small number of modification proposals has illustrated potential weaknesses in the existing CUSC governance process. Firstly, it is possible for an unmanageable amount of alternative modification proposals to be raised during the assessment process both at the working group stage and during the consultation phase. Secondly, alternative proposals raised during the consultation phase can be insufficiently defined and the existing process does not appropriately facilitate the development and assessment of such proposals. Both of these issues can cause difficulties for the industry, the CUSC Panel and Ofgem in assessing the proposals and ultimately deciding upon. Consequently, we welcome moves to improve the existing CUSC governance process for new amendment proposals and fully support CAP160 as a means of addressing the issues highlighted above.

Notwithstanding the above, we disagree with the proposed implementation arrangements in the event that this proposal is approved by the Authority. In particular, we do not consider it appropriate that the new assessment process should be applied retrospectively to modifications that have already been raised and proceeding along the existing governance model. CAP 160 provides greater responsibility and power to modification working groups as members vote on whether an alternative suggestion goes forward as a Working Group Alternative Amendment. However, industry parties may have chosen not to attend current modification working groups in the knowledge that they would have the opportunity to propose alternatives at the Consultation Stage. However, CAP160 remove this right. Consequently, given the above we consider it important that industry parties' rights, particularly non working group members, are protected for modification proposals that have been raised prior to any approval by the Authority of this proposal.

British Energy Group plc
Cannock Road
Barnwood
Gloucester GL4 0BS

T +44 (0)1452 62222
F +44 (0)1452 62377
www.bes-energy.com

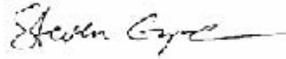
Registered Office:
CSC Plasmalun
Penryn Road, Penryn
Truro Cornwall TR9 0AB



In summary, subject to our concerns on implementation, we support CAP160 and consider that it would better facilitate the achievement of the Applicable CUSC Objective (a) by appropriately addressing the current weaknesses highlighted above.

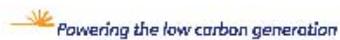
If you have any questions regarding the above please do not hesitate to contact me.

Yours sincerely



Steven Eyre
Regulation Analyst

Direct Line: 01452 653741
Fax: 01452 653246
E-Mail: steven.eyre@british-energy.com





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

Centrica Energy
Maidenhead Road
Windsor
Berkshire
SL4 5GD
Tel. 01753 431000

www.centrica.com

By e-mail

26 June 2008

Dear Beverley,

Re: CUSC Amendment Proposal CAP160 – Improvements to the assessment of Amendments

Centrica welcomes the opportunity to respond to the CAP160 consultation document.

As a member of the Governance Standing Group (GSG) we have reviewed the draft proposal and the legal text before CAP160 was formally raised and circulated for consultation.

We support CAP160 because it addresses a defect and it would better meet objective A of the Connection and Use of System Code (CUSC).

Under the existing modification process there is no opportunity to discuss and review consultation alternatives. These alternatives are raised at the end of the modification process when the working group has had its last meeting and with no ability for the CUSC Panel to re-establish the working group.

Under CAP160 CUSC parties will no longer be able to raise consultation alternatives. Instead, during an extended working group period, parties will be able to request the working group to consider an issue or an alternative proposal. This can then be fully debated and reviewed in the working group and if required working group alternative(s) can be amended or a new alternative can be raised.

We believe that CAP160 will improve the existing modification process by allowing proper evaluation of issues and alternatives, which may in turn reduce the number of alternatives being raised (another difficulty of the existing modification process). Therefore we believe CAP160 will better meet objective A of the CUSC, in particular National Grid's licence obligation to have an efficient CUSC modification process in place.

A centrica business

Centrica plc - The group includes British Gas Trading, British Gas Services and Accord Energy
Registered in England No.3033654. Registered Office: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD

1

Finally, we support the proposed timetable for implementation (following Business Day after an Authority decision), provided that Ofgem takes a swift decision. We are keen for the TAR CUSC modification proposals (CAP161-166) in particular to fall under the new and more efficient CAP160 regime.

If you have any questions regarding this response, please do not hesitate to contact me.

Yours sincerely,

Merel van der Neut Kolfshoten
Centrica Energy

A **centrica** business

Centrica plc - The group includes British Gas Trading, British Gas Services and Accord Energy
Registered in England No.3033654. Registered Office: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD

2

Ref: CAP160

Dear Beverley,

Thank you for the opportunity to comment on the above consultation. The following response is provided on behalf of the Governance Standing Group (GSG) established by the CUSC Amendments Panel in accordance with CUSC8.18. A list of the current members is attached to this letter.

In summary, the GSG consider that CAP160 better facilitates applicable CUSC Objective (a) and is better than the current base line. The group believes that CAP160 will ensure all alternatives have the opportunity to be fully considered by a working group and the issues associated with Consultation Alternatives are removed.

To provide context for our support, the GSG met on the 11th April where the principles behind CAP160 were debated and the high level process was agreed prior to the formal raising of the Amendment Proposal by National Grid. At the second GSG meeting on 15th May, the group reviewed the draft legal text prior to wider Consultation by National Grid.

If you wish to discuss any aspect of this response please do not hesitate to contact me.

Yours sincerely

via email

Emma Carr
GSG Chair

Tony	Diccico	RWE
Steven	Eyre	British Energy
Garth	Graham	Scottish and Southern Energy
Merel	Kolfschoten	Centrica
Robert	Longden	Airtricity
Ben	Sheehy	E.On
Barbara	Vest	AEP
Beverley	Viney	National Grid
Dave	Wilkerson	Centrica
Jenny	Booth	Ofgem
Stephanie	Stewart	National Grid
Chris	Stewart	Elexon



Ms B Viney
Amendments Panel Secretary
Electricity Codes
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Name Tony Diccico
Phone 07795 353981
E-Mail
tony.diccico@npower.com

E-mail: beverley.viney@uk.grid.com

■ 16th June 2008

Dear Beverley

**Consultation Document – CUSC Amendment Proposal CAP160
Improvements to the Assessment of Amendments**

Thanks you for the opportunity to comment on the CAP160 Consultation. The following response is provided on behalf of the RWE group of companies.

RWE was pleased to participate in the Governance Standing Group (GSG) which considered the CUSC Amendment process prior to CAP160 being raised. RWE believes that CAP160 better facilitates applicable CUSC Objective (a) and is better than the current base line. We support the removal of the right of CUSC Parties to raise Consultation Alternatives as we believe that this will make the amendment process more efficient. We are satisfied that sufficient safeguards will be put in place to ensure that all CUSC Parties' views are taken into consideration - the CUSC Panel will at any time be able to establish and refer the proposal and any issues raised by respondents to the Consultation to a Working Group. In addition, if a CUSC Party is not fully satisfied that its views have been fully considered during the assessment process then it can raise a new amendment.

If you wish to discuss any aspect of our response, please contact me.

Yours sincerely

By e-mail

Tony Diccico
Charging Methodologies Manager

Local District Court,
Essex
Registered No.
HR B 14327

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

10 July 2008

0141 568 4469

Dear Beverley,

Response to the Consultation Document CAP160
Improvements to the assessment of Amendments

Thank you for the opportunity to respond to this Consultation Document. This response is submitted on behalf of ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Renewable Energy Ltd.

ScottishPower supports the proposed amendment and in particular the enhanced role of the Working Group to consider any issues raised by respondents during the Consultation period. The revised process will also allow the Working Group to manage the number of Alternatives contained within the final report.

As a practical consideration, Working Groups should timetable provisional meeting dates for the consideration of "Working Group Consultation Requests" to ensure that original Working Group members are available if required.

ScottishPower supports the Amendment and believes that it will better meet CUSC objective (a) by improving the CUSC governance process.

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 and Regulation Manger



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

Welsh Power Group Limited
West Nash Road, Newport,
South Wales, NP18 2BZ
Tel: +44 (0)1633 294140
Fax: +44 (0)1633 294141
info@welshpower.com

26 June 2008

Dear Ms Viney

CAP160 - Improvements to the assessment of Amendments

Welsh Power are the owners of Uskmouth Power and Severn Power. As a smaller player, with limited resources, we believe that the CUSC amendment process could be improved and we therefore welcome the opportunity to comment on CAP160.

Welsh Power agrees that the proposed process would better allow the consideration of alternatives earlier in the process and would thus be more robust. It would be more efficient for the industry to be able to undertake a full assessment prior to submitting proposals to Ofgem for decision. We can also see benefit in aligning the CUSC modification process to the BSC process.

Yours sincerely

Rebecca Williams
Head of Trading

ANNEX 4 – GOVERNANCE STANDING GROUP MINUTES OF 11TH APRIL 2008

Minutes and Actions Arising from Meeting Held on 11 April 2008

Present:

Duncan Burt	DB	Panel Chairman
Stephanie Stewart	BV	Secretary
Robert Longdon	RL	Airtricity
Tony Diccico	TD	RWE
Garth Graham	GG	SSE
Beverley Viney	BV	National Grid
Ben Sheehy	BS	E.On
Merel Van der Neut Kofscholten	MK	Centrica
Chris Stewart	CS	Elexon

1 *Introductions/Apologies for Absence*

1. Apologies were received from Barbara Vest and Stephen Eyre
2. DB clarified that the purpose of the meeting was to establish the Governance process regarding Consultation Alternative Proposals and establishing a process that would allow for the same level of analysis for alternative proposals as for the original proposal.
3. This has arisen following recent experiences which have highlighted the difficulties that can be posed by large numbers of alternatives at the CUSC assessment stage and during Ofgem's assessment and providing the same level of Industry analysis and discussion within the CUSC process for consultation alternatives.

Meeting discussion

4. It was requested that the draft terms of reference should be amended to include Working Group and Consultation Alternatives.

Action BV

5. It was agreed that the existing process was not working as efficiently as everyone would like and that a revised process need to be discussed and proposed.
6. BV shared a flow chart with the group which would allow for greater analysis as a suggested way forward. GG proposed that the existing process of Consultation Alternatives should be removed.
7. Discussion was had as to the current BSC model and crating a CUSC governance process modelled on this.
8. It was agreed that the best process would involve having the Consultation at the Working Group stage and removing the automatic right to raise Alternatives.
9. The group agreed that suggested alternatives should be assessed by the Working Group following the Consultation stage and the Working Group and or WG chairman would decide if a requested alternative was put forward as a Working Group alternative.
10. It was unanimously agreed that this would allow for the same level of analysis for Alternatives as well as the original Proposal.
11. The Working Group would then vote as to which option it felt was the best option and this would be included in their Working Group Report.

12. The Group agreed that BV would propose an Amendment at the April CUSC Panel following these discussion

Action: BV

13. The group recommended that the Working Group Consultation should have a set of standard questions included in the consultation, the BSC model was suggested as a starting point for discussion. This will be carried forward for future GSG meetings.

Action: All

14. It was suggested by the GSG that any legal text sent with an Amendment Proposal should be marked as draft and therefore minor changes to this would not constitute an alternative proposal.

15. The number of Working Group Alternatives will not be formally limited however they are at the discretion of the chair.

16. It was agreed that future GSG meetings will discuss and evaluate the rules for the rejection of CUSC Amendment Proposals and whether these need to be amended. BV agreed to research the current requirements.

Action: BV

17. It was noted that Ofgem had not participated in this meeting, DB and BV agreed to update Ofgem on the outcome of this meeting.

Action: DB &BV

18. The next GSG meeting will be held on 15th May at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.

ANNEX 5 FLOW DIAGRAM FOR THE EXISTING PROCESS

