

Connection and Use of System Code (CUSC)

Title of the CUSC Modification Proposal

Consequential changes following Implementation of the Third Package and other miscellaneous changes

Submission Date

21 November 2013

Description of the Issue or Defect that the CUSC Modification Proposal seeks to address

The Third Package legislation was introduced in Great Britain through the Statutory Instrument for the Electricity and Gas (Internal Markets) Regulations 2011 which came into effect on 10 November 2011. The Statutory Instrument fully transposes the Third Package into UK law. As a result of these changes, a number of changes were made to the gas and electricity licences, including National Grid's Electricity Transmission (NGET) Licence.

There are two main changes that resulted from the Third Package. The first was the introduction of a new Relevant Objective which seeks to ensure that Industry Codes, and therefore any proposed modifications to industry codes, facilitate:

"compliance with the Electricity Regulations and any relevant legally binding decision of the European Commission and/or Agency".

The second change to the licence conditions was the ability for the Authority to raise modifications which the 'Authority reasonably considers are necessary to comply with or implement the Regulations and/or any relevant legally binding decisions of the European Commission and/or the Agency.'" Further to this, a number of rules are then applied. Firstly, that the modifications must be accepted into the process, secondly that the modification cannot be withdrawn without the Authority's consent, and thirdly that an Authority timetable will apply where one is specified.

No Modifications were raised to put this ability into the CUSC at that time as following the changes to Condition C10 of the Electricity Transmission Standard Conditions, it was identified that the current wording could be interpreted in such a way that the Authority could raise any kind of modification.

In November 2012, Ofgem issued a consultation on further proposed licence changes following the implementation of the Third Package and other miscellaneous changes. One part of this consultation was to clarify the circumstances under which the authority could raise Modifications. The Authority issued a second consultation on 29 July 2013 on modifications to the licences that it considered may be required. On 22 October 2013 the Authority notified the industry of its decision to modify electricity licence conditions following the implementation of the Third Package and other housekeeping changes, which will take effect from 17 December 2013.

As a result of these clarifications to the licence wording, this CUSC Proposal has been raised to amend the code to reflect the conditions under which the Authority can raise Modifications and the actions that affected parties (e.g. NGET) will need to take or consider.

Description of the CUSC Modification Proposal

This Modification is proposing amendments to CUSC Section 8 to enable the Authority to raise modifications to the CUSC that it considers necessary to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or Agency.

Currently the CUSC does not allow for the Authority to raise Modifications Proposals in order to comply with the relevant European legislation. Following the implementation of the changes to Electricity Transmission Licence Standard Conditions (SLC) C10 (Connection and Use of System Code) under the Third Package, the CUSC requires amendment in order to be consistent with the licence changes. Therefore, the CUSC will need to be amended to include the following elements:

1. To allow the Authority to raise CUSC Modification Proposals to comply with European legislation
2. To apply the caveats in the licence to modifications which are raised by the *licensee* following an Authority direction to raise a European related CUSC Modification Proposal
3. To apply the caveats in the licence to modifications which are raised by the *Authority* in relation to European regulation.

In regard to items 2 and 3 above, these caveats relate to such proposals (i) being accepted into the CUSC Modification process, (ii) where raised by the licensee, not to be withdrawn without the Authority's consent, and (iii), to proceed in accordance with any timetable directed by the Authority.

Consideration will need to be given as to the involvement of the CUSC Panel when initially considering such an Authority raised Modification, in that:

- To what extent they agree and set the Terms of Reference for any necessary Workgroup meetings; and
- Its ability to decide on when the Modification is progressed to the next phase of the Modification Process (e.g. accepting the Workgroup Report and progressing to Code Administrator Consultation).

Consideration will also need to be given as to whether or not such Modifications can be adopted by a CUSC Party if that Modification is withdrawn.

Impact on the CUSC

Changes will be required to Section 8 of the CUSC – 'CUSC Modification'. In particular 8.16 'CUSC Modification Proposals'.

In addition, the CUSC Modification Proposal form for Charging Modifications will need to be updated to include the EU related relevant objective.

Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions?

No.

Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information

BSC

Grid Code

STC

Other
(please specify)

Urgency Recommended:

No.

Justification for Urgency Recommendation

Self-Governance Recommended:

No – there is a material impact on governance.

Justification for Self-Governance Recommendation

Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews?

Yes.

Impact on Computer Systems and Processes used by CUSC Parties:

None.

Details of any Related Modification to Other Industry Codes

A like-for-like proposal will be raised for the BSC. The STC Modification Proposal form will also require updating to account for the EU related relevant objective.

Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives:

(a) the efficient discharge by The Company of the obligations imposed upon it by the Act and the Transmission Licence

This is a consequential change to changes to the licence as a result of the Third Package. Changes to the CUSC will accurately reflect the provisions set out in Standard Licence Condition C10 covering the circumstances and process to be followed in relation to Authority raised/directed CUSC Modification Proposals.

(b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.

(c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.
 These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1.

This proposal results from the Third Package Legislation and complies with changes resulting from The Electricity and Gas (Internal Markets) Regulations 2011.

Additional details

Details of Proposer: (Organisation Name)	Emma Radley National Grid Electricity Transmission
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Emma Radley National Grid Electricity Transmission 01926 655223 Emma.Radley@nationalgrid.com
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Attachments (Yes/No): No. If Yes, Title and No. of pages of each Attachment:	