

CUSC - SECTION 10

TRANSITION ISSUES

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TRANSITION**

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(Modifications relating to the transfer of the system operator functions
from National Grid Electricity Transmission plc to National Grid Electricity
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Part 1

10.1 INTRODUCTION

- 10.1.1 This Section 10, Part 1, deals with issues arising out of the transition associated with the approval and implementation of **CMP 223**. For the purposes of this Section 10, Part 1, the version of the **CUSC** as amended by **CMP 223** shall be referred to as the “**Post CMP223 CUSC**” and the version of the **CUSC** prior to amendment by **CMP 223** shall be referred to as the “**Pre CMP 223 CUSC**”.
- 10.1.2 **CMP 223** affects **Users** in the category of (a) an **Embedded Power Station** which is the subject of a **Bilateral Embedded Generation Agreement** and (b) a **Distribution System** directly connected to the **National Electricity Transmission System** where there is an **Associated DNO Construction Agreement** and references to **User** in this Section 10, Part 1, shall be construed accordingly.
- 10.1.3 Part 1 of this Section sets out the arrangements such that by the **CMP223 Transition Period End Date**:
- (a) **Existing Associated DNO Construction Agreements** have been amended in line with the provisions introduced under **CMP223**;
 - (b) The **Cancellation Charge Secured Amount Statement** issued by **The Company** for the **CMP 223 Security Period** in respect of **Existing Associated DNO Construction Agreements** and **Existing BEGA Construction Agreements** reflects the adjusted % introduced under **CMP223**;
 - (c) Where an **Existing Associated DNO Construction Agreement** provides for more than one of a **Relevant Embedded Small Power Station** and/or **Relevant Embedded Medium Power Station** and/or **Embedded Large Power Station** which is the subject of a **BELLA**, **Users** have received the necessary information in respect of the **Cancellation Charge** and the **Cancellation Charge Secured Amount** in respect of each such project.

- 10.1.4 This Section 10, Part 1, comprises:

- (a) this Introduction; and
- (b) **CMP 223** transition issues.

10.1.5 The provisions of the **Post CMP 223 CUSC** shall be suspended (except as specifically provided for in this Section 10, Part 1, and for the purposes of interpretation and definitions and for enabling the doing of anything which may require to be done in relation to but in advance of the **CMP 223 Transition Period End Date** to achieve the objectives at 10.1.4) in respect of the **Users** until the **CMP 223 Transition Period End Date**. Any termination of an **Existing Associated DNO Construction Agreement** or **Existing BEGA Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** which takes effect prior to or on the **CMP 223 Transition Period End Date** shall therefore be dealt with, and the rights and obligations of **The Company** and the **User** to each other, shall be as provided for in the **Existing Associated DNO Construction Agreement** or **Existing BEGA Construction Agreement**.

10.1.6 In this Section 10, Part 1:

- (a) the term “**Applicants**”; shall mean **Users** who apply for an offer of a type referred to in (j) during the **CMP 223 Transition Period**;
- (b) the term “**CMP 223**”, shall mean **CUSC Modification Proposal 223** (Arrangements for Relevant Distributed Generators under the Enduring Generation User Commitment);
- (c) the term “**CMP 223 Implementation Date**”, shall mean the **Implementation Date** for **CMP 223**;
- (d) the term “**CMP 223 Security Period**”, shall mean the **Security Period** immediately following the **CMP 223 Transitional Period End Date**;
- (e) the term “**CMP 223 Transition Period End Date**” shall mean the day before the day of the first **Security Period** which is not less than 6 months from the **CMP 223 Implementation Date**;
- (f) the term “**CMP 223 Transition Period**”, shall mean the period from the **CMP 223 Implementation Date** ending on and including the **CMP 223 Transition Period End Date** and is the period with which this Section 10, Part 1 deals;

- (g) the term “**Existing Associated DNO Construction Agreement**”, shall mean an **Associated DNO Construction Agreement** where the **Construction Works** will not be completed prior to the **CMP 223 Transition Period End Date**;
- (h) the term “**Existing BEGA Construction Agreement**”, shall mean a **Construction Agreement** with a **User** who is party to a **Bilateral Embedded Generation Agreement** where the **Construction Works** under this or the **Associated DNO Construction Agreement** will not be completed prior to the **CMP 223 Transition Period End Date** ;
- (i) the term “**Existing Construction Agreement**”, shall mean, as appropriate, an **Existing Associated DNO Construction Agreement** or an **Existing BEGA Construction Agreement**;
- (j) the term “**New Applications**”, shall mean a **Request for a Statement of Works** or **Modification Application** associated with **Distributed Generation** or **Use of System Application** by a **User** or prospective **User** or a **Modification Application** to vary any such agreements made during the **CMP 223 Transition Period**;
- (k) the term “**Outstanding Applications**”, shall mean an offer of a type referred to in (j) where the application was made prior to the **CMP 223 Implementation Date**;
- (l) the term “**Outstanding Offers**”, shall mean an offer to a **User** or prospective **User** of a type referred to in (j) which has not been accepted at the **CMP 223 Implementation Date** but is still capable of being accepted.

10.1.8 Without prejudice to any specific provision under this Section 10, Part 1 as to the time within which or the manner in which **The Company** or a **User** should perform its obligations under this Section 10, Part 1, where **The Company** or a **User** is required to take any step or measure under this Section 10, Part 1, such requirement shall be construed as including any obligation to:

- (a) take such step or measure as quickly as reasonably practicable; and

- (b) do such associated or ancillary things as may be necessary to complete such step or measure as quickly as reasonably practicable.

10.2 CMP 223 TRANSITION

Existing Construction Agreements

- 10.2.1 **The Company** shall offer to amend each **Existing Associated DNO Construction Agreement** such that it is consistent at the **CMP 223 Transition Period End Date** with the amendments introduced by **CMP 223**.
- 10.2.2 **The Company** shall make the offer in respect of each **Existing Associated DNO Construction Agreement** to each **User** as soon as reasonably practicable after the **CMP 223 Implementation Date**.
- 10.2.3 If **The Company** and a **User** fail to agree changes to an **Existing Associated DNO Construction Agreement** either such person may refer the matter to the **Authority** under Standard Condition C9 Paragraph 4 of the **Transmission Licence**.
- 10.2.4 In respect of the **CMP 223 Security Period**, the **Cancellation Charge Secured Amount Statement** sent to each **User** with an **Existing Associated DNO Construction Agreement** or **Existing BEGA Construction Agreement** shall reflect the provisions introduced by **CMP 223** and each such **User** shall put security arrangements in place in accordance with **CUSC Section 15** such security arrangements to be effective from the start of the **CMP 223 Security Period**.

Outstanding Applications and New Applications

- 10.2.5 **The Company** shall make **Offers** such that prior to the **CMP 223 Transition Period End Date** the arrangements for security and liability within the agreements are consistent with those under the **Pre CMP 223 CUSC** but such that on **CMP 223 Transition Period End Date** the arrangements for security and liability within the agreements are consistent with those under the **Post CMP 223 CUSC** and shall to the extent practicable make such **Offers** within the original or standard timescales.

Part 2

10.3 Introduction

10.3.1 This Section 10, Part 2 deals with issues arising out of the transition associated with the approval and implementation of **CMP293 and CMP294** (Modifications relating to the transfer of the system operator role from National Grid Electricity Transmission plc to National Grid Electricity System Operator Limited).

10.3.2 This Section 10, Part 2 sets out the arrangements such that:

- (a) the rights and obligations of National Grid Electricity Transmission plc (No: 2366977 whose registered office is at 1-3 Strand, London WC2N 5EH) under the **CUSC** and the **CUSC Agreements** will be novated to National Grid Electricity System Operator Limited (No: 11014226 whose registered office is at 1-3 Strand, London WC2N 5EH) to reflect the **Transfer of System Operator Role**;
- (b) certain amendments are made to the **CUSC Agreements** to reflect the **Transfer of the System Operator Role**; and
- (c) each **CUSC Party** will co-operate in relation to the transition.

10.3.3 The provisions of the **Post CMP293 and CMP294 CUSC** shall be suspended until the **SO Transfer Date** expect for this Section 10, Part 2 (which will take immediate effect).

10.3.4 In this Section 10, Part 2:

- (a) the term “**CMP293 and CMP294**” shall mean **CUSC Modification Proposal 293 and 294** (Modifications relating to the transfer of the system operator role from National Grid Electricity Transmission plc to National Grid Electricity System Operator Limited);
- (b) the term “**CUSC Agreement**” shall mean each or any of the agreements listed in Paragraph 10.4.3;
- (c) the term “**Post CMP293 and CMP294 CUSC**” means the version of the CUSC as amended by **CMP293 and CMP294**;
- (d) the term “**Pre CMP293 and CMP294 CUSC**” means the version of the CUSC prior to amendments by **CMP293 and CMP294**;
- (e) the term “**SO Transfer Date**” means the data and time on which the **Transmission Licence** granted to National Grid Electricity Transmission plc is transferred in part to National Grid Electricity System Operator Limited to effect the **Transfer of the System Operator Role**; and

- (f) the term “**Transfer of the System Operator Role**” means the transfer, by means of the transfer in part of the **Transmission Licence** granted to **National Grid Electricity Transmission plc**, of the system operator role to **National Grid Electricity System Operator Limited**.

10.3.5 Without prejudice to any specific provision under this Section 10, Part 2 as to the time within which or the manner in which any **CUSC Party** should perform its obligations under this Section 10, Part 2, where a **CUSC Party** is required to take any step or measure under this Section, Part 2, such requirement shall be construed as including any obligation to:

- (a) take such step or measure as quickly as reasonable practicable; and
- (b) do such associated or ancillary things as may be necessary to complete such step or measure as quickly as reasonably practicable.

10.4 CMP293 and CMP294: NOVATION OF CUSC AGREEMENTS

10.4.1 National Grid Electricity Transmission plc and National Grid Electricity System Operator Limited shall each enter into a novation agreement in the form published by National Grid Electricity Transmission plc as part of the **CMP293 and CMP294** process.

10.4.2 Such novation agreement will, with effect from the **SO Transfer Date**, novate to National Grid Electricity System Operator Limited all rights and obligations of National Grid Electricity Transmission plc under the agreements referred to in Paragraph 10.4.4 (including all rights, obligations and liabilities of National Grid Electricity Transmission plc that may have accrued in respect of the period prior to the **SO Transfer Date**) as more specifically provided for in the novation agreement.

10.4.3 Such novation agreement shall be in respect of each **CUSC Agreement**, being the following:

the **CUSC Framework Agreement**;

all **Bilateral Agreements**

all **Construction Agreements**;

all **Mandatory Services Agreements**; and

all Transmission Related Agreements.

- 10.4.4 National Grid Electricity Transmission plc shall enter into such novation agreement in (to the extent applicable) its own right, and also (to the extent applicable) on behalf of the **CUSC Parties**.
- 10.4.5 Each **CUSC Party** hereby irrevocably and unconditionally authorises National Grid Electricity Transmission to execute and deliver, on behalf of such **CUSC Party**, a novation agreement as envisaged by this section.
- 10.4.6 Each **CUSC Party** shall do all such things as **The Company** may reasonably request in relation to the novation of the agreements referred to in Paragraph 10.4.3 from National Grid Electricity Transmission plc to National Grid Electricity System Operator Limited, whether before or after the **Transfer Date**, including to such things as may be necessary or desirable to facilitate the novation.

10.5 CMP293 and CMP294: AMENDMENTS TO CUSC AGREEMENTS

- 10.5.1 Each **CUSC Agreement** shall be read and construed, with effect from **SO transfer Date**, as if it had been amended in accordance with any changes to its corresponding proforma exhibit to the **Post CMP293 and CMP294 CUSC** and National Grid Electricity System Operator Limited will enter into the necessary agreements in this respect with National Grid Electricity Transmission plc pursuant to the **STC**. Each **CUSC Party** acknowledges and agrees that the provisions of this Paragraph 10.5.1 shall apply notwithstanding the provisions in the **CUSC Agreements** as to variation of those agreements.
- 10.5.2 Each **CUSC Agreement** shall be read and construed such that any obligation, arising prior to the **SO Transfer Date**, to provide or renew security in respect of the **Security Period** commencing on the **SO Transfer Date** shall be construed to require the security to be provided to or renewed in the name of National Grid Electricity System Operator Limited in accordance with the process notified by National Grid Electricity Transmission plc.
- 10.5.3 The **CUSC** and each **CUSC Agreement** shall be read and construed such that any general obligations regarding the provision of security shall be construed to require the replacement of any existing security to be provided in the name of National Grid Electricity Transmission System Operator Limited not less than 75 (seventy five) days (or if such day is not a Business Day the next following Business Day) prior to 31 March 2019 and effective from the **SO Transfer Date** in

accordance with the process notified by National Grid Electricity Transmission plc.

- 10.5.4 In the context of any **Site Responsibility Schedule** in existence at the **SO Transfer Date** which would require, following the **Transfer of the System Operator Role**, the signature of either National Grid Electricity System Operator Limited instead of National Grid Electricity Transmission plc or both the signature of National Grid Electricity System Operator Limited and National Grid Electricity Transmission plc, National Grid Electricity System Operator Limited and National Grid Electricity Transmission plc acknowledge and the other Parties agree that the signature of National Grid Electricity Transmission plc on such **Site Responsibility Schedule** shall be considered to be the signature of National Grid Electricity System Operator Limited and/or National Grid Electricity Transmission plc as appropriate.

10.6 **CMP293 and CMP294: TRANSITIONAL ISSUES**

- 10.6.1 Each **CUSC Party** shall take such steps and do such things in relation to the **CUSC** and the CUSC Agreements as are within its power and as are necessary or appropriate in order to give full and timely effect to the **Transfer of the System Operator Role**.
- 10.6.2 Each **CUSC Party** agrees that all things done by National Grid Electricity Transmission plc pursuant to CUSC prior to the **SO Transfer Date** (including but not limited to the making of offers, the provision of reports and statements and the serving of notices) shall be deemed to have been done by National Grid Electricity System Operator Limited and all things received by National Grid Electricity Transmission plc pursuant to CUSC (including but not limited to applications and notices) shall be deemed to have been received by National Grid Electricity System Operator Limited.
- 10.6.3 In particular:
- 10.6.3.1 **Users** acknowledge and agree that National Grid Electricity Transmission plc can exchange information and data submitted by **Users** under the **CUSC** prior to the **SO Transfer Date** with National Grid Electricity System Operator Limited to the extent necessary to enable the transition of the system operator role from National grid Electricity Transmission plc to National Grid Electricity System Operator Limited;
- 10.6.3.2 National Grid Electricity Transmission plc will identify and publish as soon as practicable [and in any event prior to [x] January 2019] any requirements on **Users** necessary to manage the transition of the operations,

systems, process and procedures and the rights and obligations relating to the **Transfer of the SO Role** under the **CUSC** from National Grid Electricity Transmission plc to National Grid Electricity System Operator Limited.

END OF SECTION 10