

CUSC Amendment Proposal Form	CAP: 181
Title of Amendment Proposal:	
Consequential changes related to Grid Code Amendment A/10 (Compliance)	
Description of the Proposed Amendment <i>(mandatory by proposer):</i>	
<p>CAP181 is raised as a consequential change to Grid Code Consultation proposal A/10, published on 1st February 2010. A/10 seeks to formalise a compliance process within the Grid Code for all new generators and Direct Current converter stations (DCCS) to improve consistency and visibility of the existing processes. The Grid Code Compliance Working Group identified consequential changes to a number of industry codes, including the CUSC, Distribution Connection and Use of System Agreement (DCUSA) and the Distribution Code.</p> <p>If implemented, without consequential changes to the CUSC and DCUSA also being made, A/10 would leave National Grid and Licence Exemptible Embedded Medium Power Stations (LEEMPS) and DCCS with potentially unlimited liabilities to each other. CAP181 seeks to amend the CUSC to ensure that the existing industry position on limiting liabilities is retained. The specific changes required are:</p> <p>a) CUSC Parties, including National Grid, would waive the right to claim directly against a LEEMPS or DCCS for breach of the Distribution Code;</p> <p>b) CUSC Parties would instead pursue a claim against the Distribution Network Operator to whose system the LEEMPS is connected, who in turn would claim against the LEEMPS or DCCS for physical damages under the DCUSA.</p> <p>c) Any claim by CUSC Parties would be limited to a maximum of £1 million, in line with the terms of the DCUSA (in force at the date of raising this Amendment Proposal).</p>	
Description of Issue or Defect that Proposed Amendment seeks to Address <i>(mandatory by proposer):</i>	
<p>If implemented, Grid Code Amendment A/10 would introduce new rights and obligations for LEEMPS, DCCS and National Grid with regard to the Grid Code compliance process, which could lead to parties becoming exposed to unlimited liability to each other as a result of actions taken through the compliance assessment process. This is because there are no contractual agreements between these parties nor any common industry code to which all of these parties are signatories. Therefore, upon the implementation of A/10 without consequential code changes, LEEMPS, DCCS and National Grid could seek to bring unlimited claims in tort against each other for the consequences of each party's acts and omissions.</p> <p>This would not be consistent with the accepted industry practice where liabilities are limited and dealt with in accordance with the relevant Codes (CUSC and DCUSA).</p>	
Impact on the CUSC <i>(this should be given where possible):</i>	
<p>Changes are proposed to the following sections of the CUSC:</p> <ul style="list-style-type: none"> • Section 6: General Provisions (specifically paragraphs 6.12.3; 6.22.1) • Section 11: Definitions 	
Impact on Core Industry Documentation <i>(this should be given where possible):</i>	
<p>There are no impacts identified from CAP181 on Core Industry Documentation. However, Grid Code amendment A/10 identified consequential impacts on the Distribution Code and the Distribution Connection and Use of System Agreement (DCUSA), in addition to the CUSC.</p>	

Impact on Computer Systems and Processes used by CUSC Parties *(this should be given where possible):*

None identified.

Details of any Related Modifications to Other Industry Codes *(where known):*

CAP181 is raised as a consequential change to Grid Code amendment A/10: Compliance.

It is anticipated that the industry would also raise similar consequential modifications to the DCUSA and the Distribution Code, to be raised within similar timescales to allow concurrent consultations to occur.

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

The Proposed Amendment would better meet both Applicable CUSC Objectives:

- (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this license;
- (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.

With regard to objective (a), implementation of CAP181 (together with the consequential DCUSA modification) would better facilitate the obligation in Condition C7 of the Transmission Licence not to discriminate between persons or classes of person, should Grid Code proposal A/10 also be implemented. If the consequential CUSC amendments identified were not made, the liabilities faced by LEEMPS, DCCS and National Grid post-implementation of A/10 would be unlimited and not consistent with the established industry position.

With regard to objective (b), implementation of CAP181 (together with the consequential DCUSA modification) would establish a level playing field with regard to the liabilities faced by all parties affected by the Grid Code Compliance process and would therefore facilitate competition between those parties. This is particularly the case with new entrants to the market who may see lack of clarity as a barrier to entry.

Details of Proposer: Organisation's Name:	National Grid Electricity Transmission
Capacity in which the Amendment 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:	Tom Ireland National Grid Electricity Transmission 01926 65 6152 Thomas.ireland@uk.ngrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Alex Thomason National Grid Electricity Transmission 01926 65 6379 Alex.thomason@uk.ngrid.com
Attachments (Yes/No): Yes If Yes, Title and No. of pages of each Attachment: Grid Code Compliance Consultation A/10, available on National Grid's website at: http://www.nationalgrid.com/NR/rdonlyres/3EC5B00A-BC8C-406B-9928-EB40AF0E7540/39659/A_10ComplianceConsultationv11.pdf Compliance Consequential Code Changes paper, 13 pages	

Notes:

- Those wishing to propose an Amendment to the CUSC should do so by filling in this "Amendment Proposal Form" that is based on the provisions contained in Section 8.15 of the CUSC. The form seeks to ascertain details about the Amendment Proposal so that the Amendments Panel can determine more clearly whether the proposal should be considered by a Working Group or go straight to wider National Grid Consultation.
- The Panel Secretary will check that the form has been completed, in accordance with the requirements of the CUSC, prior to submitting it to the Panel. If the Panel Secretary accepts the Amendment Proposal form as complete, then he will write back to the Proposer informing him of the reference number for the Amendment Proposal and the date on which the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, then he may reject the Proposal. The Panel Secretary will inform the Proposer of the rejection and report the matter to the Panel at their next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform the Proposer.

The completed form should be returned to:

Bali Virk
Commercial
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Or via e-mail to: Bali.Virk@uk.ngrid.com

(Participants submitting this form by email will need to send a statement to the effect that the proposer acknowledges that on acceptance of the proposal for consideration by the Amendments Panel, a proposer which is not a CUSC Party shall grant a licence in accordance with Paragraph 8.15.7 of the CUSC. A Proposer that is a CUSC Party shall be deemed to have granted this Licence).

3. Applicable CUSC Objectives** - These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1. Reference should be made to this section when considering a proposed amendment.