



Direct Dial: 020-7901-7412

15 January 2003

The National Grid Company, CUSC Signatories and
Other Interested Parties

Our Ref: CCM-M-05

Dear Colleague

**Decision and Direction in relation to Connection Charging Methodology Modification-05:
'Implementation of changes required for CAP043 'Transmission access – entry access product
definition''**

The Gas and Electricity Markets Authority (the 'Authority')¹ has decided to veto the proposed Connection Charging Methodology Modification-05 ('CCM-M-05') 'Implementation of changes required for CAP043 'Transmission access – entry access product definition''.

In its Conclusions Report dated 23 December 2002, the National Grid Company plc ('NGC') identified that the modification proposal CCM-M-05 to the Connection Charging Methodology is dependent on Connection and Use of System Code ("CUSC") Amendment Proposal CAP043 "Transmission access – definition" being approved by the Authority.

CUSC Amendment proposal CAP043 is currently before the Authority for consideration and at this time, the Authority cannot be certain it will be in a position to approve or reject Amendment Proposal CAP043 before the expiry of the 28 day period by which NGC must implement modification proposal CCM-M-05 unless directed otherwise by the Authority.

As such, having considered the matter, the Authority considers that it would be inappropriate for it not to exercise its powers under paragraph 10(a) of Supplementary Standard Condition C7B of NGC's transmission licence to direct NGC not to make modification proposal CCM-M-05 to the Connection Charging Methodology before the Authority has made a decision to approve or reject CUSC Amendment Proposal CAP043. This is because to allow the modification to be made may fetter the Authority's discretion in respect of CUSC Amendment Proposal CAP043 or

¹ Ofgem is the office of the Authority. The terms 'Ofgem' and 'the Authority' are used interchangeably in this letter.

alternatively, subject to the outcome of the Authority's deliberations with regard to CUSC Amendment Proposal CAP043, the Connection Charging Methodology change could become inappropriate.

In accordance with Supplementary Standard Condition C7B 10(a) of NGC's transmission licence, the Authority directs NGC not to make modification proposal CCM-M-05 to NGC's Connection Charging Methodology.

Please contact me on the above number if you have any queries in relation to the issues raised in this letter or alternatively contact Adam Higginson on 020 7901 7410.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sonia Brown'.

Sonia Brown

Director, Electricity Trading Arrangements

Signed on behalf of the Authority and authorised for that purpose by the Authority