

THE NATIONAL GRID COMPANY plc

THE GRID CODE

A REPORT TO THE AUTHORITY PURSUANT TO PARAGRAPH 2 OF STANDARD CONDITION 7 OF THE TRANSMISSION LICENCE

IMPACT OF THE INTRODUCTION OF NEW TRANSMISSION LICENCE

15th November 2001

1. Paragraph 2 of Standard Condition 7 of the Transmission Licence granted to the National Grid Company plc ("National Grid") provides that National Grid shall (in consultation with authorised electricity operators liable to be materially affected thereby) periodically review the Grid Code and its implementation. That paragraph also requires National Grid, following such review, to send to the Authority:-
 - (a) a report on the outcome of such review;
 - (b) any proposed revisions to the Grid Code as National Grid (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives set out in sub-paragraph 1 (b) of Standard Condition 7 of the Transmission Licence; and
 - (c) any written representations or objections from authorised electricity operators (including any proposals by such operators for revisions to the Grid Code not accepted by National Grid in the course of the review) arising during the consultation process and subsequently maintained.
2. National Grid has just completed a review of the Grid Code. The review arose from the fact that the Electricity Transmission Licence granted to National Grid was amended with effect from 1st October 2001 as part of the introduction of Standard Licence Conditions. The Grid Code, in a number of places, cross-refers to the Transmission Licence, in some cases referring to the Condition Number. The Licence Condition numbering has been amended, requiring some minor consequential changes to the Grid Code.
3. As the required changes have no material effect on any authorised electricity operator, the Condition 7 requirements have been met without the need to carry out a consultation. This approach was discussed at the meeting of the Grid Code Review Panel on 15th November 2001.
4. As indicated above, having regard to the outcome of the review described in this Report, National Grid proposes the revisions to the Grid Code set out in Appendix A, which revisions we reasonably think fit for the achievement of the objectives referred to in sub-paragraph (b) of paragraph 1 of Standard Condition 7 of the Transmission Licence. In view of this, National Grid would be grateful if the Authority would approve the revisions pursuant to paragraph 3 of Standard Condition 7 of the Transmission Licence.

Given the logistic exercise of organising replacement pages to reflect the changes required by your letter of approval, I would be grateful if you would contact me prior to issuing any letter specifying an effective date, in order to seek to ensure that the date is consistent with any other Code changes which may then be approved or be close to being approved.

SIGNED BY

A handwritten signature in black ink, appearing to read 'G. J. Bhatt', written in a cursive style.

For and on behalf of The National Grid Company plc
15th November 2001

APPENDIX A – PROPOSED GRID CODE CHANGES

(Additions shown with double underlining; deletions struck through)

1. Extract from the Glossary and Definitions

Balancing Principles Statement

A statement prepared by **NGC** in accordance with Special Condition ~~7B-AA4~~ of the **Transmission Licence**.

CUSC Contract

One or more of the following agreements as envisaged in Supplementary Standard Condition ~~40D-C7E~~ of the **Transmission Licence**:

- (a) the **CUSC Framework Agreement**;
- (b) a **Bilateral Agreement**;
- (c) a **Construction Agreement**

or a variation to an existing **Bilateral Agreement** and/or **Construction Agreement**;

Licence Standards

Those standards set out or referred to in Special eCondition ~~42 AA2~~ of the **Transmission Licence**.

NGC Financial Year

Bears the meaning given in paragraph 1 of Supplementary Standard Condition ~~3-1 (Definitions and Interpretation)~~ of the **Transmission Licence**.

2. Extract from Glossary and Definitions Appendix

Balancing Mechanism	TL	Means the mechanism for the making and acceptance of offers and bids pursuant to the arrangements contained in the BSC and referred to in paragraph 2(a) of <u>Supplementary Standard Condition 7AC3</u> .
CUSC	TL	Means the connection and Use of System Code provided for in paragraph 2 of <u>Supplementary Standard Condition 40FC7E</u> , as from time to time modified in accordance with that Condition.

3. Extract from the Planning Code

PC.4 PLANNING PROCEDURES

PC.4.1 Pursuant to Supplementary Standard eCondition 40—C7G of the **Transmission Licence**, the means by which **Users** and proposed **Users** of the **NGC Transmission System** are able to assess opportunities for connecting to, and using, the **NGC Transmission System** comprise two distinct parts, namely:

- (a) a statement, prepared by **NGC** under the **Transmission Licence**, showing for each of the seven succeeding **NGC Financial Years**, the opportunities available for connecting to and using the **NGC Transmission System** and indicating those parts of the **NGC Transmission System** most suited to new connections and transport of further quantities of electricity (the "**Seven Year Statement**"); and
- (b) an offer, in accordance with the **Transmission Licence**, by **NGC** to enter into a **CUSC Contract** for connection to (or, in the case of **Embedded Large Power Stations** and **Embedded Medium Power Stations**, use of) the **NGC Transmission System**. A **Bilateral Agreement** is to be entered into for every **Connection Site** (and for certain **Embedded Power Stations**, as explained above) within the first two of the following categories and the existing **Bilateral Agreement** may be required to be varied in the case of the third category:
 - (i) existing **Connection Sites** (and for certain **Embedded Power Stations**, as detailed above) as at the **Transfer Date**;
 - (ii) new **Connection Sites** (and for certain **Embedded Power Stations**, as detailed above) with effect from the **Transfer Date**;
 - (iii) a **Modification** at a **Connection Site** (or in relation to the connection of certain **Embedded Power Stations**, as detailed above) (whether such **Connection Site** or connection exist on the **Transfer Date** or are new thereafter) with effect from the **Transfer Date**.

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