

CISG

National Grid House - Warwick

Third Party Works

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nationalgrid

Third Party Works – What are they?

- As a result of a new customer connection including BEGAs, third party works are required
- Examples
 - Requirement to move/divert Third Party's assets e.g. DNO line diversion
 - Requirement to replace switchgear e.g. replace generator circuit breakers due to increased fault levels
- Need to be completed prior to completion
- Not National Grid assets/costs – CUSC 6.10.3

Historic Process: Pre Sharing

- Single triggering party identified
- Described in Appendix N of construction agreement and part of construction timetable in Appendix J
- Obligation on triggering party to complete the works prior to their connection
- Connecting party pays for third party works
- Potential for obligation to move between Users e.g. if one party delays their connection date

Third Party Works: Post Sharing

- All users benefiting from reinforcements share the security/liability requirements
- Should all users benefiting from Third Party Works “share” the works
- National Grid’s current view is that placing the same obligation on multiple parties is not practical
 - Sharing parties may have different commercial drivers
 - Number of sharers can change
- Only practical way forward is to retain triggering party concept
- Although one party may be responsible for completing the Third Party Works – who should pay?

Third Party Works: Cost Options

Triggering party pays?

- Is this fair?
- Is it consistent with sharing philosophy i.e. we've moved away from timing of application having significant impact on works?
- Should all users benefiting take a share of the costs?
 - Establish obligations on all benefiting parties?
 - On an unadministered basis?
 - Administered – defined methodology?
 - Pay pre event/post event?
 - Security requirements?
 - Reconciliation agent role?

Third Party Works: Other Issues

- Triggering Party obligation
 - Can the obligations be transferred by delays to connection dates
 - Conflict of interests – party with obligation may not be as keen for the works to be completed on time as other parties who also need the works completed

Third Party Works: Next Steps

- National Grid will continue process of identifying triggering party
- Need to develop thinking on third party issues and in particular – handling of costs
- Need views from industry
 - Industry discussion group?
- May result in changes to the framework:
 - CUSC?
 - Charging Methodology?
 - New methodology statement?
- Discuss next steps at TCMF in October

Third Party Works

Initial Thoughts?