

| CUSC Amendment Proposal Form | CAP:### |
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| Title of Amendment Proposal: Transmission Access – Entry Capacity Sharing | |
| Description of the Proposed Amendment <i>(mandatory by proposer):</i> <p>It is proposed to introduce a zonal access product, allowing users to connect without wider system access rights and facilitating intra zonal sharing between users on a 1:1 basis.</p> <p>A local only application will allow users to gain connection with local works only (i.e. without ‘wider’ reinforcement works). The ‘local’ works will be those that would facilitate the efficient exchange of rights between users within a zone on a 1:1 basis and facilitates users to gaining access to the wider system through other mechanisms (redistributed long term rights or additional short term rights). The charging arrangements associated with local only works, which do not form part of the CUSC, will allow for efficient charging of user choice connections (design variations) and ensure that users who share access contribute appropriately to any increased assets required to facilitate the sharing.</p> <p>Zonal access rights will establish transmission access rights on a zonal rather than nodal level. This will be achieved by monitoring / settling access holding on a zonal level by user. Therefore zonal access will implicitly introduce intra zonal access sharing on a 1:1 basis for an individual user. Entry capacity sharing extends this sharing concept to multiple users. It is envisaged that a new Zonal Definition Methodology would establish and govern the definition of the zones.</p> <p>The zonal access right and Local only applications are common elements of other CUSC proposals. It is proposed that a separate sub working group be established, namely a Transmission Access Enabling Changes Sub Group, that will report in to all Working Groups that require local applications and zonal access rights. It is envisaged this working group will also develop the changing and zonal definition methodologies consequential to this amendment. These consequential changes will be taken through the appropriate governance arrangements in parallel to the CUSC process.</p> <p>The process for notifying National Grid of sharing arrangements between users will be developed by the working group. There are a number of possible models, such as: codifying the sharing through a new CUSC form (ex-ante); notifying explicit transfer volumes ex ante; or ex-post notification of transferred volumes. The working group will consider and agree on a single process for this original proposal.</p> | |
| Description of Issue or Defect that Proposed Amendment seeks to Address <i>(mandatory by proposer):</i> <p>The current arrangements for transferring access holdings between CUSC parties are relatively restrictive and cumbersome, limiting the ability of users to maximise the efficient use of the system in real time. Furthermore, they do not recognise the future need for more dynamic sharing between users created by the forecast higher plant margins and increases in the levels of intermittent generation.</p> | |
| Impact on the CUSC <i>(this should be given where possible):</i> <p>This amendment will most likely require amendment to Sections: 6 (General Provisions) and Section 11 (Interpretation and Definition) of the CUSC. There will also be changes to Section 2 (Connection), Section 3 (Use of System), Section 4 (Balancing Services) and Section 9 (Interconnectors).</p> <p>There are also expected to be changes required to the existing bilateral agreements held by generators that constrain access rights (Bilateral Connection Agreement and Bilateral Embedded Generation Agreement). Consistent with this, there are also likely to be changes to the existing exhibits and schedules to the CUSC and possibly the need to introduce additional exhibits and schedules.</p> | |

Impact on Core Industry Documentation *(this should be given where possible):*

To be identified during assessment.

Although not a core industry document, the charging methodologies will need to develop charging arrangements that charge local applications only consistent with the charging objectives in the electricity transmission licence. This may include updating the fees for local applications in the statements.

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

Depending on the model adopted by the working group there may be systems required to facilitate the notification of sharing arrangements. It is envisaged these may work right up to real time and possibly after the event and therefore would be considered 'operational'.

The submitted sharing information will need to interact with existing and new short term charging and monitoring systems. There would be an interaction with any IS requirements for 'overrun' charging.

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

The Security and Quality Supply Standard will need to be reviewed to consider the implications for design of the GB transmission system where zonal sharing takes place.

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

The development of a sharing product and the associated local connection and zonal access rights, will facilitate a market participants informing National Grid of their intention to share access rights rather than relying solely on administered sharing in accordance with the Security and Quality of Supply Standard. This will provide for more efficient and economic development of the transmission system against the forecast greater sharing of the transmission system, which is driven by larger plant margins and more intermittent generation, particularly when the intermittent generation is likely to be 'high merit'.

By introducing sharing, participants have the opportunity to connect to the GB transmission system in a timely yet efficient manner. This will better facilitate competition in the generation of electricity. It will also better facilitate the integration of new and intermittent technologies in a non discriminatory manner, recognising the implications they may have on the operation of the energy market, thus better facilitating effective competition. It should permit the sharing of the transmission system between generators within a zone and result in reduced levels of investment in new capacity.

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| Details of Proposer: Organisation's Name: | National Grid |
| Capacity in which the Amendment is being proposed: (i.e. CUSC Party, BSC Party or "energywatch") | CUSC Party |
| Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address: | Patrick Hynes National Grid 01926656319 Patrick.hynes@uk.ngrid.com |
| Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address: | Duncan Burt National Grid 01926656703 duncan.burt@uk.ngrid.com |
| Attachments (Yes/No): Yes If Yes, Title and No. of pages of each Attachment: Entry Overrun Straw man, 2 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:

Beverley Viney
Panel Secretary
Commercial Frameworks
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Or via e-mail to: Beverley.Viney@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 Section C7F, paragraph 15. Reference should be made to this section when considering a proposed amendment.