

Amendment proposal:	Connection and Use of System Code (CUSC) CAP125: Revisions Resulting from Interconnector Separation (CAP125)		
Decision:	The Authority¹ directs that this proposal be made²		
Target audience:	National Grid Electricity Transmission PLC (NGET), Parties to the CUSC and other interested parties		
Date of publication:	09 January 2007	Implementation Date:	10 Business Days after the Authority Decision

Background to the amendment proposal

Under the requirements of the Energy Act 2004, NGET duly transferred the operation of its French interconnector business to a separate legal entity, National Grid Interconnectors Ltd (NGIL). NGIL are now the Interconnector Owners and a CUSC party after signing a CUSC Accession Agreement on 14 August 2006 and are authorised under licence for the operation of the French Interconnector.

Under the current provisions of the CUSC, rights and obligations of the operator of the Interconnector can be construed as rights and obligations of the Company, NGET. This is not only inconsistent with the current licensing regime but also with the requirements of the Energy Act.

The amendment proposal

CAP125 would delete and/or amend relevant provisions in the CUSC such that it became clear that the rights and obligations of the Interconnector operator were those of the Interconnector Owner and not of NGET, the Company.

The proposer believes clarifying this ambiguity would better facilitate achievement of applicable CUSC objective (b)³.

CUSC Panel⁴ recommendation

The CUSC Panel at its meeting on 24 November 2006 unanimously recommended that CAP125 would better facilitate achievement of applicable CUSC objective (b) on the grounds of it facilitating effective competition.

The Authority's decision

The Authority has considered the issues raised by the amendment proposal and the final Amendment Report (AR) dated 6 December 2006. The Authority has considered and

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ As set out in Standard Condition C10(1) of NGET's Transmission Licence, see:
http://62.173.69.60/document_fetch.php?documentid=5327

⁴ The CUSC Panel is established and constituted from time to time pursuant to and in accordance with the section 8 of the CUSC.

taken into account the responses to NGET's consultation on the amendment proposal which are attached to the AR⁵. The Authority has concluded that:

1. implementation of the amendment proposal will better facilitate the achievement of the applicable CUSC objective (a)⁶; and
2. directing that the amendment be made is consistent with the Authority's principal objective and statutory duties⁷.

Reasons for the Authority's decision

Following the transfer of Interconnector operation obligations from NGET to NGIL pursuant to the requirements of the Energy Act 2004, Ofgem agrees with the CUSC Panel and all respondents to the CAP125 consultation that consequential changes were required to the CUSC.

CAP125 clarifies that the rights and obligations detailed in the CUSC in relation to Interconnector activities are construed as those of the Interconnector Owner and not those of NGET.

In clarifying this ambiguity, bringing the CUSC into line with the current licensing regime and the requirements of the Energy Act 2004, Ofgem considers CAP125 better facilitates the achievement of applicable CUSC objective (a)⁸.

Decision notice

In accordance with Standard Condition C10 of NGET's Transmission Licence, the Authority, hereby directs that amendment proposal CAP 125: Revisions Resulting from Interconnector Separation be made.



Nick Simpson

Director, Industry Codes and Licensing

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

⁵ CUSC amendment proposals, amendment reports and representations can be viewed on NGET's website at <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/>

⁶ As set out in Standard Condition C10(1) of NGET's Transmission Licence, see: http://62.173.69.60/document_fetch.php?documentid=5327

⁷ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

⁸ As set out in Standard Condition C10(1) of NGET's Transmission Licence, see: http://62.173.69.60/document_fetch.php?documentid=5327