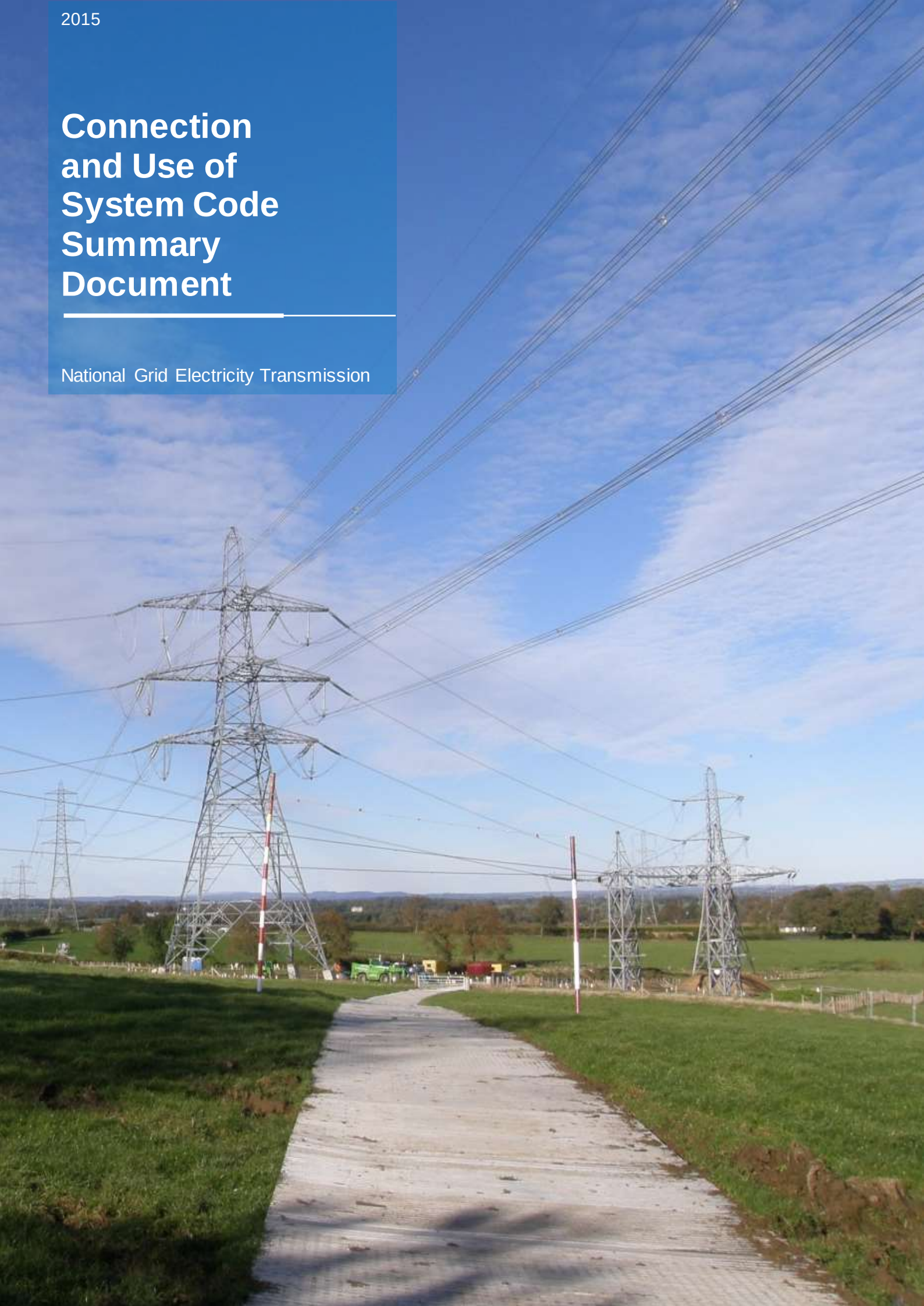
2015

Connection and Use of System Code Summary Document

National Grid Electricity Transmission



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Version Control:

Version	Date	Author	Change Reference
1.8	January 2015	The Code Administrator	Overall rewrite

National Grid, as the licensee is required by the terms of the Transmission Licence to consult with all electricity operators who are affected by the CUSC. They are required to provide assistance in understanding of the CUSC and as such this summary is to assist in that understanding. This summary does not form part of the CUSC and therefore has no legally binding effect. Furthermore, should there be disparity between this document and the CUSC, precedence is placed upon the CUSC.

Foreword:

Welcome to our summary of the Connection and Use of System Code (CUSC). The CUSC is a comprehensive document which constitutes the contractual framework for connection to, and use of, Great Britain's (GB) high voltage transmission system. We appreciate that it is also a difficult and long document to read, so we have produced this document which provides the background and history to the CUSC, a summary of all the Sections of the CUSC, a description of the process used to make a change to the CUSC, and contact details for any questions you may have about the CUSC.

This Summary along with the full CUSC and further information relating to the CUSC is available on our website:

http://www2.nationalgrid.com/uk/industry-information/electricity-codes/cusc/the-cusc/

National Grid will endeavour to keep this document as up to date as possible; however it is possible that at any particular moment in time this document may not fully represent the most up to date position.

All CUSC Modification Proposals currently being reviewed can be found in the modifications area of the link below, along with an archive on CUSC Modification Proposals:

http://www2.nationalgrid.com/uk/industry-information/electricity-codes/cusc/Modifications/

An index of revisions to the CUSC since 2004 can be found at the following link:

http://www2.nationalgrid.com/uk/industry-information/electricity-codes/cusc/the-cusc/

Contact Information

If you require further details about any information contained in this document please contact the National Grid's Grid Code team as below:

National Grid
CUSC - Transmission Network Service
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Email: cusc.team@nationalgrid.com

For further information and queries on how to connect to and/or use the National Electricity Transmission System, please contact Customer Services on 01926 654634 or visit http://www2.nationalgrid.com/UK/Services/Electricity-connections/.

National Grid welcomes any feedback regarding this document for future improvement; please contact the team on the details above. Summaries for the Grid Code and the STC are also available on the National Grid website under the relevant code page.

1. Introduction

1.1 About the Document

This document intends to give a high level overview of the CUSC. It contains information about the Regulatory structure in Great Britain and Europe and also provides a simple explanation of the various sections of the CUSC.

1.2 CUSC and the Great Britain Regulatory Structure

The high-voltage electricity transmission network in England and Wales is owned by National Grid Electricity Transmission plc (NGET), in south and central Scotland by Scottish Power Transmission plc (SPT), and in north Scotland by Scottish Hydro Electric Transmission plc (SHET). These companies are designated as Transmission Owners (TOs) in legislation.

National Grid is responsible for managing the operation of both the England and Wales transmission system, the high voltage electricity transmission network in Scotland, and the high voltage electricity networks located in offshore waters surrounding Great Britain. The transmission system largely comprises of circuits operating at high voltage, defined as; 400kV, 275kV, and 132kV (in Scotland only). The system is responsible for the transmission of energy from Generators to lower voltage distribution networks, which subsequently distributes the supply to users. NGET was appointed as the designated GB System Operator for offshore transmission networks in August 2006. The Offshore transmission regime was activated in June 2009 which led to the extension of NGET's role as system operator for offshore waters.

Figure 1 shows the different regions for UK Electricity Transmission Owners and Figure 2 shows the UK Electricity Distribution Network Operators.

Transmission System Owners



Figure 1



Figure 2

Distribution Network Operators

Maps kindly provided by the Energy Networks Association - http://www.energynetworks.org/.

The electricity industry in the UK has a number of key component contributors, for example; Generators, Suppliers, Distributors. These market players including NGET are governed by 1989 Electricity Act which sets out the legislative framework for participants, including the requirements for a Licence. These licences are administered by the governmental regulatory body Ofgem. The image on the right above shows the different Distribution Network Operators across Great Britain.

NGET has a Transmission Licence which obligates it to meet conditions set out in the licence. This includes the obligation to have in force a number of codes, which are in essence 'rule books' documenting how the industry will interact with the Transmission Owners and Transmission Operators, including National Grid. Each code generally focuses on outlining the principles of a specific area of the market (see table below).

Code / Standard	Scope of Document
Connection and Use of System Code (CUSC)	The CUSC sets out the principal rights and obligations in relation to connection to and/or use of National Grid's high voltage transmission system and additionally the provision of Balancing Services. http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Connection-and-Use-of-System-Code/
Balancing and Settlement Code (BSC)	Contains the rules and governance arrangements for electricity balancing mechanism and imbalanced settlement process in Great Britain. It is administered by ELEXON and outlines the mechanism by which parties can buy and sell electricity in close to real time to keep the system balanced. http://www.elexon.co.uk/bsc-related-documents/balancing-settlement-code/
Grid Code	Covers all material technical aspects relating to the planning, operation and use of the National Electricity Transmission System (NETS). http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Grid-Code/
System Operator Transmission Owner Code (STC)	Sets out roles and responsibilities of the National Electricity Transmission System Operator (NETSO) and each Transmission Owner (TO) with regard to the planning and operation of the NETS. http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/System-Operator-Transmission-Owner-Code/
National Electricity Transmission System Security and Quality of Supply Standards (SQSS)	The Security and Quality of Supply Standards set out criteria and the methodology for the planning and operation of the National Electricity Transmission System. http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/System-Security-and-Quality-of-Supply-Standards/

1.3 EU Regulations

The European Commission identified the need to develop European Network Codes (ENCs) during the course of developing the Third Energy Package. The Third Energy Package has three key outputs: enhancing sustainability and helping the EU meet its decarbonisation obligations, ensuring security of supply in light of a changing generation mix and creating a single European market for electricity.

These ENCs, once developed will become EU Regulation and will have precedence over all the Electricity codes in individual member states in EU. This will have an impact on the existing Electricity codes in Great Britain and will be the catalyst for the next major alterations to the Grid Code to ensure there are no conflicts between the two. The diagram below shows how the British industry bodies map to their European counterparts.

More details about the European Codes coming into effect can be found at:
http://www2.nationalgrid.com/uk/industry-information/electricity-codes/european-network-code/
http://www.acer.europa.eu/Electricity/Pages/default.aspx

Figures 3 and 4 below shows how the individual codes have been developed and what has influenced them:

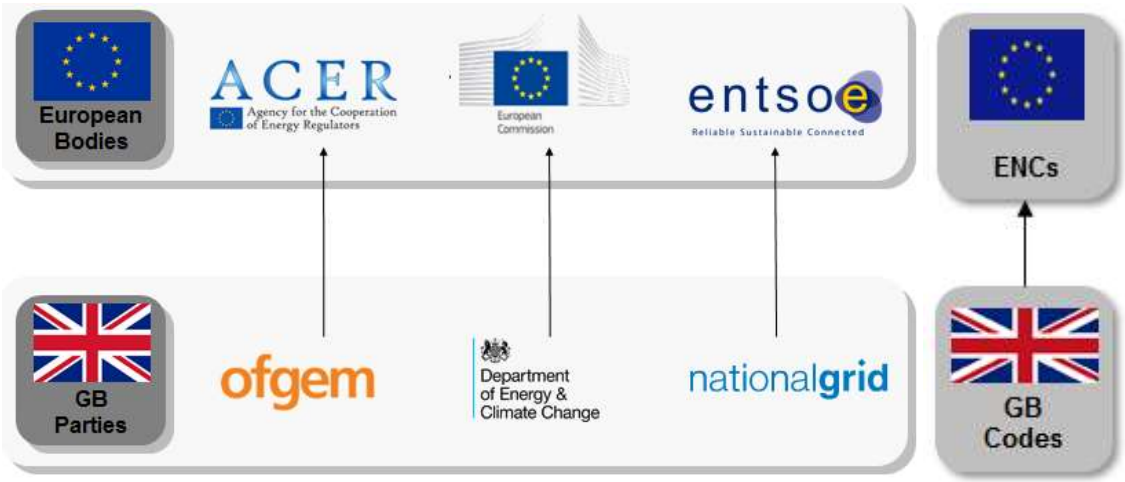


Figure 3

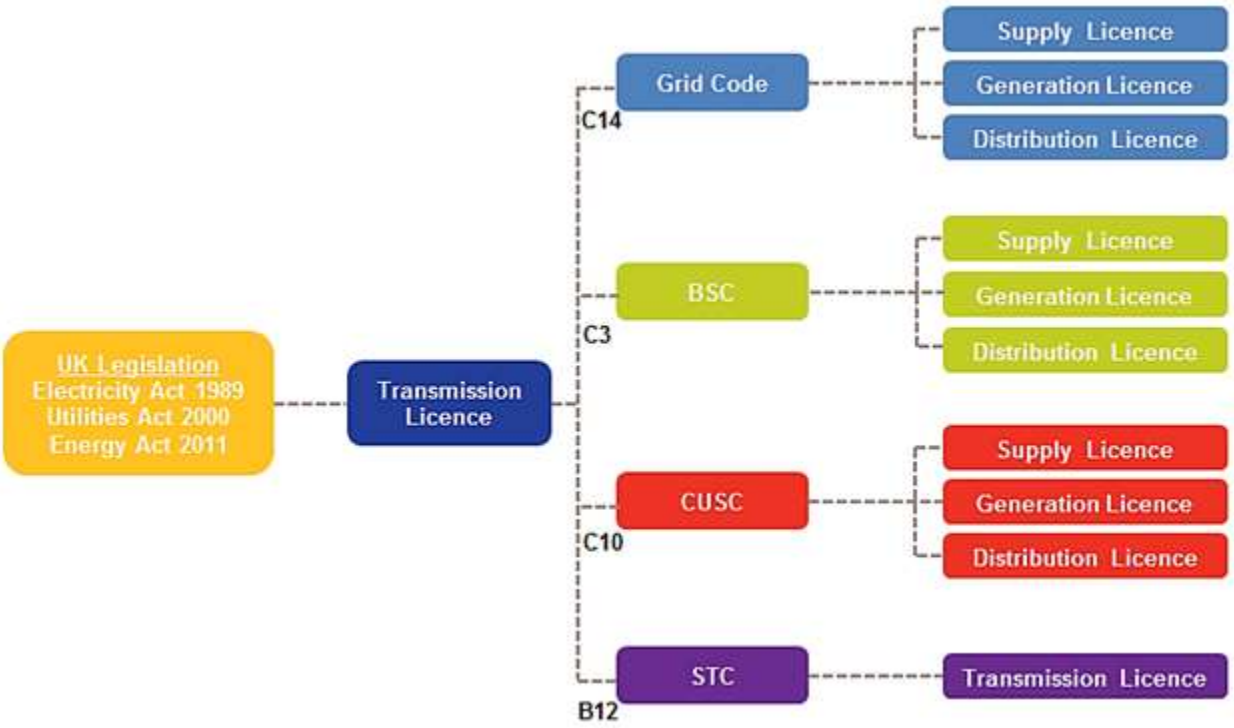


Figure 4

More details about the European Codes coming into effect can be found at:
http://www2.nationalgrid.com/uk/industry-information/electricity-codes/european-network-code/
http://www.acer.europa.eu/Electricity/Pages/default.aspx

2. CUSC Introduction

2.1 History of the CUSC

NETA

The CUSC was developed as a replacement to the Master Connection and Use of System Agreement (MCUSA) in 2001, coinciding with the introduction of the New Electricity Trading Arrangements (NETA) which brought about changes to how the Electricity markets would trade. All persons who were party to the MCUSA continued as original parties to the CUSC Framework Agreement. Other parties who have since acceded to the CUSC are additional parties.

BETTA

Until April 2005, the electricity wholesale market in Scotland operated under different arrangements from those in England and Wales. This changed with the introduction of the British Electricity Trading and Transmission Arrangements (BETTA), which introduced a single wholesale electricity market for GB, with a single transmission system operated by National Grid. The CUSC was amended to reflect changes under BETTA and the GB CUSC was implemented on 1st September 2005 (BETTA Go-Active Date).

Offshore Regime

In order to make the transition to a low carbon economy and to ensure the security, availability and affordability of energy, offshore electricity energy is being developed and expected to play a pivotal role. On 24th June 2009 the Secretary of State directed that National Grid's system coordination role was extended to offshore and that National Grid would develop an 'Offshore Development Information Statement' which builds on industry views for future offshore. Under the current regulatory regime, electricity transmission operating at 132 kV or above in offshore waters is considered a licensed activity and is regulated by Ofgem. Under this regime Offshore Transmission assets are owned and maintained by an appointed Offshore Transmission Owner (OFTO) as a result of a competition tender process, facilitated by Ofgem. An OFTO can be responsible for the design, consent and construction of the offshore transmission assets. Changes were made to the CUSC on 31st December 2010 to place obligations on offshore generators wishing to undertake activities otherwise undertaken by OFTOs to ensure that transmission assets comply with the same standards.

Connect and Manage

Access to the transmission networks was one of the main barriers for the UK in meeting its climate change and renewable energy targets. In order to address this, an initial consultation on 'Improving Grid Access' was conducted in 2009. Following that, the government implemented a Connect and Manage model to put in place enduring grid access reform and ensure that new generation is able to secure firm access dates in an appropriate timeframe. Changes to the licence and industry codes, including the CUSC were implemented on 11th August 2010.

2.2 What does the CUSC do?

The CUSC sets out the principal rights and obligations in relation to connection to and/or use of the NETS and additionally the provision of certain Balancing Services. National Grid is required under its Transmission Licence to be a party to the CUSC. It is also a requirement for holders of a generation, distribution or supply licence to be a party to the CUSC Framework Agreement and comply with the CUSC. All parties have to sign up to the CUSC in order to connect to the NETS. NGET's Transmission Licence condition C10 states that *'The licensee shall only enter into arrangements for connection and use of system which are in conformity with any relevant provisions of the CUSC'*.

2.3 The CUSC Framework and Documentation

The CUSC interacts with a number of other documents which parties wishing to connect to, or use, the Transmission System may need to have in place.

In addition to licensees, the following parties need to be party to the CUSC Framework Agreement and comply with the CUSC:

Users who are:

- Required to sign an agreement pursuant to the Balancing and Settlement Code; or
- Not licensed nor subject to the Balancing and Settlement Code but who are directly connected to the NETS; or
- Who are embedded and required pursuant to Section 6, paragraph 6.5 of the CUSC to have an agreement with National Grid.

Figure 5 illustrates some of the Agreements that set out the provisions for parties to comply with the CUSC.

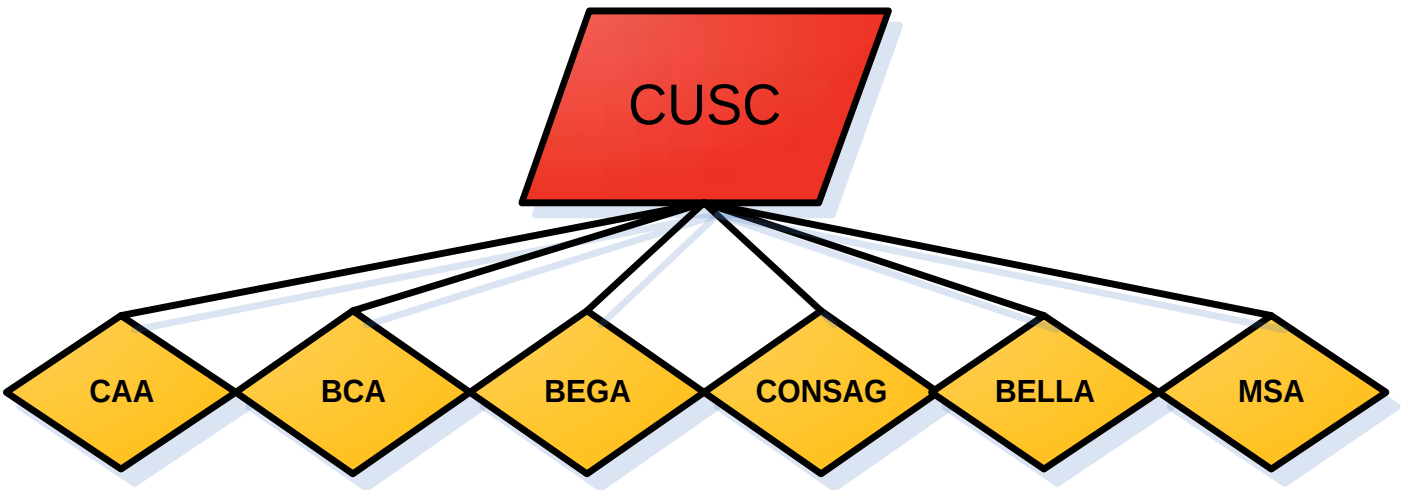


Figure 5

CUSC Accession Agreement (CAA)
The CUSC Accession Agreement is contained as Exhibit A to the CUSC. A party will be required to accede to the CUSC via the Accession Agreement in order to become a party to the CUSC Framework Agreement, which gives contractual effect to the CUSC. The CUSC Framework Agreement can be accessed at the following link:
http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/The-CUSC/

Bilateral Connection Agreement (BCA)
The BCA is applicable for those that wish to connect directly to the NETS. This applies to directly connected generators/demand sites and DNOs that have a connection to the NETS.

Bilateral Embedded Generation Agreement (BEGA)

The BEGA states how generators will be required to comply with the Grid Code, CUSC and the BSC. It also provides the customer with Transmission Entry Capacity (TEC) as the customer will have the right to operate in the electricity balancing market and export onto the NETS. BEGA's are compulsory for any large embedded generator and any small embedded who wish to use the transmission system with a TEC.

Construction Agreement (CONSAG)

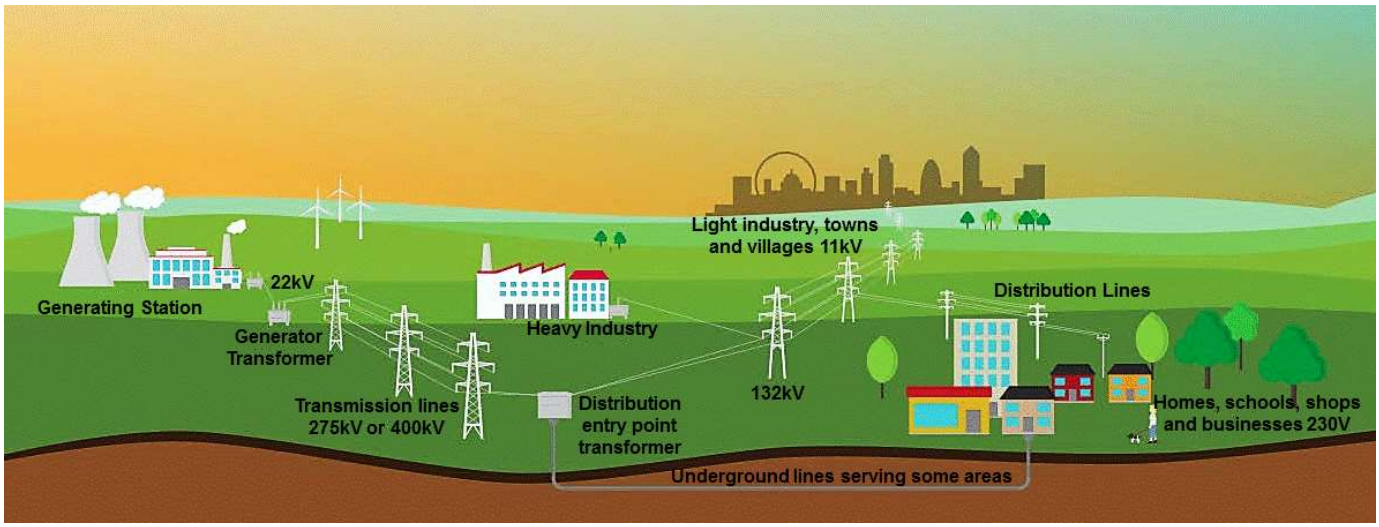
This is applicable if there are any construction elements required. There is also an Offshore Construction Agreement which relates specifically to offshore users.

Bilateral Embedded Licence exemptable Large power station Agreement (BELLA)

The BELLA states how any large licence exempt generator will be required to comply with the Grid Code and CUSC. It does not commit user adhere to the BSC as BELLA does not give the customer rights to operate in the electricity balancing market and export onto the NETS.

Mandatory Services Agreement (MSA)

This is the agreement to cover the provision of and payment for Mandatory Ancillary Services. The requirement for the capability of certain Ancillary Services is contained within the Connection Conditions in the Grid Code.



3. Overview of CUSC content

3.1 The CUSC

This section provides a more descriptive overview of the contents of the CUSC. The CUSC is divided into three key sections:

The CUSC

Exhibits to the CUSC

Schedules to the CUSC

3.1.1 The CUSC

The main body of the CUSC is divided into 15 sections that are applicable to various categories of User. There is a general introduction to the CUSC which provided an overview and includes a description of how the CUSC interacts with the licences, the CUSC Framework Agreement, the CUSC Bilateral Agreements, the Construction Agreements, the Mandatory Services Agreement and the Charging Statements. The introduction is contained for information purposes only and does not form part of the CUSC itself or have any legally binding effect.

Section 1 - Applicability of Sections and Related Agreements Structure

This section acts as a general guide to inform CUSC signatories which sections and agreements are relevant to them. It also deals with Bilateral Agreements, Construction Agreements and Mandatory Services Agreements. In August 2010 the Connect and Manage Arrangements were also integrated in this section.

Section 2 - Connection

Section 2 deals with connection to the NETS of User's Equipment at Connection Sites. This Section is split into three parts;

Part I: Sets out general provisions relating to connection to the Transmission System.
Part II: Sets out provisions related to charging for connection.
Part III: Sets out the credit requirements related to Termination Amounts.

Section 3 - Use of System

Section 3 deals with use of the NETS and certain related issues. It is split into three parts:

Part I: Split into two parts, the first dealing with the general provisions for generation and the second dealing with the general provisions for supply.
Part II: Sets out the charging related provisions
Part III: Sets out the credit requirements relating to the Use of System.

Depending on the category of the connection and/or use of a User, section 2 may also be applicable.

Section 4 - Balancing Services

National Grid procures Balancing Services in order to balance supply and demand in real time and to ensure that the security and quality of electricity is maintained across the NETS. Section 4 describes the conditions and payment mechanisms for these services.

Section 5 - Events of Default, De-energisation, Disconnection and Decommissioning

Section 5 deals with events and obligations relating to Events of Default, De-energisation, Disconnection and Decommissioning, including Events of Default with regard to Balancing Services Use of System (BSUoS) Charges. The Section also contains additional provisions relating to Users that are directly connected to the NETS and/or Non-Embedded Customers, and Relevant Interruptions.

Section 6 - General Provisions

Section 6 contains those provisions which are generic to all users including Metering, Data, Intellectual Property and Third Party Rights. Details setting out obligations on CUSC Parties to comply with the Grid Code and Distribution Code and become party to the BSC are included in this section and it also sets out the obligations on Distribution System Operators with regard to the connection of embedded generation.

Section 7 - Dispute Resolution

Section 7 sets out how disputes under the CUSC, Bilateral Agreements, Mandatory Services Agreements and Construction Agreements are to be dealt with. It deals with Disputes (specifically charging disputes), and Third Party Claims.

Section 8 - CUSC Modification

This section of the CUSC sets out the governance process under which the CUSC can be amended. Further details of the CUSC modification process can be found in Part 3 of this document.

Section 9 - Interconnectors

Section 9 deals with Interconnectors other than Distribution Interconnector Owners. It is split into 2 parts:

Part I – Connection to the National Electricity Transmission System by Interconnector Owners.
Part II – Use of the National Electricity Transmission System by Interconnectors Users and Interconnector Error Administrators.

Section 10 - Transition Issues

Not Used.

Section 11 - Interpretation and Definitions

Section 11 sets out the general rules to be applied in interpreting the CUSC, Bilateral Agreements, Construction Agreements and Mandatory Services Agreements. It also sets out the defined terms used by the CUSC and other agreements.

Section 12 – BETTA Transition Issues

During 2005 the structure of the Electricity Markets in England and Scotland went through a transition. The New Electricity Trading Arrangements (NETA) which governed how the markets would trade in England and Wales was extended to include Scotland to become the British Electricity Trading and Transmission Arrangements (BETTA). Section 12 deals with issues arising out of the transition associated with the designation of amendments to the CUSC by the Secretary of State in accordance with the provisions of the Energy Act 2004 for the purposes of Standard Condition C10 of the Transmission Licence.

Section 13 – Enabling Works

This section, added in August 2010 as part of Connect and Manage deals with the identification of and assessment of the Enabling Works to be included in an Offer made under the Connect and Manage Arrangements and the assessment of the need for and scope of a Connect and Manage Derogation.

Section 14 – Charging Methodologies

This section was added as a result of Ofgem's Code Governance Review (see glossary). One of the biggest impacts of the Review was that National Grid's charging methodologies were required to become part of the CUSC and therefore be open to change proposals from industry parties using the Modification Process. It is split into two parts – The Statement of the Connection Charging Methodology and The Statement of the Use of System Charging Methodology.

Section 15 – User Commitment Methodology

This most recent section was added in March 2012 as a result of CMP192 'Arrangements for Enduring Generation User Commitment'. It deals with determining a generator's financial liabilities in relation to the provision of new or additional transmission capacity. It is split into four parts:

Part one: Introduction
Part Two: Calculation of Cancellation Charge
Part Three: Calculation of Cancellation Charge Secured Amount and Credit Requirements

3.2 Schedules and Exhibits to the CUSC

The Schedules and Exhibits form part of the CUSC documentation and contain pro-formas of the bilateral agreements associated with the CUSC. It also lists all the users that are party to the CUSC. The other exhibits include examples of application forms and offer letters.

Sections 1, 5 to 8 and 10 and 11 apply to all categories of signatory. In relation to sections 2 (Connection), 3 (Use of System) and 9 (Interconnectors) the table below sets out the applicability of those sections in addition to the sections of general applicability.

User Categories	Applicable CUSC Sections	Other Relevant Agreements
Power Station directly connected to the NETS	2 and 3	Bilateral Connection Agreement (Schedule 2 - Exhibit 1) Construction Agreement (Schedule 2 - Exhibit 3) Mandatory Services Agreement (Schedule 2 - Exhibit 4)
Non-Embedded Customer Site	2 only	Bilateral Connection Agreement Construction Agreement
Distribution System directly connected to the NETS	2 only	Bilateral Connection Agreement Construction Agreement
Suppliers	3 only	Use of System Supply Confirmation Notice
Embedded Power Station	3 only	Bilateral Embedded Generation Agreement Mandatory Services Agreement (where appropriate)
Small Power Station Trading Parties	3 only	Bilateral Embedded Generation Agreement
Interconnector User	9 Part II only	Use of System Interconnector Confirmation Notice
Interconnector Error Administrator	9 Part II only	Use of System Interconnector Confirmation Notice
Interconnector Owner	9 Part I only	Bilateral Connection Agreement Construction Agreement
Distribution Interconnector Owner	3 only	Bilateral Embedded Generation Agreement
Embedded Exemptable Large Power Stations whose Boundary Point Metering System is either SMRS registered or is registered in CMRS by a User who is responsible for the Use of System Charges associated with the BM Unit registered in CMRS	None	

4. CUSC Modification

4.1 CUSC Modification Process

As the electricity industry evolves it may be necessary to amend the CUSC to address new developments, changes in the Transmission Licence and various other changes that occur over time. NGET's Transmission Licence states in Condition C10 that the '*licensee shall establish and operate procedures for the modification of the CUSC*'. Both the Licence and Section 8 of the CUSC stipulate the governance process to be followed for the CUSC Modification Process.

4.2 Raising a CUSC Modification Proposal

A CUSC Modification Proposal can be raised by a CUSC Party, a BSC Party, Citizens Advice or Citizens Advice Scotland. (Citizens Advice are an independent, confidential and impartial advice network). The CUSC Modification Proposal is submitted in writing to the Panel Secretary and is discussed by the CUSC Modifications Panel who have a number of options as to how the modification is progressed. At the end of the process, the Panel undertake either a Determination Vote or Recommendation Vote. A Determination Vote refers to Self Governance Proposals (this is explained later) whereas a Recommendation Vote is held when the Proposal is sent to the Authority[1] for a decision as to whether it believes that the CUSC Modification Proposal should be approved or rejected, based on an assessment of the merits of the proposal against the Applicable CUSC Objectives.

Depending on what type of modification you are raising, the Applicable CUSC Objectives vary. A Modification to change Section 14 of the CUSC must facilitate at least one of the Use of System, or Connection Charging Objectives. Changes to any other part of the CUSC must facilitate the Standard Objectives. They are as follows:

Standard modifications

a) The efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence;

b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;

c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Use of System Charging Methodology

(a) that compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;

(b) that compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard condition C26 (Requirements of a connect and manage connection);

[1] Ofgem is governed by the Gas and Electricity Markets Authority (GEMA) whose principal objective is to protect the interests of existing and future consumers in relation to gas and electricity. More information can be found at http://www.ofgem.gov.uk/About%20us/Authority/Pages/TheAuthority.aspx

(c) that, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses.

(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Connection Charging Methodology

(a) that compliance with the connection charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;

(b) that compliance with the connection charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard condition C26 (Requirements of a connect and manage connection);

(c) that, so far as is consistent with sub-paragraphs (a) and (b), the connection charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;

(d) in addition, the objective, in so far as consistent with sub-paragraphs (a) above, of facilitating competition in the carrying out of works for connection to the national electricity transmission system.

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

It is to be noted that the CUSC interacts with a number of other documents. Therefore, when raising a proposal, the impact that the proposal may have on other Codes and supporting documents may have to be assessed. Guidance and associated forms on the CUSC Modifications Process is available on the following link:
http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/Forms-and-guidance/

4.3 The CUSC Modification Process

The NGET Licence and CUSC contain information about modifications to the CUSC. A CUSC Modification Proposal has to follow the governance process documented in the CUSC before being implemented. There are different processes for the different types of changes proposed. The CUSC Panel decide on the most appropriate process follow. Which method used depends on the complexity, urgency and impacts on other codes of the proposal raised.

Once a proposal is raised, the first stage is for the CUSC Modifications Panel to decide whether to accept or reject the proposal. If accepted, the Panel also decide the appropriate route to develop the CUSC Modification Proposal.

There are five routes a proposal could take:

1. **Workgroup/Standing Group:** A CUSC Modification Proposal may need to be developed further by 'subject matter experts' before it goes into consultation. If the CUSC Modifications Panel decides to progress a CUSC Modification Proposal through this route, a Workgroup will be formed to review this, or an existing Standing Group may act as a Workgroup. Generally, complex CUSC Modification Proposals may be reviewed through a Workgroup. The Workgroup can develop alternative solutions to the CUSC Modification Proposal. The CUSC stipulates that the Workgroup phase should last no longer than 4 months, from the proposal being raised to the Workgroup Report being presented to the Panel. However, the extensions can be requested to this timescale.

2. **Straight to Code Administrator Consultation:** For straightforward amendments, the Panel may agree to send the CUSC Modification Proposal to Code Administrator Consultation to seek wider industry views and bypass the Workgroup phase. This is usually for a period of 3 weeks.

3. **Urgent CUSC Modification Proposals:** In cases where the proposer deems the CUSC Modification Proposal to be of an urgent nature, a recommendation will be made to the Panel Secretary who in turn informs the Panel Chairman. Once the views of the Modifications Panel have been gained, consent is sought from the Authority as to whether the proposal may be treated as urgent, and a timetable is provided. An Urgent CUSC Modification Proposal can, with the approval of Ofgem, deviate from the 'normal' CUSC Modification Procedures either in part or in full and there is no set process this could follow. For example, an Urgent Proposal can be proposed and be implemented on the same day.

4. **Self-governance:** This is an alternative route through which to progress a modification. It allows the CUSC Modifications Panel to make a determination on a CUSC Modification Proposal instead of the Authority. The modification may still go through the Workgroup phase if deemed appropriate. Self-Governance is used for minor amendments that are deemed to have non material changes or no impact on:

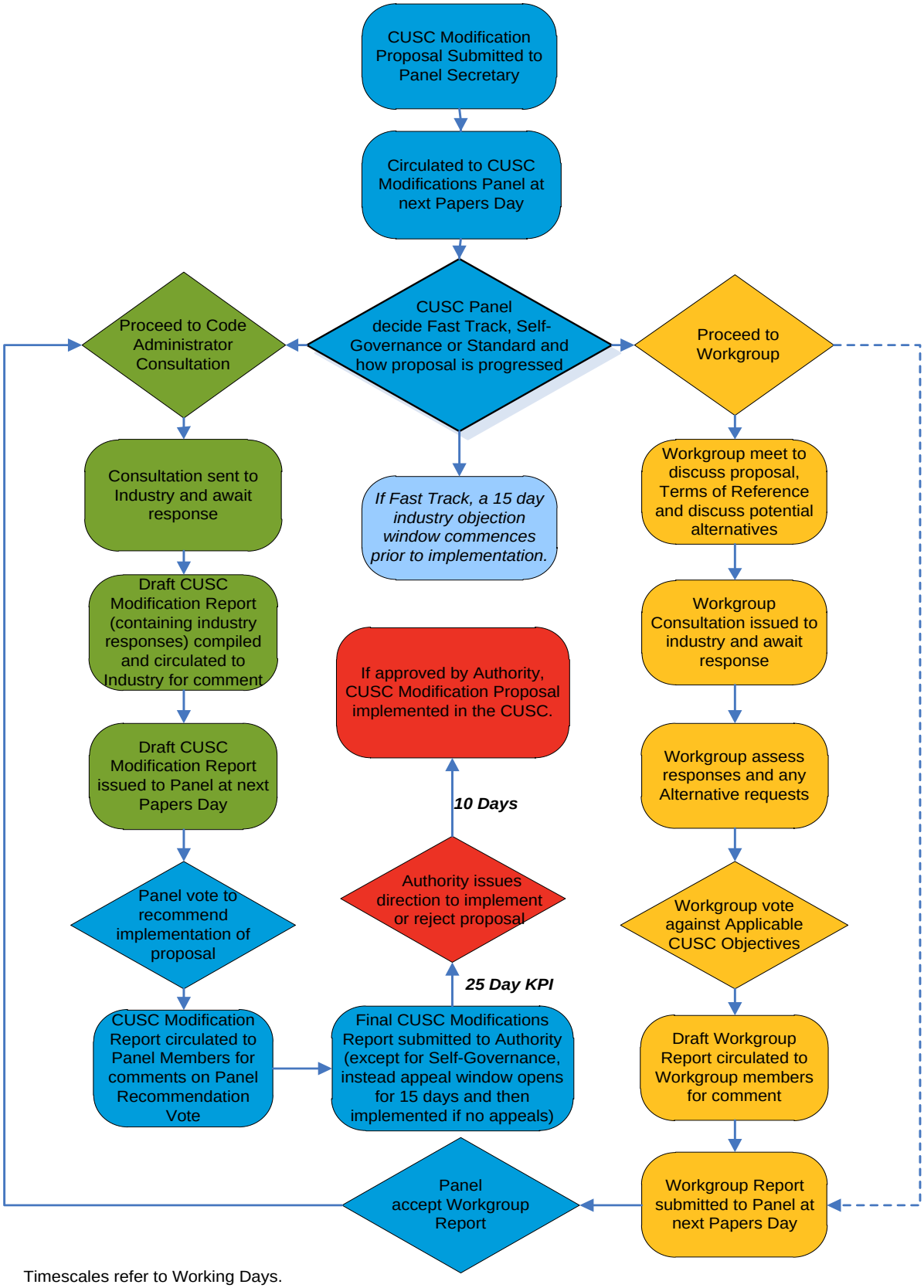
- Existing or future electricity consumers
- Operation of the NETS
- Security or safety of supply or sustainable development
- Competition
- CUSC governance or modification procedures

5. **Fast Track:** This was introduced through the Code Governance Review Phase 2 in December 2013 and allows for a much quicker process to implement certain proposals. Where it is agreed that the proposed changes are very minor, such as typographical corrections, the CUSC Panel may agree (unanimously) that the modification can be taken through the Fast Track process. This removes most of the steps required in the standard modification process and allows the modification to be implemented after a 15 working day 'objection window' which allows parties to raise an objection if they believe the modification does not meet the Fast Track criteria. Therefore a modification of this nature can be implemented within 1 month of it being raised.

Once the Code Administrator consultation phase is completed, a Draft CUSC Modification Report is produced and it is the role of the CUSC Modifications Panel to vote on whether they believe that the proposal better facilitates the Applicable CUSC Objectives. The voting and recommendations are included in the final CUSC Modification Report which is then submitted to the Authority for a decision, unless the Self-governance route has been taken. No vote against the Objectives is required for Fast Track modifications. The report is also copied to relevant parties and published on the National Grid industry information website.

The Authority then makes the final decision (with the exception of Self-Governance / Fast Track Proposals) as to whether the Proposal or any Workgroup Alternative CUSC Modification(s) should be approved or rejected. If the CUSC Modification Proposal has been progressed through Self-governance, a 15 business day window commences after the Panel Determination vote to allow a party to raise an appeal against the decision. If no appeal is raised, the CUSC Modification Proposal is implemented the next business day after the appeal window closes.

A flowchart depicting the CUSC Modification Process can be found on the following page.



- Timescales refer to Working Days.
- Timescales are a guideline and not a specific requirement in the CUSC.
- Urgent Modification Proposals will deviate from the normal route depending on the nature of the Proposal and the direction from the Authority.

Figure 6

4.4 Glossary

TERM	DEFINTION
British Electricity Trading and Transmission Arrangements (BETTA)	Introduced in 2005 to replace NETA (New Electricity Trading Arrangements) market arrangements. The main difference with BETTA is that it replaced Scottish trading arrangements to create a GB System Operator.
Charging Statements	The Charging Statements are a suite of three documents describing National Grid's charges and the methodologies behind them (summarised below). The methodology Statements are published and modified in accordance with Section 14 of the CUSC and are approved by the Gas and Electricity Markets Authority. The two methodology statements were incorporated into the CUSC following the Code Governance Review (see below) and as a consequence, are subject to the CUSC governance arrangements. The Statement Use of System Charges is a separate document to the methodologies, calculated in accordance with the methodologies and is routinely updated each year. The Statement of the Connection Charging Methodology This document describes the methodology that NGET employs to levy charges to cover the costs involved in providing assets that afford connection to the NETS. Connection charges relate to the costs of assets installed solely for and only capable of use by an individual user. The Statement of Use of System Charging Methodology This describes the methodology that NGET employs to levy charges for use of the transmission system in Great Britain. The charges recover the costs of installing, operating and maintaining the transmission system. The Statement Use of System Charges This sets out the annual tariffs for Transmission Network use of System charges and fees charged by NGET in relation to applications for connection, use of system and engineering works.
	The Code Governance Review was conducted by Ofgem between November 2007 and July 2010 as a result of concerns that there may be weaknesses in the way the gas and electricity industry is governed and that this may prevent industry and customers from getting full value from the arrangements. Ofgem published their Final Proposals and Licence Modifications in March 2010 and on 1st July 2010 National Grid accepted the Licence Modifications. This resulted in a number of CUSC Modification Proposals which were implemented in November and December 2010.
Connect and Manage	Connect and Manage is a model implemented as a result of a consultation by DECC on grid access reform. This is fundamentally to ensure that climate change targets are met and that security of supply is maintained through connecting renewables and other low carbon generation to the electricity networks. Under Connect and Manage, all new generation will be able to apply for an accelerated connection based on the time taken to complete their 'enabling works', with wider network reinforcement carried out after they have been connected. The new generation will be able to secure firm access dates in an appropriate timeframe.

De-energisation	The movement of any isolator, breaker or switch of the removal of any fuse whereby no electricity can flow to or from the relevant system through the User's equipment.
Interconnector	A pipeline transporting gas to another country
National Consumer Council (NCC)	Now part of Consumer Focus, this is an organisation whose role is to promote the interests of consumers through research, supporting consumer representatives and working with decision-makers to campaign for change
New Electricity Trading Arrangements (NETA)	NETA Market arrangements were introduced in 2001 to replace the Pool arrangement. Many changes were introduced including the 'option' to partake in generation, scheduling moving from day ahead to 3.5 hours ahead of generation. Prices were also moved from pay as bid to pay the highest price accepted.
Non-Embedded Customers	A customer receiving electricity directly from the National Electricity Transmission System irrespective of from whom it is supplied.
Pool	The market arrangement before BETTA and CUSC were introduced. The key feature of the Pool arrangement was that all major generators connected to the Grid had to partake in generation. All generation bids were put into a pool one day ahead and then scheduled by National Grid based on day ahead prices. All generation was paid according to the highest bid price of scheduled generation.
Standing Group	Set up by the Modifications Panel to consider and report on issues relating to the connection and use of system arrangements in Great Britain.
Workgroup	Established specifically to assist the Modifications Panel in evaluating whether a Modification Proposal better facilitates the Applicable CUSC Objectives