

Amendment proposal:	Connection and Use of System Code (CUSC) CAP141: Clarification of the Content of a Response to a Request for a Statement of Works		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	National Grid Electricity Transmission PLC (NGET), Parties to the CUSC and other interested parties		
Date of publication:	10 September 2007	Implementation Date:	24 September 2007

Background to the amendment proposal

CAP141 was proposed to improve the clarity of the Statement of Works process which was introduced to the CUSC when the CAP097 changes were implemented on 14 July 2007³. The proposer was concerned by the lack of:

- Clarity in the current CUSC process about the required format of a Statement of Works, and
- Explicit obligations for the operator of a distribution system (“DNO”) to make Statement of Works information available to the generator whose application for the connection of a new embedded power station had initiated the DNO’s request for a Statement of Works the (“Requesting Generator”).

The amendment proposal

CAP141 was proposed by DONG Walney (UK) Limited. The original amendment (“OA”) consisted of a proposal to:-

- Make changes to section 6.5 of the CUSC to clarify the Statement of Works process.
- Add a new CUSC schedule to define the form of NGET’s response to a request for a Statement of Works. The form of schedule was not defined in the proposed OA.
- Make Statement of Works a defined term in the CUSC.

CAP141 was referred to a CUSC working group which developed a working group alternative amendment (“WGAA”) from the OA proposal. In addition to the changes proposed in the OA, the WGAA also included a proposal to:

- Make changes to section 6.5 of the CUSC to clarify that the obligation for a DNO to request a Statement of Works applied in respect of generator requests for use of a distribution system as well as connection.
- Include obligations on the DNO requesting a Statement of Works to forward copies of information exchanged with NGET as part of the CUSC Statement of Works process to the Requesting Generator.
- Clarify that works with a total cost of £10k or less are not considered to have a significant impact on the GB transmission system and therefore would not be included as Statement of Works as works required before the DNO could energise the Requesting Generator.

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 The CAP097 decision letter is available on NGET’s website at <http://www.nationalgrid.com/NR/rdonlyres/8A959F56-6709-477E-80D7-16165310AE79/7536/CAP097D.pdf>.

- Make changes to Exhibit U of the CUSC (the form of a Request for a Statement of Works) to reflect the DNO's option for a fixed or variable fee and the changes proposed to section 6.5.5 of the CUSC.
- Define a new CUSC exhibit to define the form of a Statement of Works.

In response to NGET's CAP141 consultation, one respondent proposed two consultation alternative amendments ("CAA"). CAAA was based on the OA proposal and CAAB was based on the WGAA proposal. The respondent considered that the DNO obligations to forward information to the Requesting Generator should be limited to information relevant to the proposed power station connection and reflected this view in the CAAA and CAAB proposals.

CAAB also includes further changes from WGAA and also includes a proposal to:

- Remove existing CUSC rights for NGET to specify Site Specific Requirements as part of a Statement of Works.
- Remove the proposal to define a minimum cost threshold for works that can be included in a Statement of Works.

CUSC Panel⁴ recommendation

The CUSC Panel (the "Panel") discussed the CAP141 proposals. A majority of Panel members considered that the WGAA and CAAB would better facilitate achievement of the applicable CUSC objectives and that the OA and CAAA would not better facilitate achievement of the applicable CUSC objectives. The Panel considered WGAA best facilitated achievement of the applicable CUSC Objectives.

The Authority's decision

The Authority has considered the issues raised by the amendment proposal and the final Amendment Report (AR) dated 3 August 2007. The Authority has considered and taken into account the responses to NGET's consultations on the amendment proposal which are attached to the AR⁵. The Authority has concluded that:

1. implementation of each of the proposals would better facilitate the achievement of the relevant objectives of the CUSC⁶;
2. of these proposals the Working Group Alternative Amendment proposal is best calculated to meet the Authority's principal objective and is consistent with the Authority's statutory duties⁷.

The Authority therefore directs that the CAP 141 Working Group Alternative Amendment be implemented.

Reasons for the Authority's decision

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

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://epr.ofgem.gov.uk/document_fetch.php?documentid=5327

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

We have considered the views of the Panel and those expressed by respondents to NGET's consultations (the "Respondents") and agree with the Panel's recommendation that the WGAA best facilitates the achievement of the Applicable CUSC Objectives. We consider that these proposed changes to the CUSC Statement of Works process will improve the efficiency of the process and therefore better facilitate the achievement of applicable CUSC objective a⁸.

We acknowledge that each of the OA, WGAA, CAAA and CAAB proposals would better facilitate the applicable CUSC objectives by improving the definition of the Statement of Works process set out in section 6.5 of the CUSC. We note the general support for the intent of CAP141 to provide additional clarity for Users. We also note Respondents' recognition that the current Statement of Works process needs to be revised to clarify the format of the information exchange once a DNO has submitted a Request for a Statement of Works to NGET.

We note that the draft legal text for the OA proposal was incomplete. However, we acknowledge that the OA proposal was developed by a CUSC working group and forms the basis of the WGAA. We also note that the Panel did not consider that the OA proposal would better facilitate the applicable CUSC objectives.

We note the views expressed by the Respondents that the WGAA proposal would enable effective transfer of information between NGET and the DNO in respect of the response to a request for a Statement of Works. We also note that the proposed new CUSC exhibit for a Statement of Works would provide an indication of the extent of works required on the GB transmission system. We acknowledge the concern of one Respondent that the proposed new CUSC exhibit and the changes to section 6.5.5.4 of the CUSC could be considered to be contradictory in terms of the responsibility for providing information to the Requesting Generator.

We also note this Respondent's view that a DNO should have flexibility about the information from a Statement of Works which it is required to disclose to the Requesting Generator. However, we also note other Respondents were unclear about the nature of information within a Statement of Works which would not be relevant to the Requesting Generator. These Respondents considered that the CUSC process would be more transparent if the DNO was obliged to forward copies of information exchanged between NGET and the DNO as part of the Statement of Works process.

We share the concerns of some Respondents about the level of the proposed cost threshold in respect of works that NGET may include in a Statement of Works. We acknowledge that this proposal is consistent with the materiality test that NGET applies in respect of directly connected generators. We also note that the WGAA does not propose to introduce a direct link between the CUSC materiality test in respect of transmission and distribution connected power stations. We agree with Respondents' views that there would be merit in reviewing the appropriateness of the £10k threshold.

We acknowledge the concern about the possible impact of the WGAA proposal in respect of requests for changes in the use of the distribution system from existing embedded power stations. We consider that further clarification of the treatment of such requests would be beneficial.

⁸ Applicable CUSC Objective a – the efficient discharge of the licensee of the obligations imposed upon it by the Act and by this licence.

We note that the DNO is responsible for identifying site specific requirements that are relevant for a power station connection site. We also note the Respondent's view that NGET should not consider such requirements. However we observe that section 6.5 of the CUSC already allows NGET to include Site Specific Requirements in a Statement of Works. We also note that CAP141 was not intended to change NGET's rights in this respect.

We note that some Respondents did not consider that either CAAA or CAAB were desirable as they would remove the transparency that would be provided by the OA or WGAA proposals. We also note that Respondents had mixed views about whether CAAA or CAAB would better facilitate the applicable CUSC objectives.

We acknowledge that some Respondents commented on charging arrangements associated with Requests for a Statement of Works. We note that such comments are outside the scope of CUSC and recommend that these are considered further in the appropriate forum.

We welcome Respondents' views that there would be benefit in further industry wide discussions in relation to the treatment of embedded, small power stations.

Decision notice

In accordance with Standard Condition C10 of NGET's Transmission Licence, the Authority, hereby directs that amendment proposal CAP141: Clarification of the Content of a Response to a Request for a Statement of Works be made.

The implementation date is 10 days after the Authority decision which is 24 September 2007.

A handwritten signature in black ink that reads "John Scott". The signature is written in a cursive style with a horizontal line underneath the name.

John Scott
Technical Director

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