

Amendment proposal:	<b>Connection and Use of System Code (CUSC) Amendment Proposal 145 (CAP145): Embedded Generator MW Register</b>		
Decision:	<b>The Authority<sup>1</sup> directs that this proposal be made<sup>2</sup></b>		
Target audience:	<b>National Grid Electricity Transmission PLC (The Company), Parties to the CUSC and other interested parties</b>		
Date of publication:	<b>12th June 2007</b>	Implementation Date:	<b>3 months after decision</b>

## Background to the amendment proposal

There is a large queue of generators seeking connection to the GB transmission system. Following the transition to BETTA, connection offers were made to over 165 projects, of which around 140 (comprising 11.3 GW of capacity) have now accepted those offers. Indicative connection dates are based on all of these 140 projects proceeding to connection. Hence some projects have, indicatively, a very long wait for a grid connection.

Managing this queue may be expected to reduce the delays faced by some generators in achieving connection. A number of proposals, including CAP145, have been raised to try to facilitate the identification of opportunities for earlier connection. CAP145 seeks to address a perceived information gap regarding the way in which transmission capacity is currently allocated.

The existing allocation of Transmission Entry Capacity (TEC) is recorded in a register (termed the TEC register) available on the National Grid's website<sup>3</sup>. However the register only includes information relating to generators that connect directly to the transmission system or those with Bilateral Embedded Generation Agreements (BEGA).

CAP145 proposes to include more information in the TEC register – adding details of generators that connect via the distribution system but do not have BEGAs. This information is already provided to NGET under the Grid Code and is detailed in the Seven Year Statement (SYS).

It is hoped by including information relating to all parties seeking transmission network capacity in one register, users will be provided with a broader, more complete picture of the allocation of capacity and potentially be able to identify opportunities to advance connection dates.

## The Amendment Proposal

CAP145 proposes to develop and provide a register, in similar format to the TEC register, to publish certain details about Embedded generators with BELLA's, Relevant Embedded Medium Power stations, and Relevant Embedded Medium Power Stations.

The proposer suggested that this will provide a more comprehensive and timely picture of the allocation and availability of GB Transmission Capacity.

The proposer considers that there is an information gap regarding the publication of the allocation of transmission capacity. At present only information regarding successful

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

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

<sup>3</sup> <http://www.nationalgrid.com/uk/>

applications for TEC are recorded on the TEC register within 5 business days. However, the proposer considers that parties with BELLA's, Relevant Embedded Medium Power Stations and Relevant Embedded Small Power stations also impact on the total volume of available capacity on the GB transmission system. Therefore, the proposer considered that, changes in the capacity holdings of these parties could impact on the amount of capacity available. For example, providing this information may allow another user to identify an opportunity to make use of this capacity and, in theory, connect at an earlier date.

It was suggested that Amendment Proposal better facilitates achievement of the Applicable CUSC Objectives as it will provide Users with a more complete and timely picture of the allocation of GB transmission capacity. It is argued this will better enable Users to identify opportunities to connect earlier as a result of more information being available. Therefore, the proposer asserted that the changes will further the efficient use of the system and better facilitate competition in generation

### **Consultation Alternative Amendments (CAA)**

During the consultation process two Consultation Alternative Amendments (CAA) were raised. CAA1 was raised by Renewable Energy Systems Limited (RES) and CAA2 by CE Electric UK. These alternatives make relatively minor changes to the original proposal.

CAA1 proposes that the new register does not include details on the capacity holdings of Relevant Small Power Stations. CAA2 proposes a more practical approach to alterations to the TEC register. It proposes to only include details on the capacity holdings of distributed generators when the DNO has entered into the Construction Agreement with NGET or when the DNO has entered into the Agreement to vary the existing Bilateral Agreement with NGET. The proposer of CAA2 considers that this will clarify the process for amending the TEC register.

### **CUSC Panel<sup>4</sup> recommendation**

The CUSC Panel (the Panel) discussed the proposal at their meeting of 27<sup>th</sup> April 2007. The Panel considered that the Amendment Proposal and both CAAs better facilitated achievement of the Applicable CUSC Objectives. However, the Panel considered that CAA2 best facilitates achievement of the Applicable CUSC objectives, and therefore recommended it for Authority approval.

### **The Authority's decision**

The Authority has considered the issues raised by the amendment proposal and the final Amendment Report (AR) dated 8<sup>th</sup> May 2007. The Authority has considered and taken into account the responses to NGET's consultation on the amendment proposal which are attached to the AR. The Authority has concluded that:

1. implementation of CAA2 will better facilitate the achievement of the applicable objectives of the CUSC<sup>5</sup>; and
2. directing that CAA2 is made is consistent with the Authority's principal objective and statutory duties<sup>6</sup>.

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

<sup>5</sup> As set out in Standard Condition C10(1) of NGET's Transmission Licence, see: [http://epr.ofgem.gov.uk/document\\_fetch.php?documentid=5327](http://epr.ofgem.gov.uk/document_fetch.php?documentid=5327)

<sup>6</sup>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.

## **Reasons for the Authority's decision**

Ofgem agrees with the recommendation of the CUSC Panel that all three proposals better facilitate achievement of the Applicable CUSC Objectives and are consistent with the Authority's wider statutory duties. However, on balance, the Authority considers that CAA2 best facilitates both the Applicable Objectives and Ofgem's statutory duties.

Ofgem considers that the provision of more information on the allocation of transmission capacity and the greater transparency provided by making this information accessible in a single location is likely to facilitate competition and be of benefit to existing and future users of the transmission system. The introduction of this register will provide greater transparency as to where distributed generation may lead to transmission investment. Ofgem notes that the revisions to the existing TEC register may allow system users to identify opportunities to connect at an early stage and, assuming they are able to do so, would be expected to increase competition. The information should also enable new entrants to take better informed decisions about locations at which transmission capacity may (or may not) be available when seeking to enter the market. Ofgem considers that, by clarifying the process to be followed in establishing and updating the register, CAA2 best facilitates achievement of the relevant objectives.

Ofgem does not see a convincing reason for excluding particular categories of generator from the register, as proposed by CAA1. We consider this would run counter to the spirit of accessibility and transparency within CAP145. Ofgem notes that respondents expressed concerns about the ability of a DNO to judge whether a party has an impact on the transmission system. Ofgem notes that this issue has been addressed through a previous CUSC amendment proposal (CAP097: Revisions to the Contractual Requirements for Small and Medium Embedded Power Stations under 6.5). Ofgem further notes that should any CUSC Party consider this issue would benefit from clarification, it could raise an Amendment Proposal seeking to address this.

## **Decision notice**

In accordance with Standard Condition C10 of NGET's Transmission Licence, the Authority, hereby directs that CAA2 in respect of Amendment Proposal CAP145: Embedded Generator MW Register be made.

The implementation date is 3 months after an Authority decision.



**Robert Hull**  
Director, Transmission

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