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Dear Steve

WITHDRAWAL OF CAP182: PROVISION OF FREQUENCY RESPONSE FROM DC CONVERTERS

I am writing to you as Proposer of CAP182 to inform you that I wish to withdraw my support for the Amendment Proposal for the reasons set out below.

National Grid raised CAP182 following the work of the Interconnector Frequency Response Working Group to review the suitability of the CUSC arrangements to enable interconnectors to provide mandatory frequency response. The aim of CAP182 was to amend the CUSC to reflect the Grid Code requirement for all interconnectors commissioned post 2005 to provide mandatory frequency response. The proposed CUSC changes aimed to ensure that the existing arrangements for generators also apply to interconnectors, resulting in the equitable treatment of all mandatory providers of frequency response.

During the Working Group meetings for CAP182, it was acknowledged that the proposal had been raised against a background of uncertainty as to the interpretation of the European Third Package and, as part of its terms of reference, the CAP182 Working Group was tasked with considering the impacts of the European Third Package when developing a solution.

Since the first Working Group meeting in June 2010, further clarity has been provided on interpretation of the European Third Package and the impact on the treatment of interconnectors. Ofgem have provided a clear indication in recent decision letters (BSC Modification Proposal P259¹ and National Grid's Use of System Charging Methodology Proposal GB ECM-26 - Review of interconnector charging arrangements²) that interconnectors should not be treated the same as other system users such as generators or demand. Therefore, as the intent of CAP182 was to treat interconnectors in a similar manner to generators for the provision of mandatory frequency response, it does not seem appropriate to pursue the introduction of a CUSC Amendment Proposal that facilitates this when there is evidence to suggest that this may go against European Directives.

¹ <http://www.ofgem.gov.uk/LICENSING/ELECCODES/BSCODE/BSC/Documents1/P259%20D.pdf>

² <http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Charging/Documents1/ECM-26%20decision%20letter%20published%20041010.pdf>

Therefore, considering recent Ofgem decisions and the likely potential for interconnectors to be designated Transmission System Operators, I would like to withdraw my support for CAP182.
Yours sincerely

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