



AMENDMENT REPORT VOLUME 2

CUSC Amendment Proposal CAP187 Code Governance Review: Environmental Assessment and the Relevant Objectives

This document contains consultation responses

Amendment Ref	CAP187
Issue	V0.1
Date of Issue	17 September 2010
Prepared by	National Grid

ANNEX 1 - REPRESENTATIONS RECEIVED DURING CONSULTATION

This Annex includes copies of any representations received following circulation of the Consultation Document (circulated on 14/07/2010, requesting comments by close of business on 05/08/2010).

Representations were received from the following parties:

No.	Company	File Number
1	Scottish and Southern Energy	CAP187-CR-01
2	EDF Energy	CAP187-CR-02
3	ScottishPowers's Energy Wholesale Business which includes ScottishPower Generation Ltd, Scottish Power Energy Management Ltd and ScottishPower Renewable Energy Ltd	CAP187-CR-03
4	Drax Power Limited	CAP187-CR-04

From: garth.graham@sse.com
Sent: 04 August 2010 11:54
To: Virk, Bali
Cc: .Box.Cusc.Team
Subject: CAP187 Consultation Response
Dear Sirs,

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Airtricity Developments (Scotland) Limited, Airtricity Developments (UK) Limited, Clyde Wind Farm (Scotland) Limited, Dalswinton Wind Farm (Scotland) Limited, Greenock Wind Farm (Scotland) Limited, Griffin Wind Farm Limited, Keadby Developments Limited, Keadby Generation Limited, Medway Power Limited, Minsca Wind Farm (Scotland) Limited, Slough Energy Supplies Limited, SSE (Ireland) Limited, SSE Energy Limited and SSE Generation Limited.

In relation to the Consultation Document associated with CUSC Amendment Proposal CAP187 "Code Governance Review: Environmental Assessment and Relevant Objectives" (contained within your email of 14th July 2010) we wish to make the following comments.

We note that the CAP187 Amendment Proposal is part of a series of proposals raised by National Grid to implement the Final Proposals of the wider Code Governance Review which was initiated by Ofgem in November 2007 and taken forward for implementation via the Transmission Licence changes in July 2010

We are also mindful that the description of the proposed change, as set out in paragraphs 3.3 and 3.4 of the consultation document states that CAP187:-

"....requires that an evaluation of the quantifiable impact of an Amendment Proposal on greenhouse gas emissions needs to be conducted when preparing and consulting on an Amendment Report, where the impact is likely to be material and in accordance with guidance issued by the Authority. Where relevant this evaluation should be undertaken for both original and alternative solutions."

and

"When assessing against the Applicable CUSC Objectives, if the Panel considers that the Proposal may have a material impact on greenhouse gas emissions, then the environmental costs and benefits associated with the emissions should be assessed using the latest guidance. Currently the latest guidance is dated July 2010."

In addition we note the intention (set out in the "Impact on the CUSC" within the Amendment Proposal itself) that:-

"The CUSC will also require an addition to incorporate the views of the Proposer on the CUSC Amendment Proposal Form as to whether they believe that their Proposal has a material impact on greenhouse gas emissions and, if so, what they believe that impact to be. National Grid also intends to update the proposal form itself, although this does not form part of the CUSC."

This proposed addition, to the CUSC Amendment Proposal Form, is a sensible and pragmatic development.

However, in light of the proposed CAP187 change, we believe consideration should be given to the Panel discharging its obligations by ensuring that, for **all** new Amendment Proposals, the Panel considers if that Proposal has a material impact on greenhouse gas emission. This, we believe, can be efficiently discharged via the Initial Written Assessment and a recommendation, from the Code Administrator (being mindful of, amongst other things, the Proposer's views, as expressed on the CUSC Amendment Proposal Form) to the Panel on this matter; in other words perhaps something (in the IWA recommendation to the Panel) long the following lines:-

"CAP XXX could [does not] have a material impact on greenhouse gas emission and the Working Group [Panel] should [should not need to] (i) evaluate this (using the latest Authority Guidance) when assessing CAP XXX against the Applicable CUSC Objectives (and, where relevant, this evaluation should be undertaken for both original and alternative solutions) (ii) consult on this for CAP XXX and (iii) incorporate this in their Report. The Panel does [does not] authorise the Code Administrator / Working Group to engage an external body to assist with any evaluation."

In light of the above, and being mindful of the points detailed in paragraph 6.1, we agree with the Proposer's assessment that CAP187 would better facilitate CUSC Applicable Objective (a).

Yours faithfully

Garth Graham
Electricity Market Development Manager, SSE

CUSC Team

5 August 2010

CUSC Amendment Proposal CAP187: Code Governance Review – Environmental Assessment and the Relevant Objectives

We agree that CAP187 would better facilitate CUSC Applicable Objective (a) and our comments are as follows:

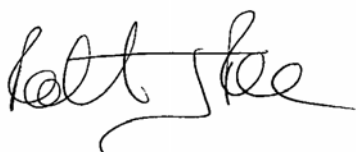
CAP187 has been proposed due to the new licence condition C10 text in National Grid's Transmission Licence, recently formulated by Ofgem as part of its Code Governance Review, and implemented with effect from 5 July 2010.

We note that C10 requires that an evaluation of the quantifiable impact of an Amendment Proposal on greenhouse gas emissions is conducted when preparing and consulting on an Amendment Report. This is where the impact is likely to be material and in accordance with guidance issued by the Authority. Draft Guidance has been published as Appendix 4 to the Code Governance Review Final Proposals document (ref: 43/10), and is attached as Annex 3 to the CAP187 Amendment Proposal for ease of reference. Where relevant this evaluation should be undertaken for both original and alternative solutions. When assessing against the Applicable CUSC Objectives, if the Panel considers that the Proposal may have a material impact on greenhouse gas emissions, then the environmental costs and benefits associated with the emissions should be assessed using the latest guidance. Currently the latest guidance is dated July 2010.

We note also that the Ofgem guidance states, "we recognise that going forward, other mechanisms to measure the market value of greenhouse gases may be developed and this clarification and guidance should not be interpreted as precluding the use of any such mechanisms. Any assessment should therefore clearly state the source of values used. If the assessment uses values which differ from the prevailing DECC guidance, these should be robust and justifiable in the context of the analysis".

EDF Energy is supportive of the proposed approach in CAP187 and we have no alternative amendment to suggest. We agree that CAP187 would better facilitate CUSC Applicable Objective (a) - the efficient discharge by the Licensee of the obligations imposed upon it by the act and the Transmission Licence – specifically, with regard to the relevant obligation under standard condition C10 of the licence.

Yours sincerely



Rob Rome
Head of Trading and Transmission Arrangements

Amendments Panel Secretary
Electricity Codes
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Ref CAP187
Date 21st July 2010

Tel No. 01355 35 2699
Email: sp_electricity.spoc@accenture.com

CUSC Amendment Proposal CAP187

Thank you for the opportunity to comment on the Consultation for Amendment Proposal CAP180. This response is submitted on behalf of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and ScottishPower Renewable Energy Ltd.

ScottishPower support the changes to the CUSC as specified, as they bring the Code in line with statutory obligations.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely

Gary Henderson



Drax Power Station • Selby • North Yorkshire • YO8 8PH • T. +44 (0)1757 618381 • F. +44 (0)1757 618504

FAO Alex Thomason
Commercial
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

5th August 2010

Dear Alex,

CAP187 Code Governance Review: Environmental Assessment and the Relevant Objectives

Drax Power Limited ("Drax") is the operating subsidiary of Drax Group plc and the owner and operator of Drax Power Station in North Yorkshire. In March 2009, Drax acquired an electricity supply business, Haven Power Limited ("Haven"); Haven supplies some 27,000 small and medium sized business customers and provides an alternative route to market for some of Drax's power output.

Drax welcomes this opportunity to comment on the implementation of the Licence changes that have resulted from the conclusions of Ofgem's Code Governance Review. Drax supports the approach taken by National Grid to implement the new requirement to include an environmental assessment as a part of the Amendment procedure. Drax also supports the implementation timetable detailed in the consultation document.

If you would like to discuss the proposal further, please feel free to contact me.

Yours sincerely,

By email

Stuart Cotten

Regulation
Drax Power Limited