

Stage 01: Code Administrator Consultation

Connection and Use of System Code (CUSC)

CMP238

‘Application of Statement of Works process when a modification application is made’

What stage is this document at?

01	Initial Written Assessment
02	Workgroup Consultation
03	Workgroup Report
04	Code Administrator Consultation
05	Draft CUSC Modification Report
06	Final CUSC Modification Report

CMP238 seeks to change the CUSC so that when a Distribution Network Operator (DNO) receives a distribution connection application and the DNO knows this will impact the Transmission System, the DNO may directly submit a Modification Application omitting the Statement of Works process.

Published on: 20th November 2014
Length of Consultation: 15 Working days
Responses by: 11th December 2014



National Grid's opinion:

CMP238 better facilitates Applicable CUSC Objective (b) as it reduces connection costs and timescales.



Low Impact:

Distribution connecting developers, DNOs

Contents

1	Summary	3
2	Background	4
3	Modification Proposal.....	5
4	Proposed Implementation and Transition.....	6
5	Impacts.....	7
6	The Case for Change	8
7	Responses	9
	Annex 1 – CMP238 CUSC Modification Proposal Form.....	10
	Annex 2 – Draft Legal Text.....	18
	Annex 3 – National Grid’s Interim report on the Statement of Works trial	20



Any Questions?

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About this document

The purpose of this document is to consult on CMP238 with CUSC Parties and other interested industry members. Representations received in response to this consultation document will be included in the Code Administrator’s CUSC Modification Report that will be furnished to the CUSC Panel for their decision. Parties are requested to respond by **5pm on 11th December 2014** to cusc.team@nationalgrid.com using the Code Administrator Consultation Response Proforma which can be found via the following link:
<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP238/>

Document Control

Version	Date	Author	Change Reference
0.1	20 th November 2014	Code Administrator	Workgroup Consultation to Industry

1 Summary

- 1.1 This document describes the CMP238 CUSC Modification Proposal (the Proposal) and seeks views from Industry members relating to the Proposal.
- 1.2 CMP238 was proposed by National Grid Electricity Transmission and submitted to the CUSC Modifications Panel (the Panel) for their consideration on 31st October 2014. A copy of this Proposal is provided in Annex 1. The Panel decided that this Modification should not be classed as Self-Governance and should proceed directly to Code Administrator Consultation for the standard 15 working Days. .
- 1.3 The Proposal seeks to change the CUSC so that when a Distribution Network Operator (DNO) receives a distribution connection application and the DNO knows this will impact the Transmission System, the DNO may directly submit a Modification Application omitting the Statement of Works process.
- 1.4 This Code Administrator Consultation has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid Website, <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP238/>, along with the Modification Proposal Form.

National Grid's Initial view

- 1.5 CMP238 will reduce connection costs and timelines for distribution connecting generators which therefore better facilitates Applicable CUSC Objective (b)

CUSC Modifications Panel's view

- 1.6 To be included after the CUSC Modifications Panel's recommendation vote.

2 Background

- 2.1 The Statement of Works Process (SoW) was implemented by National Grid under CUSC Amendment Proposal (CAP) 97 'Revisions to the Contractual Requirements for Small and Medium Embedded Power Stations under 6.5'. Previously, where a developer connected to a Distribution Network and the relevant Distribution Network Operator (DNO) believed that the connection/resulting Distribution Network works may have an impact on the Transmission System, the DNO was required to make a Modification Application. CAP97 sought to avoid a full Modification Application in every case by providing a cheaper and shorter process whereby a DNO could request National Grid to perform initial analysis and determine if there is an impact on the Transmission System. This is called the Statement of Works process.
- 2.2 Based on the outcome of the Statement of Works process, the developer could decide whether to ask the DNO to proceed with a Modification Application or not.
- 2.3 A series of Ofgem led forums in 2013/14 established that embedded generators have difficulty understanding how their development impacts the Transmission network. Some developers see the Statement of Works process as costly and time consuming, with a lack of transparency.
- 2.4 One of the issues identified concerned the provision for the application of the Statement of Works process even in instances where the DNO is certain that there is an impact on the Transmission System resulting from the developer's connection request.
- 2.5 The Statement of Works process also incurs a fee chargeable by National Grid to the DNO, and can take up to four months in terms of turnaround. By requiring the DNO to enter into this process where they already know that the connection will impact the Transmission System, could incur inefficient additional costs and delay the overall connection process for the developer.
- 2.6 It was suggested that when a DNO received a distribution connection application, and that DNO knows that it will impact the Transmission System, the DNO should be able to directly submit a Modification Application. In the case where a DNO receives a distribution connection application and that DNO is unsure of its impact, then the DNO should be able to continue to submit a request for Statement of Works. Ofgem have since allowed National Grid to conduct a trial of this process.
- 2.7 On 13 May 2014, Ofgem issued a letter of comfort stating 'we will not enforce compliance with sections 6.5.5.1 and 6.5.5.3 of the Connection and Use of System Code (CUSC). This is during the period that National Grid Electricity Transmission System plc (NGET) is undertaking a trial of a revised process for connection distributed generation (DG) customers (the Statement of Works process). This assurance also applies to Distribution Network Operators (DNOs) participating in the trial.' As part of this letter of comfort, National Grid is required to report to Ofgem on the progress and outcomes of the trial. The interim report was sent to Ofgem on 12 November 2014 and is included within Annex 3 of this Consultation.

3 Modification Proposal

- 3.1 CMP238 proposes to continue the process introduced in National Grid's trial from the expiry of Ofgem's letter of comfort in May 2015. This is to allow a DNO to choose to directly submit a Modification Application in respect of a developer connection without first engaging in the Statement of Works process.
- 3.2 It is proposed that when a DNO received a distribution connection application, and that DNO knows that it will impact the Transmission System, the DNO may directly submit a Modification Application. In the case where a DNO receives a distribution connection application and that DNO is unsure of its impact, then the DNO may continue to submit a request for Statement of Works.
- 3.3 In the instance where the DNO proceeds directly to submit a Modification Application, this should reduce application time and costs for the developer.

4 Proposed Implementation and Transition

- 4.1 If approved, the Code Administrator proposes that CMP238 should be implemented 10 Working days after an Authority decision.

Impact on the CUSC

- 5.1 Changes to paragraph 6.5.5.1
Changes to CUSC Exhibit I: SECTION C

Impact on Greenhouse Gas Emissions

- 5.2 None identified.

Impact on Core Industry Documents

- 5.3 None identified.

Impact on other Industry Documents

- 5.4 None identified.

Impact on other Industry Documents

- 6.1 For reference, the Applicable CUSC Objectives, as defined in the Transmission Licence are;
- (a) The efficient discharge by the Company of the obligations imposed upon it by the Acts and the Transmission Licence
 - (b) Facilitating effective competition in the generation and supply of electricity, and (so far as is 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.

Objective (c) was added in November 2011. This refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

National Grid's view

- 6.2 National Grid believes that the proposed changes remove a barrier to competition by reducing inefficient costs and timescales for parties wishing to connect to distribution networks. This better facilitates applicable objective (b).

7 Responses

- 7.1 If you wish to respond to this Code Administrator Consultation, please use the response proforma which can be found under the 'Industry Consultation' under the following link; <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP238/>
- 7.2 Responses are invited to the following questions;
- Q1:** Do you believe that CMP238 better facilitates the Applicable CUSC Objectives? Please include your reasoning
- Q2:** Do you support the proposed implementation approach?
- Q3:** Do you have any other comments?
- 7.3 Views are invited upon the proposal outlined within this report. Please submit your formal response to cusc.team@nationalgrid.com by **5pm on 11th December 2014**.
- 7.4 If you wish to submit a confidential response, please note that information provided in response to this consultation will be published on National Grid's website unless the response is clearly marked "Private & Confidential", we will contact you to establish the extent of the confidentiality. A response marked "Private & Confidential" will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the CUSC Modifications Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.
- 7.5 Please note an automatic confidentiality disclaimer generated by your IT System will not in itself, mean that your response is treated as if it had been marked "Private and Confidential".

Connection and Use of System Code (CUSC)

Title of the CUSC Modification Proposal

Application of Statement of Works Process when a modification application is made

Submission Date

16th October 2014

Description of the Issue or Defect that the CUSC Modification Proposal seeks to address

The Statement of Works Process (SoW) (CUSC 6.5.5) was implemented by National Grid under CUSC Amendment Proposal (CAP) 97. Previously, where a developer connects to a DNO and that DNO believed that the connection/resulting DNO works may have an impact on the Transmission System, the DNO was required to make a Modification Application. CAP97 sought to avoid a full Modification Application in every case by providing a cheaper and shorter process whereby a DNO could request National Grid to perform initial analysis and determine if there is an impact or not on the Transmission System. This is called the Statement of Works process. Based on the outcome of this, the developer could decide whether to ask the DNO to proceed with a Modification Application or not. The CUSC currently requires that a DNO who knows or believes a connection will impact the Transmission System will submit a Statement of Works request prior to submitting a Modification Application.

A series of Ofgem led forums in 2013/14 established that embedded generators have difficulty understanding how their development impacts on the Transmission network. Developers see the Statement of Works process as taking too long and costing too much, with a lack of transparency in the process.

One of the issues identified concerned the provision for the application of the Statement of Works process even in instances where the DNO is certain that there is an impact on the Transmission System resulting from the developer's connection request. This is inefficient as the DNO does not need to determine if there is an impact, but could instead directly proceed to a Modification Application.

The Statement of Works process also incurs a fee chargeable by National Grid to the DNO, and can take up to four months in terms of turnaround. By requiring the DNO to enter into this process where they already know that the connection will impact the Transmission System they could incur inefficient additional costs and delay the overall connection process for the developer.

We also understand that a Statement of Works request could result in the need for a new Connection Application rather than a Modification Application, and we believe that further clarity in the legal text in this area may also be required.

Description of the CUSC Modification Proposal

This modification proposal would allow a DNO to choose to directly submit a Modification Application in respect of a developer connection without first engaging the Statement of Works process.

It is proposed that when a DNO receives a distribution connection application, and that DNO knows this will impact the Transmission system, the DNO may directly submit a Modification Application as described under paragraph 6.9. In the case when a DNO receives a distribution connection application, and that DNO is unsure of its impact, then the DNO may continue to submit a request for Statement of Works as described under paragraph 6.5.

The attached document provides suggested legal text for the modification. Textual changes for the potential inclusion of Connection Applications arising from a Statement of Works request have not been included at this stage.

Impact on the CUSC

Changes to paragraph 6.5.5.1 (Suggested legal text attached).

Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes / No

No.

Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information

BSC

Grid Code

STC

Other
(please specify)

None.

Urgency Recommended: Yes / No
No.
Justification for Urgency Recommendation
N/A
Self-Governance Recommended: Yes / No
No.
Justification for Self-Governance Recommendation
N/A.
Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews?
Yes.
Impact on Computer Systems and Processes used by CUSC Parties:
No significant impact.
Details of any Related Modification to Other Industry Codes
None.
Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives:
<p>Please tick the relevant boxes and provide justification:</p> <p><input type="checkbox"/> (a) the efficient discharge by The Company of the obligations imposed upon it by the Act and the Transmission Licence</p> <p><input checked="" type="checkbox"/> (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.</p> <p><input type="checkbox"/> (c) compliance with the Electricity Regulation and any relevant legally binding decision of the</p>

European Commission and/or the Agency.
 These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1.

Objective (c) was added in November 2011. This refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

The proposed changes remove a barrier to competition by reducing inefficient costs and timescales for parties wishing to connect to distribution networks. This better facilitates applicable objective (b).

Additional details

Details of Proposer: (Organisation Name)	David Corby National Grid
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	National Electricity Transmission System Operator
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	David Corby National Grid 01926 654912 David.Corby@nationalgrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Andrew Wainwright National Grid 01926 655944 Andy.wainwright@nationalgrid.com
Attachments (Yes/No): If Yes, Title and No. of pages of each Attachment: Suggested Legal Text (1 Page)	

Contact Us

If you have any questions or need any advice on how to fill in this form please contact the Panel Secretary:

E-mail cusc.team@nationalgrid.com

Phone: 01926 653606

For examples of recent CUSC Modifications Proposals that have been raised please visit the National Grid Website at <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/Current/>

Submitting the Proposal

Once you have completed this form, please return to the Panel Secretary, either by email to jade.clarke@nationalgrid.com and copied to cusc.team@nationalgrid.com, or by post to:

Jade Clarke
CUSC Modifications Panel Secretary, TNS
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

If no more information is required, we will contact you with a Modification Proposal number and the date the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, the Proposal can be rejected. You will be informed of the rejection and the Panel will discuss the issue at the next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform you.

Proposed Legal text (numbering based on CUSC section 6 v1.22)

6.5.5 Statement of Works

6.5.5.1 Any **User** who owns or operates a **Distribution System** shall, as soon as reasonably practicable upon receipt of a request for a connection to and / or for the use of that **User’s Distribution System** from a **Relevant Embedded Medium Power Station** or a **Relevant Embedded Small Power Station**, **except where it has submitted a Modification Application in respect of such a request**, submit to **The Company** a **Request for a Statement of Works**. Such a submission by a **User** who owns or operates a **Distribution System** of a **Request for a Statement of Works** will be substantially in the form of Exhibit U

CUSC exhibit I:

SECTION C. TECHNICAL INFORMATION

1. Summary of Application (brief description of plant to be connected):
.....
.....
.....
2. Please provide full details of the proposed **Modification** together with the relevant **Standard Planning Data** as listed in Part 1 of the Appendix to the **Planning Code** to the extent that the data will change from previously submitted Committed Project Planning Data or Connected Planning Data as a result of the proposed **Modification**. Note: the data concerned form part of the **Planning Code** and **Data Registration Code**. **Applicants** should refer to these sections of the **Grid Code** for an explanation. Further guidance is available from **The Company**³ on request.
3. Please notify **The Company** as to whether the **Modification** is associated with a **BELLA/BEGA Application** and if so details of the relevant **BELLA/BEGA Application**.

BELLA/BEGA Agreement Ref:

Site of Connection.....
4. **Please notify **The Company** as to whether the **Modification** is in respect of a request for a connection to and / or for the use of the **User’s Distribution System** from a **Relevant Embedded Medium Power Station** or a**

³ Customer Services, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 654634)

Relevant Embedded Small Power Station, and therefore relieves the requirement to raise a **Request for a Statement of Works** under 6.5.5.1

Yes / No.....

6.5.5 Statement of Works

6.5.5.1 Any **User** who owns or operates a **Distribution System** shall as soon as reasonably practicable upon receipt of a request for a connection to and / or for the use of that **User’s Distribution System** from a **Relevant Embedded Medium Power Station** or a **Relevant Embedded Small Power Station**, *except where it has submitted a Modification Application in respect of such a request*, submit to **The Company** a **Request for a Statement of Works**. Such a submission by a **User** who owns or operates a **Distribution System** of a **Request for a Statement of Works** will be substantially in the form of Exhibit U

CUSC exhibit I:

SECTION C. TECHNICAL INFORMATION

1. Summary of Application (brief description of plant to be connected):
.....
.....
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2. Please provide full details of the proposed **Modification** together with the relevant **Standard Planning Data** as listed in Part 1 of the Appendix to the **Planning Code** to the extent that the data will change from previously submitted Committed Project Planning Data or Connected Planning Data as a result of the proposed **Modification**. Note: the data concerned form part of the **Planning Code** and **Data Registration Code**. **Applicants** should refer to these sections of the **Grid Code** for an explanation. Further guidance is available from **The Company**³ on request.

3. Please notify **The Company** as to whether the **Modification** is associated with a **BELLA/BEGA Application** and if so details of the relevant **BELLA/BEGA Application**.

BELLA/BEGA Agreement Ref:

Site of Connection.....

4. Please notify **The Company** as to whether the **Modification** is in respect of a request for a connection to and / or for the use of the **User’s Distribution System** from a **Relevant Embedded Medium Power Station** or a **Relevant Embedded Small Power Station**, and therefore relieves the requirement to raise a **Request for a Statement of Works** under 6.5.5.1

Yes / No.....

³ Customer Services, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 654634)

Background

On 12th May 2014 Ofgem published a 'letter of comfort'¹ providing 'assurance that [Ofgem] will not enforce compliance with sections 6.5.5.1 and 6.5.5.3 of the Connection and Use of System Code (CUSC)' throughout the period of a planned trial.

The purpose of the one year trial was to bypass the Statement of Works process (and move directly to Confirmation of Project Progression) where the DNO knows that embedded generation would have an effect on the transmission system. As such it was expected that there were potential cost and time savings within the process for embedded generators ordinarily required to progress through Statement of Works.

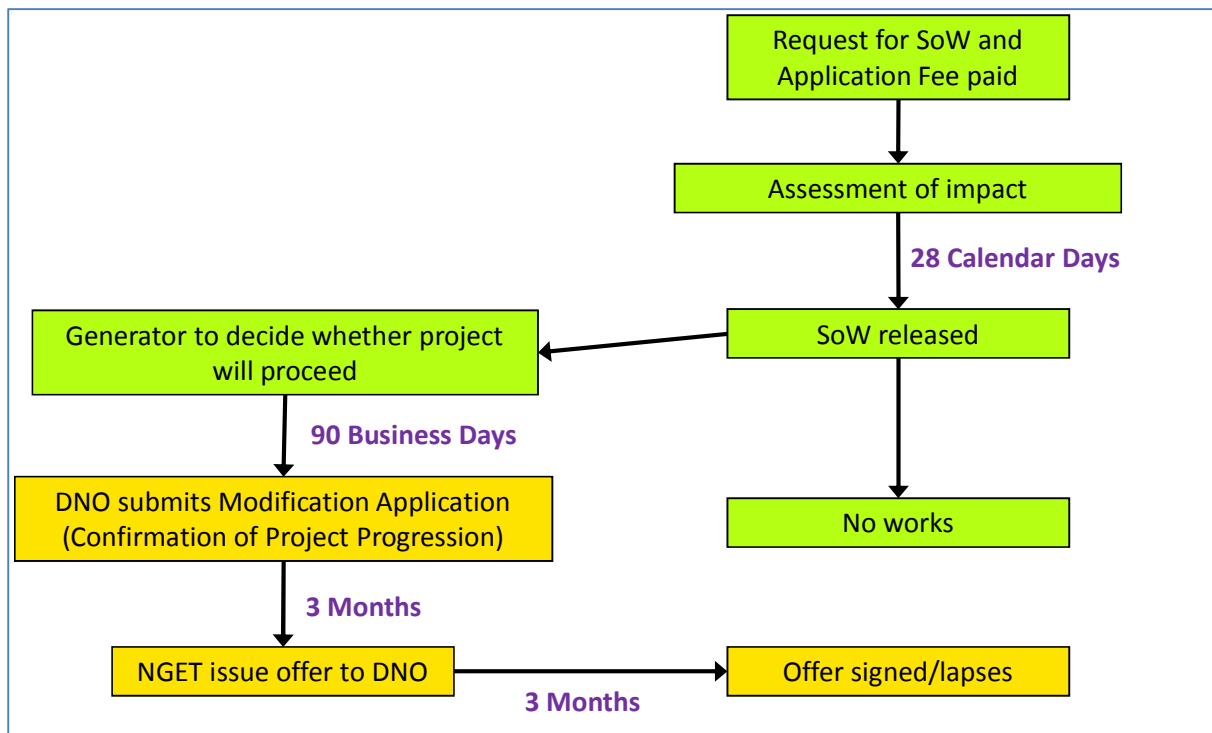
National Grid was directed to publish a progress report by 12th November 2014 to include information about participants within the trial and information on the following:

- Time Savings
- Administration Fee Savings
- Customer Feedback

A final report was also directed to be published by 11th May 2015 which is expected to include information on any CUSC Modification Proposal (as in the event the trial process was deemed to be successful it was also expected that National Grid would commence a CUSC Modification Proposal) to conclude coincident with the end of the trial period.

Figure 1 and Figure 2 below respectively provide a high-level overview of the current Statement of Works and Confirmation of Project Progression process and the anticipated process under the trial where there is a known effect on the Transmission System.

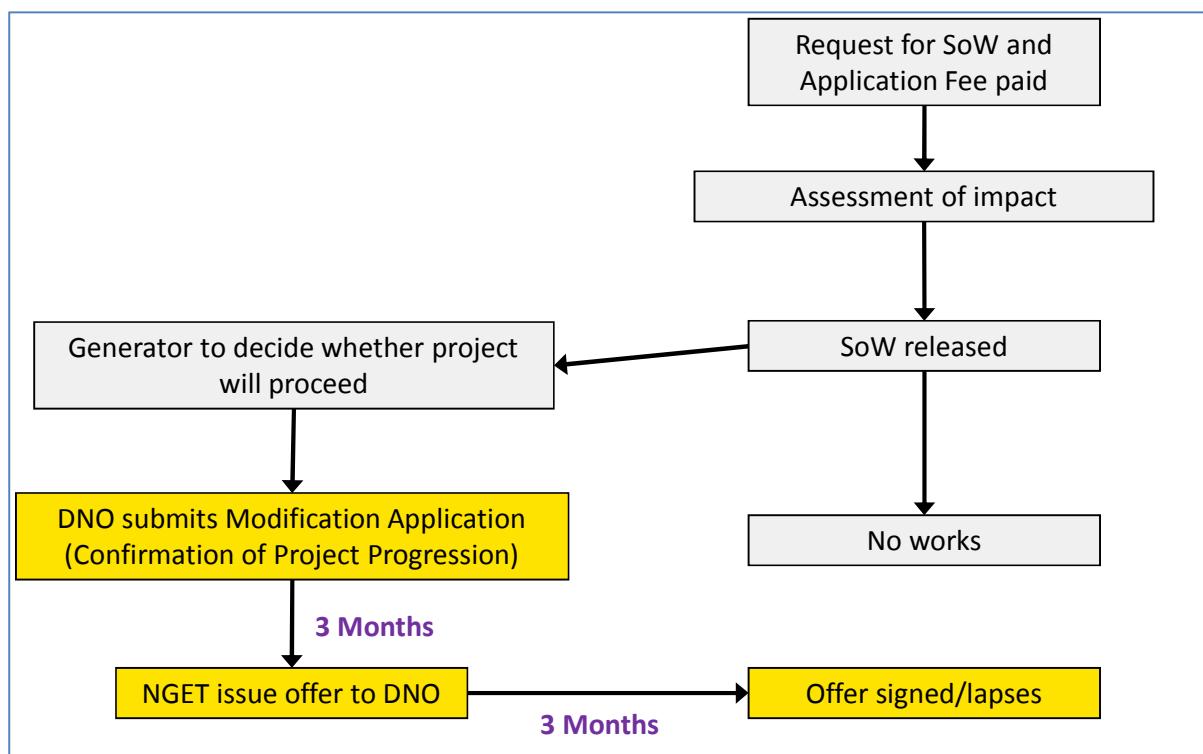
Figure 1 – Current Statement of Works and Confirmation of Project Progression Process



¹ <https://www.ofgem.gov.uk/ofgem-publications/87731/ngetletterofcomfort12may2014.pdf>

Figure 2 – Trial Statement of Works and Confirmation of Project Progression Process

Please note that the potentially bypassed steps of the process are now greyed. Please also note that an application fee would remain payable for Confirmation of Project Progression.



The expected benefit of the trial process in Figure 2 above is that where the outcome of the first stage of the process is known to require the second stage of the process with a degree of certainty in advance, the option to bypass the first stage (i.e. Statement of Works) is provided which saves the DNO (and thus the embedded generator) the cost of the initial application fee and the time spent progressing through the first stage of the process.

Interim Trial Review

Throughout the period of the trial to date there have been a number of applications, some of which have bypassed the first stage (i.e. Statement of Works) under the trial as per Figure 3 below.

Figure 3 – Trial Overview – 12th May 2014 to 31st October 2014

DNO	Number of Applications	% of applications bypassing Statement of Works
SHEPD	15	100%
SPD	18	100%
ENW	0	N/A
Northern Powergrid	3	0%
WPD	8	12.5% ²
SP Manweb	2	0%
SEPD	0	N/A
UKPN ³	2	100%

² Please note that there are a further 12 applications expected to bypass Statement of Works in the near future which would change this percentage to 65%.

³ Please note that the two UKPN applications were bulk applications where multiple embedded generators were included within each application albeit are being treated as a single application by National Grid.

The following sub-sections provide an overview of whether the expected benefits are being achieved under the trial period.

Time Savings

Based upon the information within Figure 3, the total process time saving for DNOs is as per Figure 4.

Figure 4 – Statement of Works Time Savings

DNO	Statement of Works Timescales	Total Time Saving
SHEPD	28 Calendar Days per Statement of Works Application	420 Calendar Days
SPD		504 Calendar Days
ENW		N/A
Northern Powergrid		No Saving
WPD		28 Calendar Days
SP Manweb		No Saving
SEPD		N/A
UKPN		56 Calendar Days

Please note that as well as the known time saving above there is a far greater time saving which is more difficult to quantify in that for those which have bypassed Statement of Works, as well as the actual 28 calendar day period, each project benefitting from the trial would not be held up by any administration time prior to the start of this period (i.e. for payment of an invoice) or in the period between Statement of Works and Confirmation of Project Progression, which could be up to 90 business days for each application.

Administration Fee Savings

Based upon the information within Figure 3, as well as the Statement of Use of System Charges published⁴ as detailed in Figure 5, the total saving to DNOs (and thus embedded generators) to date as a result of the trial is **£92,700**.

Figure 5 – Statement of Works Charges (including VAT)

DNO	Statement of Works Charge	Total Saving
SHEPD	£1,200	£18,000
SPD	£3,600	£64,800
ENW	£3,300	N/A
Northern Powergrid	£3,300	£0
WPD	£3,300	£3,300
SP Manweb	£3,300	£0
SEPD	£3,300	N/A
UKPN	£3,300	£6,600

Please note that for simplicity the above costs are reflective of applications being 'in zone' and has not taken into account any changes to the above charges (per application) as a result of any application being in respect of a site located within a boundary of influence. This will have minimal effect on the overall saving indicated.

⁴ <http://www2.nationalgrid.com/UK/Industry-information/System-charges/Electricity-transmission/Transmission-Network-Use-of-System-Charges/Statement-of-Use-of-System-Charges>

Customer Feedback

Customer feedback provided to date has been generally positive, especially for those in Scotland. It is acknowledged that the trial provides the opportunity for cost and time savings within the process when compared to the status quo.

On this basis the trial is providing tangible benefits to embedded generators as expected.

However, feedback has also been received from customers that the removal of Statement of Works, although a step in the right direction, is not sufficient in itself to unlock the full range of opportunities to improve the process and further work is likely to be required.

In addition, it is apparent from discussions with stakeholders that a blanket removal of the Statement of Works process would not be in the best interests of customers as for certain embedded projects there is still uncertainty as to whether the embedded generator will have an effect on the Transmission System so in these instances the first stage may remain beneficial and the flexibility to progress through the current process or bypass Statement of Works and move directly to Confirmation of Project Progression (as and where appropriate) is desirable.

Interim Conclusion and Next Steps

Based upon the above information the interim conclusion is that the trial is successfully achieving its aims and that a CUSC Modification Proposal should be raised to conclude coincident with the conclusion of the trial in May 2015.

Therefore, on 31st October 2014 National Grid raised a CUSC Modification Proposal at the CUSC Panel to provide an option under CUSC Paragraph 6.5.5.1 for a DNO to bypass Statement of Works and progress to Confirmation of Project Progression where it is known that the embedded generator will have an effect on the Transmission System. The CUSC Panel accepted that the proposal could proceed to Code Administrator consultation and this is due to be published in the near future.

Until the conclusion of the trial, data and feedback will continue to be recorded to feed into the final report due 11th May 2015.