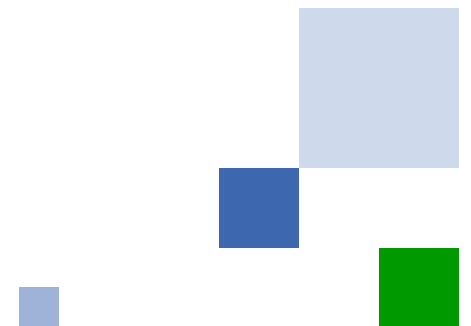


CAP148 and Alternatives for Connect and Manage

Bill Reed



CAP 148 Proposal

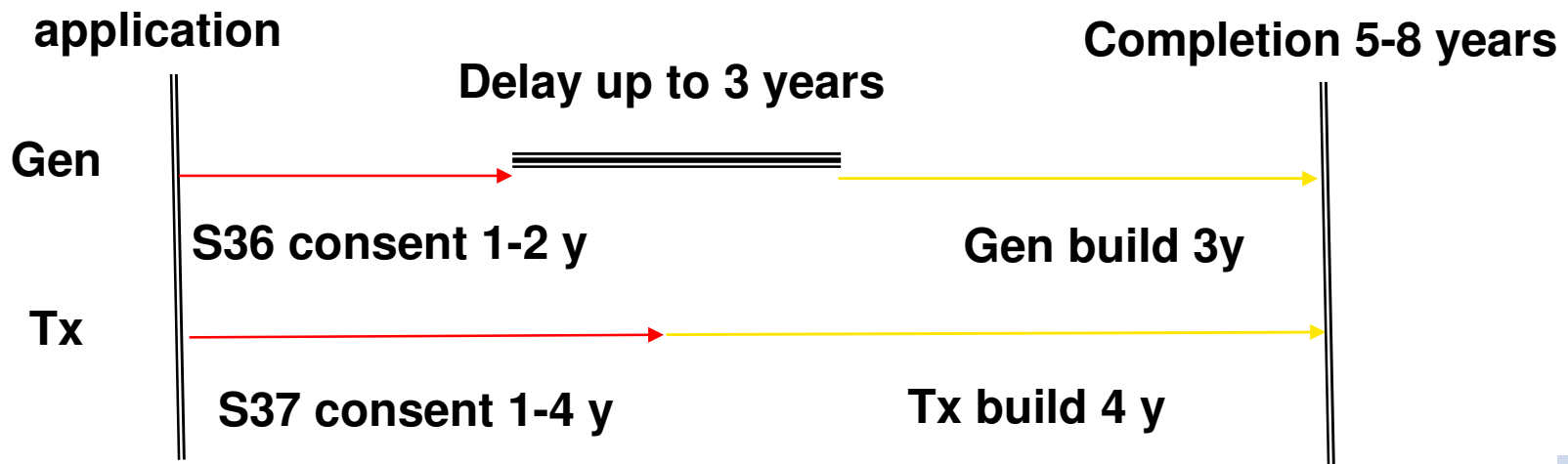


- New product, Deemed TEC (“DTEC”), replaces TEC for renewable generators
- DTEC is a contractually firm indefinite access product
- DTEC is provided on a firm date, 3 years after the later of
 - project planning consents obtained
 - date of BCA
- subject to local connection being in place and power plant operational
 - DTEC does *not* require deep upgrades to be in place
 - Conventional generators to be constrained before renewable generators
- where insufficient transmission capacity
 - Constraint payments under TNUoS and not BSUoS, based on compensation for losses

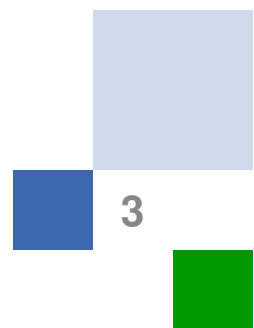
Misalignment of planning process (1) *



- The timeline below shows how the current connection process works
- The objective is that all works (transmission and generation) are delivered at the same time:



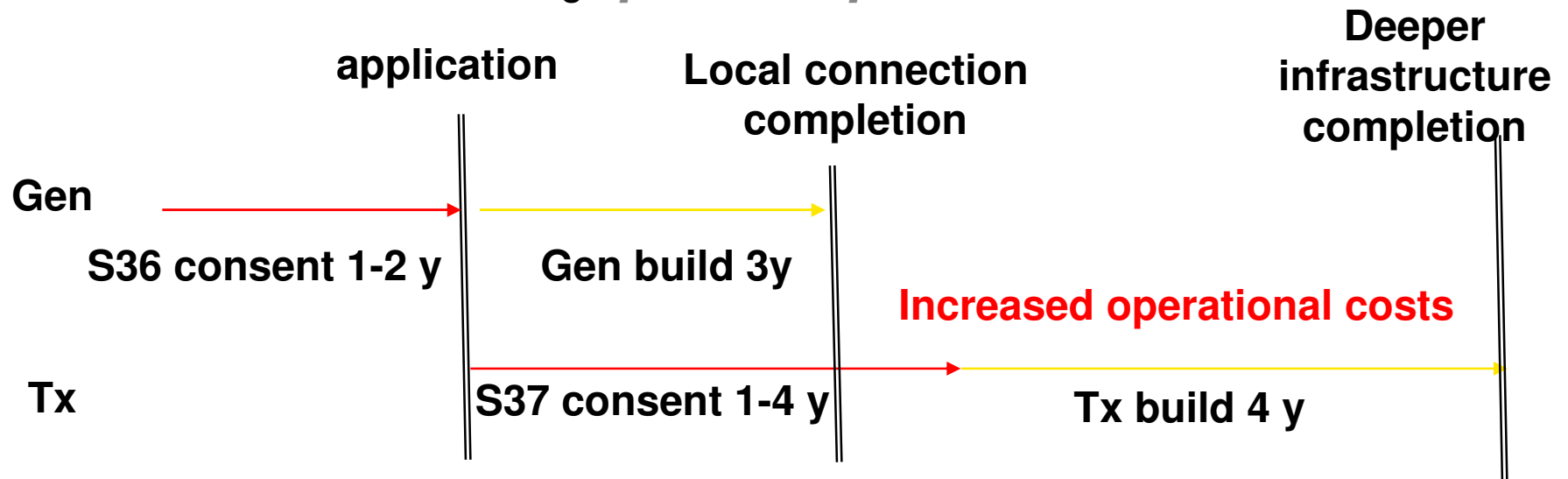
- Transmission is the critical path



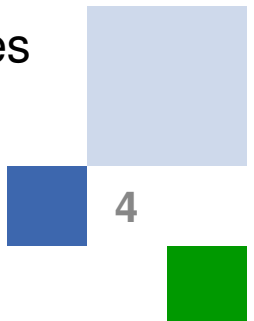
Misalignment of planning process (2) *



- Under Connect and manage [*Worst Case*]:



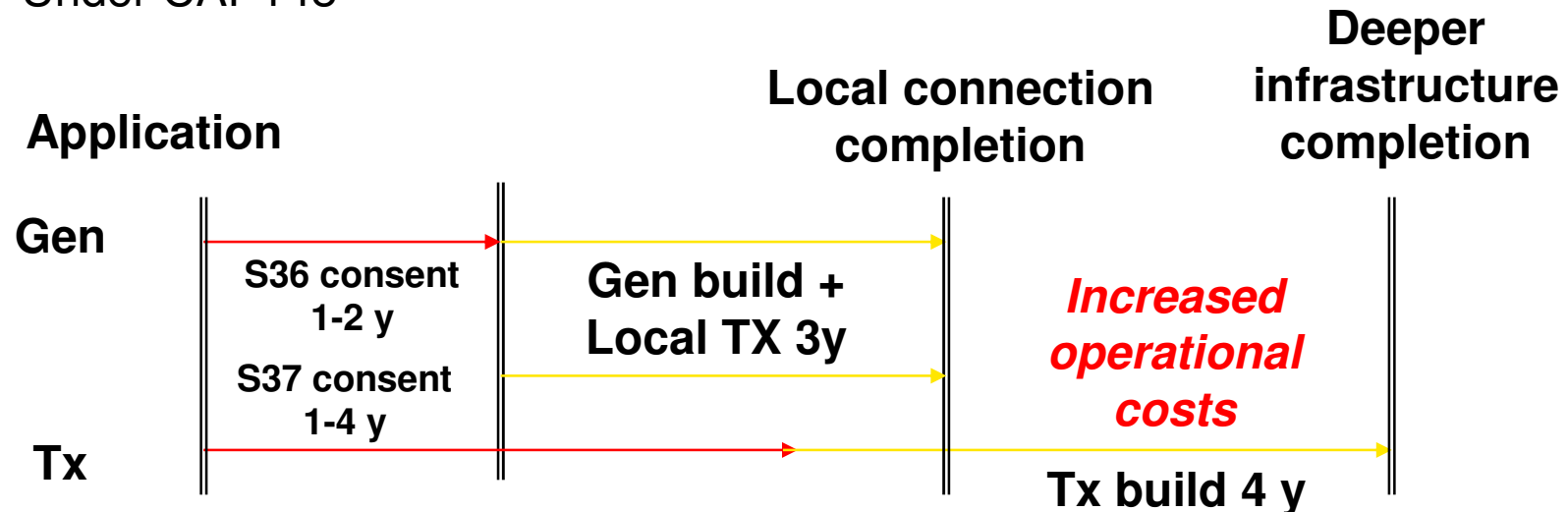
- Delaying the date of application creates a disjoint in the planning process
- In 'full' connect and manage the transmission design / investment does not take place until constraint costs have been realised



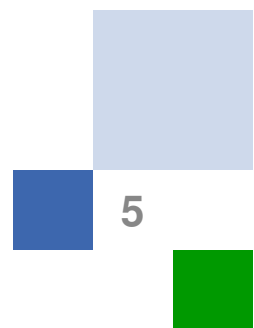
CAP 148 and planning process *



- Under CAP148



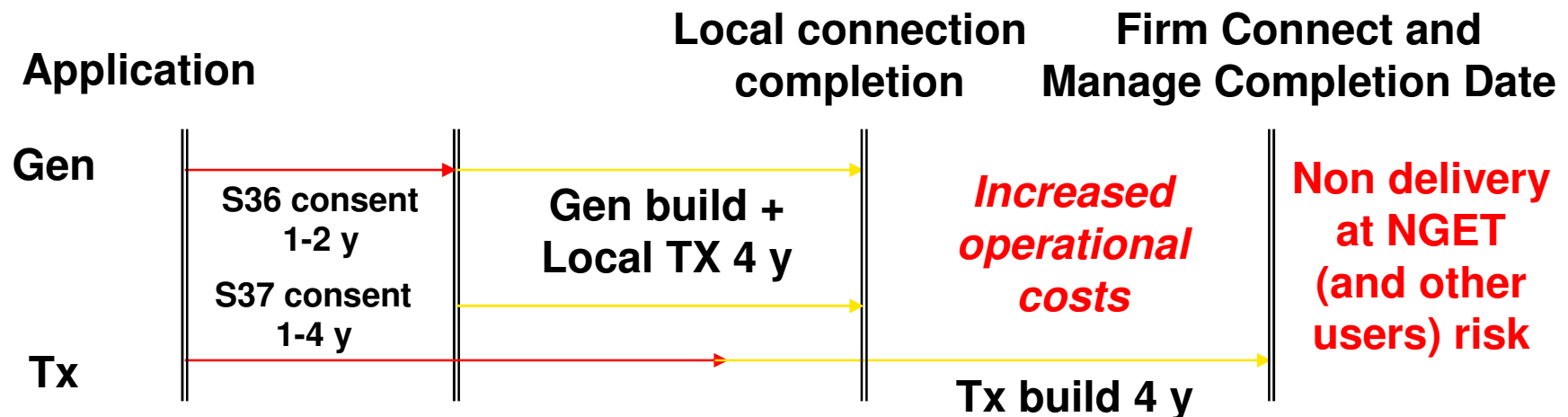
- Application prior to transmission consents
- Assumption that local works can be completed prior to deeper infrastructure completion (eg. S37 is not required for local works)
- Example: New generation north of Beaully-Denny line



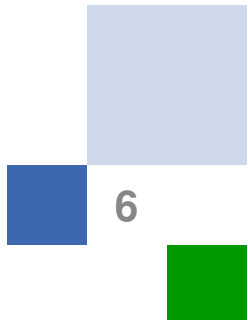
Alternative 1 – CAP148 “connect and manage” *



- Under Connect and Manage

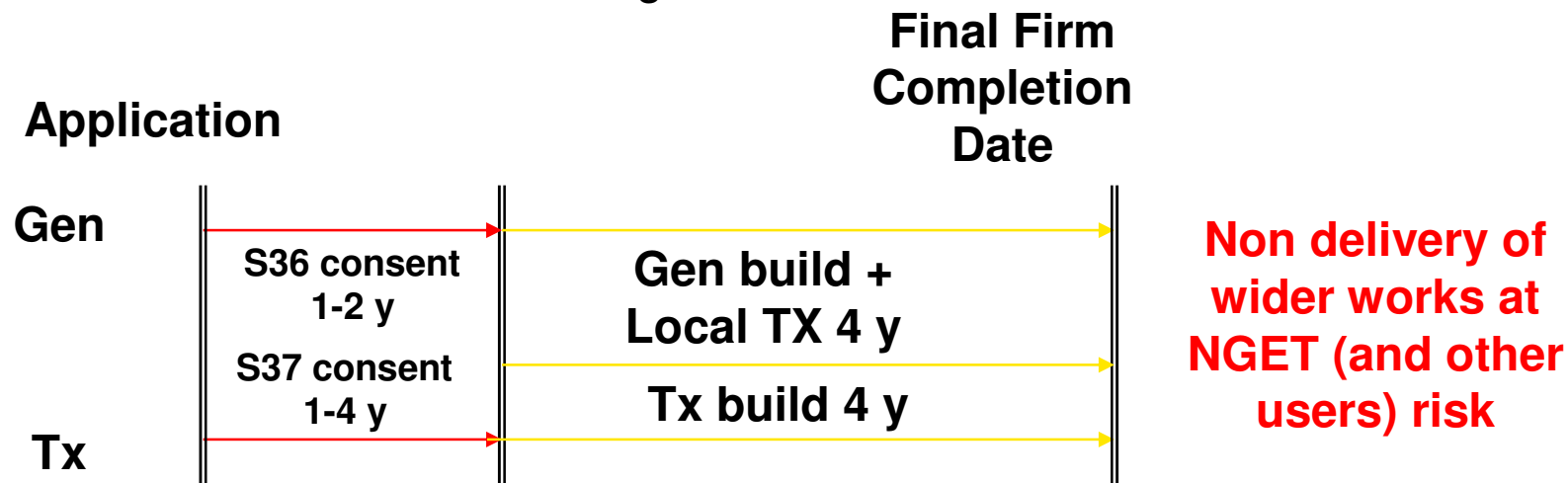


- Application prior to consents
- Eligible users may opt for DTEC for “expected consent date”
- Eligible users liable for “cost-reflective charges” from local connection completion date



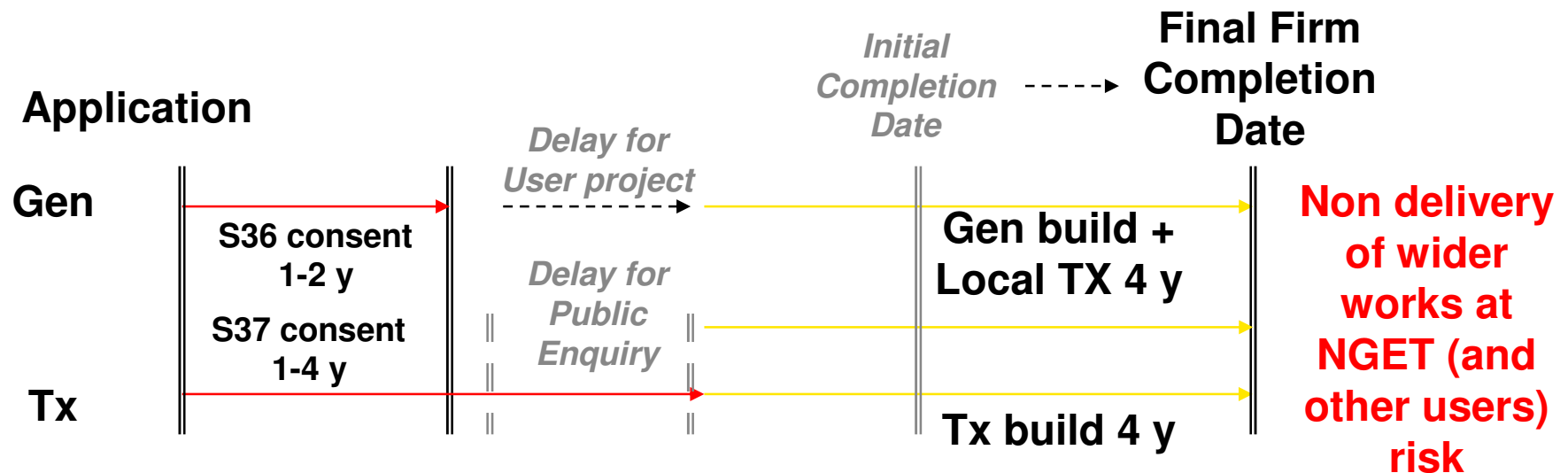
Alternative 2 – CAP148 “connect and manage” with planning escape clause *

- Under Connect and Manage



- Application prior to consents – eligible users may opt for DTEC
- Transmission Force majeure for public inquiry etc
- All works aligned – firm completion date with other users bearing risk of late completion

Alternative 2b – CAP148 “connect and manage” – impact of planning delay*



- Transmission works delayed by public enquiry
- Completion date delayed until consent received – then 4-yr lead time
- Final completion date remains firm