

## CAP131 Working Group

Meeting Name	CAP131 Working Group
Meeting No.	1
Date of Meeting	19 <sup>th</sup> October 2006
Time	10:00am – 02:30pm
Venue	Boardroom, National Grid Offices, Northampton

This note outlines the key action points from the most recent meeting of the CAP131 Working Group.

### 1. Terms of Reference

1. Terms of Reference document to be amended to reflect comments from Working Group members.  
**Action: LM**
  2. Working Group agreed to expand Section 5 of the Terms of Reference to include 'Definitions', including the definition of retrospectively.
  3. The Working Group acknowledged that 'Rebate' and 'Exchange Rates' were two separate issues.
  4. In terms of Exchange Rates, the Working Group is to investigate whether the existing CAP068 (Completing Requests for TEC) provisions are applicable to CAP131. It was noted and agreed that the establishment and introduction of a new trading regime (if necessary) was outside the scope of CAP131.
  5. The Working Group agreed that the Amendment Proposal should include the refund of securities, held in escrow, on connection.
  6. The Working Group queried the use of the term 'commissioning' in the Terms of Reference. National Grid to investigate and clarify the use of commissioning and whether or not a more appropriate term could be used.  
**Action: NP**
  7. MC informed the Working Group that it should be aware of the boundary between CUSC and Charging. MC acknowledged that in order to discuss the Amendment Proposal, the Working Group would have to touch on charging issues (outside the remit of the CUSC). MC clarified that these issues should be noted within the Working Group report as areas that would have to be given further consideration in the appropriate arena. This would assist the Authority in considering the Proposal and ensuring that the Proposal(s) could not be rejected due to a technicality i.e. elements of the Proposal outside the scope of the CUSC.
  8. MC to investigate the boundaries between the CUSC and Charging and provide additional guidance to the Working Group, if possible. MT suggested that discussion of this sort be captured in an Appendix to the Working Group Report.  
**Action: MC**
- ### 2. CUSC Amendment Proposal 131 (User Commitment for New and Existing Generators) Overview
9. National Grid provided an overview of CAP131 to the Working Group. The associated presentation slides will be circulated to Working Group members for reference.  
**Action: LM**
  10. National Grid to provide additional information regarding the CUSC defect and how

CAP131 addresses these issues. The Working Group noted that it would be useful if National Grid would clarify the boundary of CAP131 i.e. what will and will not be changing. National Grid to indicate which aspects of CAP131 are fixed and which are open to further Working Group debate and agreement. It was acknowledge that this approach may result in Working Group Alternative Amendments.

**Action: NP**

### 3. Cost Reflectivity

11. National Grid to provide justification and analysis on the following areas:
  - i. Usage of '6' and '2' figures
  - ii. Suitability of TNUoS as the favoured proxy
  - iii. Alternative investment cost proxies:
    - Locational element of TNUoS
    - Unit Cost Allowance (UCA)
    - Flat
  - iv. Assessment of TNUoS against actual connection offers i.e. is TNUoS an appropriate proxy?
  - v. Justification of £3/kW as a collar and whether or not it should be fixed or variable dependant on the Users location

**Action: NP**

12. The Working Group to consider whether the proposal (particularly the £1/kW to £3/kW element) will have the desired effect of removing speculative applications from the GB Queue.

13. The Working Group discussed whether the requirement for existing Users to face a liability of 2 years TNUoS would meet the aim of providing improved information, particularly when compared to Grid Code OC2 provisions. National Grid to investigate further the existing OC2 provisions and compare them against CAP131.

**Action: NP**

### 4. Arrangement for New Generators

14. National Grid to clarify what the process would be for consent costs under the new arrangements i.e. would they be invoiced for 100% of the costs.

**Action: NP**

15. National Grid to clarify the liability if the connection date is delayed by either the User or the TO. National Grid to include consideration of the existing provisions in Sections 2.11 and 3.1 of the Construction Agreement.

**Action: NP**

### 5. Arrangement for Existing Generators

16. National Grid to clarify how the arrangements would be applied in the following scenarios:
  - Users provide notification, within the designated timescales, to reduce their TEC but subsequently change their minds.
    - What liability does the User face?
    - Does the User have to re-apply to increase their TEC?
    - Does another User get allocated the available TEC?
  - What liability a User would face in the event of any unforeseen closure i.e. unable to provide the relevant notice?
  - What happens if a User demolishes their Power Station but continues to pay TNUoS? (The Working Group acknowledged that this was more applicable in negative charging zones)
  - Reduction in TEC for plant refurbishment due to environmental reasons. Working Group members noted that the new arrangements could be seen as a disincentive.

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- Increases/Decreases in TEC

**Action: NP**

17. National Grid to clarify how the time varying value of TEC will be handled in the Bilateral Agreements.

**Action: NP**

### **6. CEC/TEC and Modification Application Process**

18. National Grid to clarify what is meant by a CEC only application.

**Action: NP**

19. National Grid to confirm how staged applications and returning mothball plants are covered by this process.

**Action: NP**

20. National Grid to confirm what rights a Users is entitled to with respect to a CEC only application and why this type of application is associated with investment costs.

**Action: NP**

21. National Grid to clarify the User requirements for the acquisition of CEC and TEC and to confirm whether the process would prevent a new generator waiting until after commissioning to pay the relevant liability i.e. 2 years versus 6 years.

**Action: NP**

22. The Working Group acknowledged that if the current arrangement was not sufficiently robust enough to prevent this scenario happening, alternative arrangement would be requirement.

23. National Grid to confirm how the new arrangements would prevent Users from continuing to submit amended modification applications in order to avoid payment of the securities.

**Action: NP**

24. National Grid to clarify to the Working Group the current Modification Application process and highlight how CAP131 would work alongside the current procedure.

**Action: NP**

### **7. Refunds**

25. National Grid to clarify the process for Refunds i.e. under what circumstances refunds would be applicable.

**Action: NP**

26. The Working Group noted that it would be useful to confirm the applicability of refunds when a TO fails to obtain consent and whether or not a refund mechanism would have to be developed.

**Action: NP**

### **8. Definitions**

27. National Grid to confirm the definition for the new term 'TO Key Consents'. National Grid stated that the intention was to use TO Consents as an indication of significant spend commitment by the TO.

**Action: NP**

### **9. Implementation Issues**

28. The Working Group agreed that it was important to discuss the associated implementation issues of CAP131.

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### 10. Applicability of CAP131

29. National Grid informed the Working Group that CAP131 would only be applicable to directly connected Powers Stations on the GB Transmission System. MK queried whether the provisions should be applied to Medium and Small Embedded Generators. It was agreed that the Working Group would consider this issue as part of the general discussion on CAP131.

**Action: All**

### 11. Next Meeting

30. The next Working Group meeting will be held on Friday, 27<sup>th</sup> October 2006 at National Grid offices' in Northampton. The meeting will commence at 10am.
31. Working Group members to provide details of their availability during November 2006, in order to assist in the scheduling of future meeting dates. Dates to be sent to Working Group secretary.

**Action: All**

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## Appendix 1 – Working Group Attendance

### Members Present:

Hedd Roberts	HR	Chairman
Lilian Macleod	LM	Secretary
Nick Pittarello	NP	National Grid
Robert Brown	RB	Cornwall Energy Associates
Mike Davies	MD	Wind Energy
Steven Eyre	SE	British Energy
Richard Ford	RF	RES Ltd
Garth Graham	GG	Scottish and Southern
Paul Jones	PJ	E.ON
Merel Van der Neut Kolfshoten	MK	Centrica
Simon Lord	SL	International Power
Bill Reed	BR	RWE
David Scott	DS	EDF Energy
Malcolm Taylor	MT	AEP

### In Attendance:

Adam Brown	AB	National Grid
Mark Copley	MC	Ofgem
Richard Miller	RM	Ofgem
Charles Ruffell	CR	RWE

### Apologies:

Mike Kay	MK	United Utilities
David Ward	DW	Magnox