CAP 148 Deemed Access Rights to the GB Transmission System for Renewable Generators

Report to CUSC Panel August 2007

Malcolm Taylor WG Chairman

Association of Electricity Producers

CAP 148 Original Summary

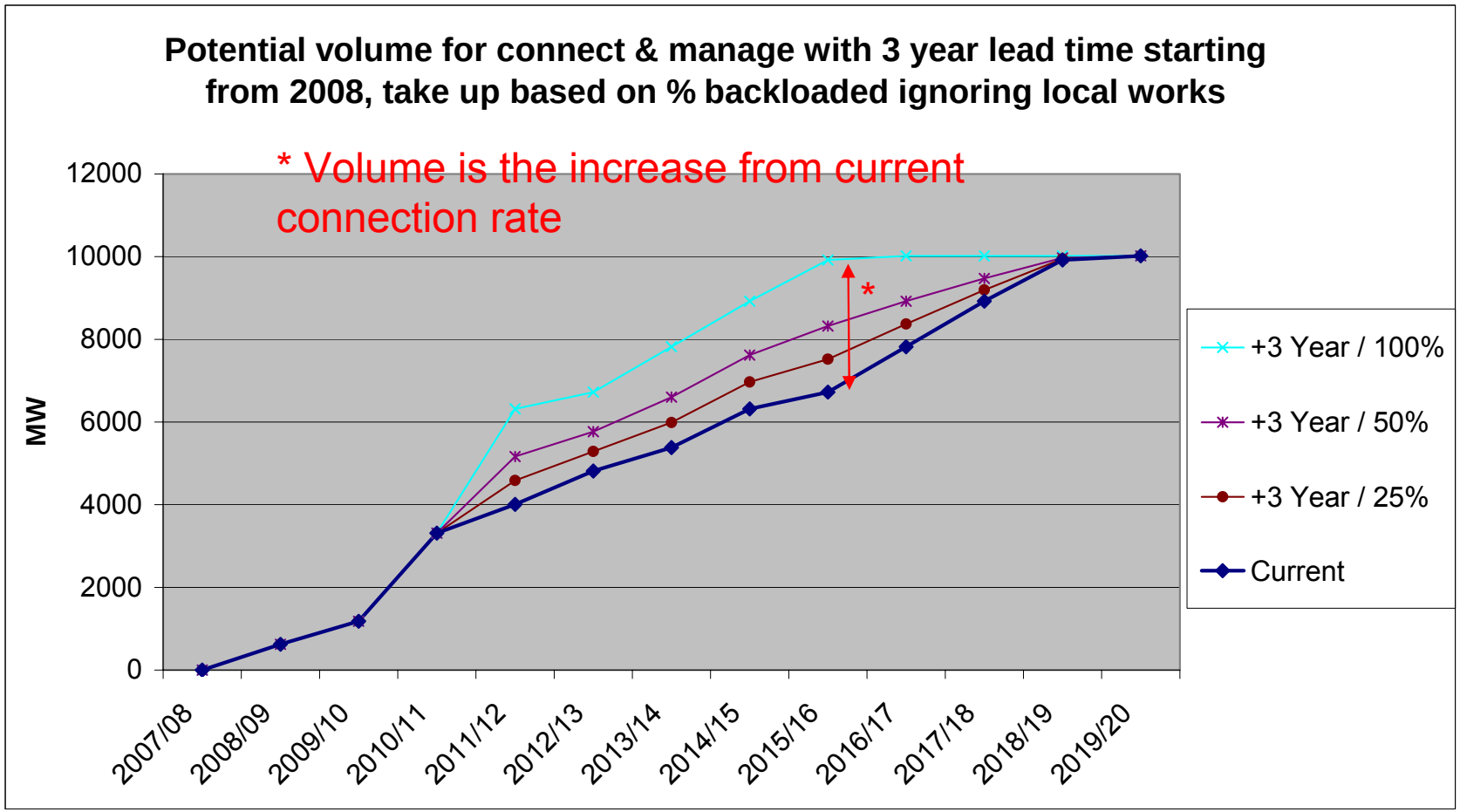
- Prioritise use of the GB Transmission System by new renewable generators in accordance with the Renewables Directive 2001/77, Article 7.

- Provisions to ensure a renewable generator gains early access to the GB Transmission System on the earlier of
  - (1) the date by which National Grid can deliver Transmission Entry Capacity ("TEC"); or
  - (2) three years after the later of:
    - (i) the date on which the generator obtains its project planning consents; or
    - (ii) the date on which it accepts a Connection Offer from National Grid,
  - subject in both cases (1) and (2) to a local connection having been consented and commissioned, and
- Provisions to enable administered constraint payments to be made to generators that have to be constrained down/off as a consequence of the GB Transmission System being unable to meet the usage requirements of generators with TEC and DTEC. Such administered Interruption Payments would be charged out via the TNUoS Charging methodology.

CAP 148 Working Group Alternatives

- WGAA Attributes
  - Eligibility
    - (3) Low Carbon X≤0.2 T/MWh
    - (4) All REGOs minus proportionally qualifying plant
    - All REGOs and Intermittent REGOs only considered but no WG support
  - Risk Allocation for Delays
    - (A) Risk Allocation as now
    - (B) No relief to NG for delays arising from planning
    - (C) No relief to NG for delays arising from any source
  - Lead Time
    - (X) 48 months
    - (Y) 36 months

Volumes associated with a 3 year advancement



	Compared to Current CUSC			
	Better	Worse	Abstain	
Current Baseline	5			Preferred alternative
4CX	2	10	1	0
4BX	6	7	0	6
4CY	2	10	1	1
3BX	2	10	1	1
4AX	0	10	3	0
CAP 148 Original	2	11	0	0

aep Association of Electricity Producers

Option 4BX	
Eligibility 4	•Core definition of REGO qualifying minus proportionally qualifying plant – consistent with general governmental goal of advancing renewable generation minus a practical limitation
Risk Allocation delays B	•National Grid would have full normal relief against external events directly delaying the Directly Consequential Works.
	• National Grid would have no relief against delays to the wider works arising from the planning process. This risk is allocated to NG and thence the rest of the market to end customers because end customers (via government) can affect wider planning risk.
Lead Time 48 months X	The minimum period after which the DTEC generator must receive access is 48 months, subject to completion of the Directly Consequential Works (DCW) . 48 months should be sufficient time for National Grid to build the necessary local and wider works to allow new generation to connect, subject to planning consents being obtained
Other	•No special constraint management arrangements for DTEC generators. Each new connection may reduce or increase local constraints – cost inefficiency?
	•On completion of wider works DTEC would revert to TEC.

EFFICIENT DISCHARGE OF LICENCE CONDITIONS	
Promotes	•Increased volume of generation means increased volume efficiency
	•Access opportunities for transmission access beyond LDTEC
	• More generation made available; NG can draw upon a deeper pool of possible system service providers.
	•Greater diversity may improve long term security of supply
	NG have a variety of constraint management tools and CAP148 constraints should be well characterised; therefore additional constraints may not be more expensive
	Risk allocation will encourage NG to build assets sooner
Demotes	
	Possible sub-optimal investment programme because of priority for DTEC
	Next connection may enhance constraints – cost inefficiency
	Constraints more frequent and of longer duration additional costs if new renewable is constrained this won't help diversity and hence Security of Supply
	Risk allocation won't help NG to build assets faster

FACILITATES COMPETITION	
Promotes	•More connected generation leads to more competition in the volume of generation
	• Easier/cheaper for smaller suppliers to fulfil renewable obligation
	•Greater diversity of generation could improve longer-term security of supply
Demotes	• May reduce recycle payments and reduce commercial viability of existing renewable generation
	•Additional constraint costs (under current BSUoS system) would lead to cross-subsidy

Consequential Changes

- Wide-ranging and substantial – even with WGAAs

- Grid Code
- STC
- SQSS
- Charging Methodology
- Licences ?
- DCUSC & Distribution Code

- BSC CAP 148 Original would probably require changes
- BPS & PGS CAP 148 Original may require changes

Recommendations

- Accept that Terms of Reference are Fulfilled
- Begin Consultation
- Disband Working Group
- Note NG’s preliminary thinking on charging impacts and arrange for this to be publicised along with the consultation

Chairman's Comments

- A difficult amendment to do justice to because of its wide-ranging impacts
- Wholehearted intelligent contributions from everyone in the WG
- Underlines difficulty of assessment when holistic change is being contemplated
  - Charging dealt with separately
  - Due discrimination issue
  - HMG environmental policy and the Applicable Objectives
- Sub-optimal outcome.