

Meeting Name CAP167 Working Group  
Meeting No. 6  
Date of Meeting 1<sup>st</sup> September 2008  
Venue National Grid House

This note outlines the key action points from the most recent meeting of the CAP167 Working Group.

<b>Attendees</b>		
Emma	Carr	Working Group Chair
Craig	Maloney	National Grid
Cheryl	Mundie	Ofgem
Leonida	Bandura	E.ON
Paul John	McGimpsey Norbury	SP Distribution and SP Manweb RWE
Steven	Pottinger	Baillie Windfarm Limited and Spittal Hill Windfarm limited & Scottish Renewables
Dan	Randles	Electricity North West
Alan	Creighton	CE Electric - UK
Ray	Hunter	RES
Robert	Longden	Airtricity – by phone
Mo	Cloonan	Community Energy Scotland (Observer) – by phone

## 1. Apologies

Apologies were received from Parry Bath (Technical Secretary), Alec Morrison (SSE Power Distribution), David Walker, Dave Wilkerson (Centrica) and Paul Mott (EDF).

## 2. Minutes of the 4<sup>th</sup> meeting held on 30<sup>th</sup> of July 2008, and minutes of 5<sup>th</sup> meeting held on 12<sup>th</sup> of August, 2008.

In the absence of Parry Bath, minutes for both meetings were not agreed. It was agreed that further any comments should be passed onto Parry for agreement at the next meeting. .

## 3. Summary of the debate:

### Cost of carbon as criteria

83 Dan Randles presented thoughts as to why an assessment of the cost of carbon should not form part of the assessment criteria when determining MW thresholds, on the basis that the overall economic viability of generation is set by the background economic conditions, and by specific government incentives including the ROC scheme. The ROC scheme can be seen as a proxy for the carbon cost, and thus the general costs of connection are already factored into the viability of the scheme against a general background.

84 Additionally, once connected, an embedded generator might contribute to the need to constrain other generators. However, constraints are generally applied through the BM, with generators bidding to take energy actions. The energy actions will embody carbon costs to the extent that these costs are associated with the energy, generally through the ROCs. This will generally imply that high carbon energy (with low or zero ROC value) will be constrained first, thereby factoring the cost of carbon into system operation.

85 In the absence of Alec Morrison who had circulated counter comments to included the cost of carbon as a criterion. It was agreed that this should be carried forward to the next meeting for discussion.

86 Craig Maloney commented that an assessment of the cost of carbon should not form part of the criteria as this would unduly discriminate against non-renewable generators at this stage, which would not be in accordance with National Grid's Transmission Licence and CUSC objectives.

### **CAP167 Cost of carbon assessment**

87 Craig Maloney presented some initial thoughts as to how an assessment of CAP167 might be undertaken in terms of its impact on the cost of carbon, using the SHEPD region as an example. The first stage of any assessment would involve the determination of an accurate forecast of renewable SEPS connecting to the distribution networks in the near future. In the absence of information from the DNOs, Craig presented some numbers based on an internal National Grid model, and stressed that any numbers would need validating by the relevant DNOs at some stage but for the purpose of determining a methodology by which the impact on carbon could be assessed, they should be considered suitable.

88 The forecast figures were then used, in addition to a breakdown of current embedded generation sizes, in an attempt to estimate the volume of SEPS that would potentially be delayed from connecting as a result of the implementation of CAP167, which might otherwise not have been captured by the SoW process. The figures presented made the assumption that all existing SEPS would not have been subject to the SoW process – though it was recognised by the WG that in reality, this would not have been the case as some SEPS would potentially have applied for SoW.

89 Having arrived at a volume of renewable generation that might potentially be 'captured' by the SoW process and thus delayed from connecting to the distribution network, it was then necessary to make an assumption as to the volume of SoW applications that would trigger works. A worst case scenario was considered to be that all SoW applications would trigger works – though it was recognised that this would not necessarily be the case.

90 Further assumptions were required regarding the load factor of the SEPS in order to arrive at a volume of renewable energy (MWh) that would potentially be delayed from connecting in addition to an assumption of the fuel-type of the generation which would potentially have been displaced in order to calculate the potentially avoided CO2 emissions. Having determined this, the shadow price of carbon would then be applied to arrive at a worst case scenario in terms of the impact of Cost of carbon of CAP167.

91 It was recognised that this would then have to be compared with the impact on operational costs such as constraints and reserve. No analysis of such was presented and it was noted that hopefully a combination of the analysis from CAPs 148 and 164 would be used to assess this.

92 The WG agreed that the process presented seemed to be appropriate for assessing CAP167, though it was requested that the spreadsheet be provided to the WG in order that the numbers presented could be validated. It was also noted that the forecasts themselves should be validated by the relevant DNO where possible, and it would be necessary to give some further thought to some of the assumptions used, especially in terms of fuel displacement.

### **Implementation**

93 Craig Maloney presented some slides regarding initial thoughts on the information that would be required to flow between the DNO, TOs and GBSO in order to implement CAP167, in addition to some indicative timescales for implementation.

94 In summary, the Working Group agreed that an 8 month implementation timescale as suggested, seemed pretty reasonable given the requirements for data exchange, consultation on the methodology and calculation of thresholds by the GBSO.

95 There were disagreements however, regarding the information requirements. Craig proposed that a data request be made by the GBSO to obtain information regarding existing SEPS in addition to those that are forecast to decommission / connect. Generally, the Working Group considered that such a level of data would present an unnecessary administrative burden on DNO's and the existing provision of Week 24 data would be suitable.

96 Craig agreed that further consideration was required regarding data requirements and

ultimately, this would be determined by the RESPS methodology. It was noted that the methodology would be circulated for WG comment prior to the next meeting.

### **Disputes**

97 Emma Carr presented some flow diagrams regarding potential routes for resolving disputes in the event that a party did not believe the GBSO had correctly followed the process, or applied the methodology and criteria correctly. Whilst it was noted that there existed the potential for difficulties with the existing disputes process given the nature of arbitration, the development of an alternative to this did not seem commercially proportionate. In principal, the Working Group agreed.

### **Legal Text**

98 Emma Carr presented some legal text for both the Original and Alternative proposals. Minor comments were received but given that the text had not been circulated prior the WG meeting, it was agreed that it would be appropriate for WG member to review legal text and provide feedback.

## **4. Summary of Actions**

- |   |   |                                     |
|---|---|-------------------------------------|
| 99  | Circulate Cost of carbon spreadsheet for WG comment   | <b>Action – Craig Maloney</b>       |
| 100   | Circulate National Grid forecasts of SEPS connecting to SPD network for WG comment and clarify status of model used | <b>Action – Craig Maloney</b>       |
| 101   | Check proposed implementation timescales for TO involvement in process  | <b>Action – Alec M &amp; Paul M</b> |
| 102   | Clarify relevant Grid Code term to be used for data request   | <b>Action – Craig Maloney</b>       |
| 103   | Circulate legal text for WG comment   | <b>Action – Emma Carr</b>           |
| 104   | Draft WG Report for next meeting  | <b>Action – Emma Carr</b>           |
| <b>Outstanding actions from previous meetings</b> |   |                                     |
| 105   | Circulate updated 'Original' Strawman to WG   | <b>Action – Craig Maloney</b>       |
| 106   | Circulate draft methodology for WG discussion   | <b>Action – Craig Maloney</b>       |
| 107   | Update 'Alternative' Strawman to include example scenarios  | <b>Action – Dan Randles / MK</b>    |

## **5. Next Meeting**

82. The next meeting of the Working Group is scheduled for Wednesday 10<sup>th</sup> September to be held at James Blyth House, 7000 Academy Park, Gower Street, Glasgow, G51 1PR