

needs to be recognised, particularly as a contributor towards the EU GB 2020 targets. Whilst any new generator could cause a constraint on the transmission network, not all renewable generation is a renewable MW. This would lead to potential discrimination against renewable generation if its contribution towards carbon reduction is not recognised.

112 Dan Randles reiterated the counter-arguments presented at the previous meeting (Meeting Note points 83 and 84).

113 The Working Group could not agree unanimously as to whether the cost of carbon should be included within the criteria and it was therefore agreed that there would be a requirement for three Proposals at this stage; 1) the Original (without carbon), 2) the Original, with carbon and 3) the Alternative (without carbon).

114 Given that operational costs would not be considered as part of the Alternative proposal, the Working Group agreed that an assessment of carbon should not be included for this as the cost-benefit analysis of the Alternative would be unbalanced.

4. Cost of carbon assessment update

115 Whilst the Working Group agreed in principle at Meeting 6, the approach which should be taken in terms of assessing the environmental impact of CAP167, it was recognised that a number of further assumptions were to be agreed in order to perform the analysis.

116 Alec Morrison, Paul McGimpsey and Dan Randles agreed to provide a forecast of small embedded renewable generation projects connecting over the next 10 years, including a breakdown of this information within relevant MW 'bands'.

117 It was agreed that the Alternative should be assessed on the basis of a cost of carbon impact of between 1 and 3 years, given that completion of any local works would be likely to take between 3 and 5 years and the status quo would require at least 2 years to connect anyway.

118 It was agreed that the impact of the Original should be assessed over a period of 8 years. Again, this was on the basis that the status quo would require at least 2 years to connect anyway and applications being made at the moment are receiving connection offers 10 years into the future (i.e. 2018). It was agreed that a general assumption could be made, that the generator applying, would indeed connect within this timescale rather than withdrawing its application and disappearing from the contracted background altogether.

119 David Walker recommended that the assumptions made in terms of plant load factor and the generation type which would otherwise have been displaced by small embedded generation in the absence of CAP167 could be linked to a recently published BWEA document. David agreed to circulate this document within the Working Group.

120 David noted that the subject of carbon savings as a result of losses was not being given consideration at present. The Working Group agreed that this would be overly-complicated to quantify, and David agreed to provide some text to this effect to be included in the Working Group report.

121 The Working Group considered that it should also be noted, the practical implications of parties potentially rushing into the 'queue' prior to the implementation of CAP167. It was considered that this would be likely to have a significant impact on DNOs. It was noted that implementation needs to be discussed further, especially in terms of what the Working Group recommend takes place in the transition.

122 Craig noted that relevant constraint costs had not yet been provided and it is hoped that these will be available shortly, based on the work of the CAP164 Working Group. The Working Group noted that such analysis needs to be done on the basis of the marginal costs of small embedded generation projects connecting, against a realistic (not contracted) background.

5. Revised 'Original' strawman

123 Craig Maloney presented a revised Original strawman and explained that this was in principal, the same as the previous Original which contained the four criteria, which would be replaced by an assessment of compliance against the SQSS, whilst taking into account the administrative burden on small parties by applying a de minimis threshold.

- 124 The Working Group did not feel that it could accurately identify as to whether the revised Original was the same as the Original given the information presented. Craig, agreed to provide some further information to the Working Group at the next meeting, whilst Alec and Paul agreed to provide some comment from the TO businesses. Alec commented that the Original criteria might allow for more discretion in determining thresholds that the revised SQSS approach would.
- 125 Craig proposed that a cumulative threshold (by GSP) could be determined based on average demand growth at GSPs across Great Britain. The Working Group considered that the use of average demand growth might be appropriate, but that this should be used to calculate a de minimis threshold for each generator, not a cumulative threshold.
- 126 The Working Group considered that having determined a de minimis threshold, the GBSO should absorb any additional constraint costs arising from multiple generation projects connecting below the thresholds and the application of a cumulative threshold should not be considered.
- 127 The majority of the Working Group agreed that the application of a boundary limit seemed overly-complicated and potentially an over-engineered solution to the problem which it is seeking to address.
- 128 The Working Group agreed that a de minimis threshold is appropriate for either of the Original proposals, but not for the Alternative, on the grounds that this is based on 'local' available capacity and the impact of connecting generation above these local limits (which might be below a de minimis threshold) would not be appropriate.
- 129 Craig noted that the methodology used to determine thresholds and a de minimis limit would be consulted upon with the industry as part of the process previously agreed by the Working Group, but that the comments on the methodology by the Working Group at this stage should be included in the Working Group report.

6. Draft Working Group Report

- 130 There were a number of comments on the draft Working Group report. The Working Group agreed to circulate these post-meeting via email.

7. Next Steps

- 131 The Working Group did not consider that it was possible to fulfil the obligations of the Working Group within the current timescales which would require publication of a consultation in the week commencing 22 October. It was agreed that an extension of one month should be requested.

Actions

- 132 Provide comments on draft Working Group Report
Action – All
- 133 Circulate revised Original strawman to Working Group
Action – Craig Maloney
- 134 Circulate final draft of Alternative to Working Group, with methodology
Action – Dan Randles
- 135 Consider implementation timescales from a TO perspective
Action – Alec M & Paul M
- 136 Provide forecast volume of connections of small embedded generators over the next 10 years. Categorising in multiples of 2.5 MW (SHEPD), 7.5MW (SPD) and 15MW (ENW)
Action – AM/PM/DR
- 137 Provide draft text concerning the impact of losses in an assessment of the environmental impact of CAP167.
Action – David Walker

138 Circulate BWEA document to the Working Group

Action – David Walker

139 Undertake constraint costs analysis

Action – Craig Maloney

140 Articulate comments on thresholds for inclusion in the Working Group report

Action – Ray Hunter

141 Provide comments as to whether revised Original based on SQSS assessment should be considered the same as the Original four criteria

Action – CM/AM/PM

Next Meeting

142 The next meeting is scheduled for Friday 26th September, in Warwick (exact location to be confirmed)