

CAP 150 – Capacity Reduction

26th October 2007

Defect and proposed solution

Defect

- In order to facilitate a queue for transmission access it is important that the level of access required by each party represents its genuine requirement for transmission capacity, TEC.
- National Grid proposed this modification as it is concerned that in some cases Users in a queue may not be accurately declaring data relevant to the level of access required.
- If a User is over-holding capacity in the queue this may prevent other Users efficiently gaining access to transmission capacity at the earliest possible time.
- Where there are queues for access to the transmission system

Proposed solution

- ◆ It is proposed that:
 - ◆ a process is established to facilitate the formal request for clarification of data from the User
 - ◆ Where National Grid is not satisfied that the data reasonably reflects the capacity held in the queue by the User then National Grid can seek to enforce a reduction in the contracted capacity, TEC, of that User
 - ◆ Such action by National Grid is subject to User agreement and appeal to the Authority

Working Group Alternative Amendment

Original Proposal

- ◆ Under the Original Proposal, if the User fails to satisfy the data requirements or agree to a revision then National Grid will determine a revised reasonable level of capacity, TEC.

Working Group Alternative

- ◆ Working Group Alternative Amendment (WGAA) was proposed by EDF Energy
- ◆ For the WGAA, National Grid would not seek to determine a revised capacity figure
- ◆ Instead, in the event that National Grid's concerns remained unsatisfied, then it would follow a process leading to termination of Agreements relating to the User's capacity.
- ◆ The process would allow appeal to the Authority

Working Group Discussion

- ◆ Consensus that, in an ideal world, all Users would submit accurate data and therefore this process should never need to be used
- ◆ That the capacity reduction should apply only to TEC and not CEC: The original proposal refers only to TEC and as it is TEC and not CEC that prevents other Users gaining efficient, timely access.

Working Group Discussion

- ◆ Residual concerns of some WG members
 - ◆ This process may add additional risk to new projects;
 - ◆ Mixed views on this point
 - ◆ Sources of information that could be used by National Grid not 'constrained'.
 - ◆ Difficult to limit these
 - ◆ National Grid must cite sources of information when giving ground for concern
 - ◆ The process would be open to appeal to Authority and legal challenge
- ◆ WG consensus on adequate safe guards within the formal process in terms of:
 - ◆ timescales for the User to respond, and;
 - ◆ Second loop within the process to ensure User is aware (notice of intention before final notice issued).
 - ◆ The process is open to appeal to Authority and legal challenge so

Applicable Objectives

Original Proposal

- ◆ A majority of the Working Group agreed that the CAP150 Original Proposal would better facilitate CUSC Applicable Objectives (a) and (b) by:
 - ◆ facilitating National Grid's management of Users' transmission capacity where there is a queue and freeing up capacity where it is not required;
 - ◆ In freeing up TEC, through the facilitating of efficient timely connection of new applications.

WGAA

- ◆ A majority of the Working Group agreed that the CAP150 WGAA would not better facilitate the CUSC Applicable Objective(s)

Conclusions and Recommendation

- ◆ The Working Group believes its terms of reference have been met
- ◆ The Working Group should be stood down
- ◆ The CUSC Amendments Panel is requested to proceed with CAP150 to wider industry consultation by National Grid for a period of 4 weeks