



National Grid

A REPORT TO THE AUTHORITY

**Pursuant to Paragraph 2 of Condition 7 of the
Transmission Licence.**

Proposed Grid Code Modification Implications of CUSC Amendment Proposal (CAP002) to clarify clause 6.5.1

**The purpose of this document is to assist the Authority in its
decision of whether to implement the proposed
Grid Code Modification**

Consultation Paper Ref	A/02
Issue	1.0
Date of Issue	10 September 2002
Prepared by	National Grid

DISTRIBUTION

Name	Organisation
Authority	Ofgem
Grid Code Review Panel Members	Various

1. Paragraph 2 of Condition 7 of the Transmission Licence granted to the National Grid Company plc ("National Grid") provides that National Grid shall, in consultation with authorised electricity operators liable to be materially affected thereby, periodically review the Grid Code and its implementation. That paragraph also requires National Grid, following such review, to send to the Authority:-
 - (a) a report on the outcome of such review;
 - (b) any proposed revisions to the Grid Code as National Grid (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives set out in sub-paragraph (b) of Condition 7 of the Transmission Licence; and
 - (c) any written representations or objections from authorised electricity operators (including any proposals by such operators for revisions to the Grid Code not accepted by National Grid in the course of the review) arising during the consultation process and subsequently maintained.
2. National Grid has just completed a review of the Grid Code. The review was concerned with consequential changes required to the Grid Code in the event that CUSC Amendment Proposal CAP002 is approved by the Authority. Attached as Appendix A are the proposed revisions to the current Grid Code (shown in typed form with the deletions crossed through and additions double underlined).
3. The proposed changes to the Grid Code were discussed at the Grid Code Review Panel on 21st February 2002 at which National Grid indicated that, subject to discussions to agree changes to the proposals, National Grid intended to issue a Consultation Paper.
4. National Grid, in accordance with its obligations under its Transmission Licence, consulted those authorised electricity operators listed in Appendix B by circulating to them Consultation Paper A/02, which was dated 23rd April 2002 and which contained the proposed amendments to the Grid Code. A copy of Consultation Paper A/02 is attached to this Report as Appendix C. National Grid also placed a copy of the Consultation Paper on its website to ensure its wide availability.
5. Comments were invited by 24th May 2002. National Grid has received 6 responses of which three were supportive of the proposed changes, although one respondent suggested a small change to the drafting. As a result an amendment has been made to the proposals indicated in Appendix A by a vertical line in the right hand margin. National Grid has replied to each of those responding to the consultation and one respondent has withdrawn its objection, whilst remaining unconvinced of the need for the changes to be implemented before the cross-industry review of the enduring Grid Code provisions has been carried out.
6. A second respondent has moderated its views, but remains concerned that interim changes are being proposed at this stage, with the likelihood of further changes being identified in a matter of a few months for implementation in several years time. The respondent feels that this is inefficient. In addition, the respondent has a desire that any Grid Code changes should assist with clarification of the arrangements required for licence exemption and the

connection of small and medium generators. It is National Grid's view that these issues can only be resolved satisfactorily with the implementation of an enduring solution as explained in paragraphs 6.5 and 6.6 of Consultation Paper A/02.

7. A further respondent maintained its view that the changes should not take place at this stage and its final response is included in Appendix D. This respondent felt that it was too early to promote changes to the Grid Code. It considered that there were significant issues regarding the proposed changes to the licence exemptions to be resolved via cross-industry review. It also stated that even ahead of this review, it was premature to make changes ahead of work being carried out by a sub-group of GCRP on the issues arising from the CUSC amendment. The respondent also noted that NGC have stated that "NGC does not currently ask for certain OC1 data" and hence believes that there is no urgency for changes ahead of the GCRP review. The respondent states that in the future NGC may take a different view to the DNO as to the information necessary to run the network and there are additional costs of handling and passing on the data to NGC.
8. It is National Grid's view that the points expressed by this respondent do not recognise the desire by the majority of the industry who wish to move to a "One-stop shop" approach, avoiding the need (in most instances) for embedded generation to deal with National Grid in addition to dealing with the host DNO. The changes proposed in this consultation are seen to be a first step in this direction. Interconnector Users are required to have a contractual relationship with National Grid (under the CUSC) because they are users of the National Grid Transmission System (as they are participating in the E&W Balancing Mechanism) and have obligations to pay BSUoS and TNUoS charges – although in the case of Scottish Interconnector Users, TNUoS is not paid directly by Users to National Grid. The point made under the heading of "Transfer of Data" about data transfer being more efficient if not mediated through a third party ignores the fact that the third party (the Network Operator) needs the data anyway to ensure satisfactory planning and operation of its network.
9. The maintained objection by this respondent implies that approval of the proposed amendment to CUSC paragraph 6.5.1 should not take place until after the longer term review of the Grid Code provisions has taken place. National Grid maintains that this current consultation has dealt with the minimum Grid Code changes necessary to permit implementation of the CUSC amendment proposal and that the longer term review is concerned with dealing with the consequences of future changes to licence exemption regimes and to changes in other industry documentation over which National Grid has no control. It should be noted that the longer term review is not related to the CUSC 6.5.1 amendment proposal.
10. The proposed revisions to the Grid Code are, as indicated above, set out in Appendix A to this Report. By way of summary, the proposed changes are described below :-

10.1 Planning Code (PC)

Changes to the Planning Code are proposed so that the provisions relating to Embedded Medium Power Stations become similar to those applicable to Embedded Small Power Stations. The effect of the changes will be that details about these power stations will no longer be required on a routine basis and they will be accounted for in

generalised data provided by Network Operators. However in a case where National Grid believes that the effect of an individual Embedded Medium Power Station may have a significant effect on the NGC Transmission System, the Network Operator may be requested to provide detailed data relating to specific Embedded Power Stations. This proposal for change has been formulated to minimise the workload burden imposed on Network Operators.

10.2 Connection Conditions (CC) and Operating Code No 5 (OC5)

No changes to the Generating Unit requirements part of the Connection Conditions (CC.6.3) nor the Testing and Monitoring provisions (OC5) are proposed at this stage, although it is recognised that there will be no obligation on the part of an unlicensed Generator with an Embedded Medium Power Station to comply with this part of the Code. Equivalent obligations will be applied via the conditions attached to its licence exemptions in the short term, although it is National Grid's view that this does not provide an ideal solution. In the longer term it is anticipated that additional provisions will be included elsewhere and that the Connection Conditions of the Grid Code will be amended to recognise the transfer of requirements. In the interim period National Grid will apply to be derogated against implementing this part of the Connection Conditions (and parts of OC5) in respect of an unlicensed Generator with an Embedded Medium Power Station to avoid major changes to the Connection Conditions at this stage.

10.3 Operating Code No 1 (OC1)

Changes are proposed which have the effect of transferring the flow of data from Embedded Medium Power Stations to National Grid to a route via the Network Operator in whose system the power station is embedded.

11. The proposed Grid Code changes are as shown in Appendix A with the additions underlined and deletions struck through.
12. As indicated above, having regard to the outcome of the review described in this Report, National Grid proposes the revisions to the Grid Code set out in Appendix A, which revisions we reasonably think fit for the achievement of the objectives referred to in sub-paragraph (b) of paragraph 1 of Condition 7 of the Transmission Licence. In view of this, National Grid would be grateful if the Authority would approve the revisions pursuant to paragraph 3 of Condition 7 of the Transmission Licence.
13. Given the logistic exercise of organising replacement pages to reflect the changes required by your letter of approval, I would be grateful if you would contact me prior to issuing any letter specifying an effective date, in order to seek to ensure that the date is consistent with any other Code changes which may then be approved or be close to being approved.

SIGNED BY



For and on behalf of The National Grid Company plc
10 September 2002

Appendix 1

A Extracts from Planning Code

- PC.3.2 In the case of **Embedded Power Stations**, unless provided otherwise, the following provisions apply with regard to the provision of data under this **PC**:
- (a) each **Generator** shall provide the data direct to **NGC** in respect of **Embedded Large Power Stations**—and **Embedded Medium Power Stations**;
 - (b) although data is not normally required specifically on **Embedded Small Power Stations** or **Embedded Medium Power Stations** under this **PC**, each **Network Operator** in whose **System** they are **Embedded** should provide the data (contained in the Appendix) to **NGC** in respect of **Embedded Small Power Stations** or **Embedded Medium Power Stations** if:
 - (i) it falls to be supplied pursuant to the application for a **CUSC Contract** or in the **Statement of Readiness** to be supplied in connection with a **Bilateral Agreement** and/or **Construction Agreement**, by the **Network Operator**; or
 - (ii) it is specifically requested by **NGC** in the circumstances provided for under this **PC**.
- PC.3.3 Certain data does not normally need to be provided in respect of certain **Embedded Power Stations**, as provided in PC.A.1.12.
- PC.4 PLANNING PROCEDURES
- PC.4.1 Pursuant to Supplementary Standard Condition C7G of the **Transmission Licence**, the means by which **Users** and proposed **Users** of the **NGC Transmission System** are able to assess opportunities for connecting to, and using, the **NGC Transmission System** comprise two distinct parts, namely:
- (a) a statement, prepared by **NGC** under the **Transmission Licence**, showing for each of the seven succeeding **NGC Financial Years**, the opportunities available for connecting to and using the **NGC Transmission System** and indicating those parts of the **NGC Transmission System** most suited to new connections and transport of further quantities of electricity (the "**Seven Year Statement**"); and
 - (b) an offer, in accordance with the **Transmission Licence**, by **NGC** to enter into a **CUSC Contract** for connection to (or, in the case of **Embedded Large Power Stations** and other Embedded Medium Power Stations who are BM Units, use of) the **NGC Transmission System**. A **Bilateral Agreement** is to be entered into for every **Connection Site** (and for certain **Embedded Power Stations**, as explained above) within the first two of the

following categories and the existing **Bilateral Agreement** may be required to be varied in the case of the third category:

- (i) existing **Connection Sites** (and for certain **Embedded Power Stations**, as detailed above) as at the **Transfer Date**;
- (ii) new **Connection Sites** (and for certain **Embedded Power Stations**, as detailed above) with effect from the **Transfer Date**;
- (iii) a **Modification** at a **Connection Site** (or in relation to the connection of certain **Embedded Power Stations**, as detailed above) (whether such **Connection Site** or connection exist on the **Transfer Date** or are new thereafter) with effect from the **Transfer Date**.

In this **PC**, unless the context otherwise requires, "connection" means any of these 3 categories.

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APPENDIX A

PLANNING DATA REQUIREMENTS

PC.A.1.2

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- (d) The routine annual update of data, referred to in (a)(iii) above, need not be submitted in respect of **Embedded Medium Power Stations or Small Power Stations** (except as provided in PC.3.2.(b)), or unless specifically requested by **NGC**, or unless otherwise specifically provided.

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PART 1

STANDARD PLANNING DATA

PC.A.2 **USER'S SYSTEM DATA**

PC.A.2.1 Introduction

PC.A.2.1.1 Each **User**, whether connected directly via an existing **Connection Point** to the **NGC Transmission System**, or seeking such a direct connection, shall provide **NGC** with data on its **User System** which relates to the **Connection Site** and/or which may have a system effect on the performance of the **NGC Transmission System**. Such data, current and forecast, is specified in PC.A.2.2 to PC.A.2.5. In addition each **Generator** with **Embedded Large Power Stations** or **Embedded Medium Power Stations** connected to the **Subtransmission System**, shall provide **NGC** with fault infeed data as specified in PC.A.2.5.5. Each **Network Operator** shall provide such fault infeed data in respect of **Embedded Medium Power Stations** connected to the **Subtransmission System** forming part of its **User System** if requested by **NGC**.

PC.A.2.1.2 Each **User** must reflect the system effect at the **Connection Site(s)** of any third party **Embedded** within its **User System** whether existing or proposed.

PC.A.2.1.3 Although not itemised here, each **User** with an existing or proposed **Embedded Small Power Station** or **Medium Power Station** in its **User System** may, at **NGC's** reasonable discretion, be required to provide additional details relating to the **User's System** between the **Connection Site** and the existing or proposed **Embedded Small Power Station** or **Medium Power Station**.

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PCA.2.5.5 Data from **Generators**

PC.A.2.5.5.1 For each **Generating Unit** with one or more associated **Unit Transformers**, the **Generator** (or **Network Operator** as provided in PC.A.2.1.1) is required to provide values for the contribution of the **Power Station Auxiliaries** (including **Auxiliary Gas Turbines** or **Auxiliary Diesel Engines**) to the fault current flowing through the **Unit Transformer(s)**.

The data items listed under the following parts of PC.A.2.5.6(a) should be provided:-

- (i), (ii) and (v);
- (iii) if the associated **Generating Unit** step-up transformer can supply zero phase sequence current from the **Generating Unit** side to the **NGC Transmission System**;
- (iv) if the value is not 1.0 p.u;

and the data items shall be provided in accordance with the detailed provisions of PC.A.2.5.6(c) - (f), and with the following parts of this PC.A.2.5.5.

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Embedded

PC.A.3.1.2 (a) Each **Generator** with an existing, or proposed, **Embedded Large Power Station** and/or an **Embedded Medium Power Station** ~~connected to the **Sub Transmission System**~~, shall provide **NGC** with data relating to that **Power Station**, both current and forecast, as specified in PC.A.3.2 to PC.A.3.4.

(b) No data need be supplied in relation to any **Small Power Station** or any **Medium Power Station**, connected at a voltage level at or below the voltage level of the **Subtransmission System** except:-

- (i) in connection with an application for, or under, a **CUSC Contract**, or

- (ii) unless specifically requested by **NGC** under PC.A.3.1.4,

in which case it will be provided by the **Network Operator** in whose **User System** the **Small Power Station** or **Medium Power Station** is connected.

PC.A.3.1.3 (a) Each **Network Operator** shall provide **NGC** with the data specified in PC.A.3.2.2(c).

- (b) **Network Operators** need not submit planning data in respect of an **Embedded Medium Power Station** or an **Embedded Small Power Station** unless required to do so under PC.A.1.2(b) or unless specifically requested under PC.A.3.1.4 below, in which case they will supply such data.

PC.A.3.1.4 (a) PC.A.4.2.3(b) and PC.A.4.3.2(a) explain that the forecast **Demand** submitted by each **Network Operator** must be net of the output of all **Small Power Stations** and **Medium Power Stations** and **Customer Generating Plant Embedded** in that **Network Operator's System**. The **Network Operator** must inform **NGC** of the number of such **Embedded Power Stations** (including the number of **Generating Units**) together with their summated capacity.

- (b) On receipt of this data, the **Network Operator** or ~~**Generator** (if the data relates to **Power Stations** referred to in PC.A.3.1.2)~~ may be further required, at **NGC's** reasonable discretion, to provide details of **Embedded Small Power Stations** and **Embedded Medium Power Stations** and **Customer Generating Plant**, both current and forecast, as specified in PC.A.3.2 to PC.A.3.4. Such requirement would arise where **NGC** reasonably considers that the effect of an individual **Embedded Medium Power Station** or the collective effect of a number of such **Embedded Power Stations** and **Customer Generating Plants** may have a significant system effect on the **NGC Transmission System**.

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PART 2

DETAILED PLANNING DATA

PC.A.5 **GENERATING UNIT DATA**

PC.A.5.1 Introduction

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Embedded

PC.A.5.1.2 Each **Generator**, with existing or proposed **Embedded Large Power Stations** and ~~**Embedded Medium Power Stations**~~ shall provide **NGC** with data relating to each of those **Large Power**

~~Stations and/or Medium Power Stations~~, both current and forecast, as specified in PC.A.5.2 and PC.A.5.3. ~~However, no~~ data need be supplied in relation to ~~these Embedded Medium Power Stations~~ if they are connected at a voltage level at or below the voltage level of the Subtransmission System ~~except in connection with an application for, or under a, CUSC Contract or~~ unless specifically requested by **NGC** under PC.A.5.1.4, in which case the data will be provided in accordance with PC.A.5.1.3 below.

PC.A.5.1.3 Each **Network Operator** need not submit **Planning Data** in respect of **Embedded Small Power Stations** or Embedded Medium Power Stations unless required to do so under PC.A.1.2(b) or unless specifically requested under PC.A.5.1.4 below, in which case they will supply such data.

PC.A.5.1.4 PC.A.4.2.3(b) and PC.A.4.3.2(a) explained that the forecast **Demand** submitted by each **Network Operator** must be net of the output of all **Medium Power Stations** and **Small Power Stations** and **Customer Generating Plant Embedded** in that **User's System**. In such cases (PC.A.3.1.4 also refers), the **Network Operator** must inform **NGC** of the number of such **Power Stations** (including the number of **Generating Units**) together with their summated capacity. On receipt of this data, the **Network Operator** or **Generator** (if the data relates to **Power Stations** referred to in PC.A.5.1.2) may be further required at **NGC's** discretion to provide details of **Embedded Small Power Stations** and **Embedded Medium Power Stations** and **Customer Generating Plant**, both current and forecast, as specified in PC.A.5.2 and PC.A.5.3. Such requirement would arise when **NGC** reasonably considers that the effect of an individual Embedded Medium Power Station or the collective effect of a number of such Embedded Small Power Stations and Embedded Medium Power Stations and Customer Generating Plants may have a significant system effect on the **NGC Transmission System**.

B Extracts from Operating Code No1 (OC1)

OC1.3 SCOPE

OC1 applies to **NGC** and to **Users** which in this **OC1** means:-

- (a) **Generators,**
- (b) **Network Operators,** and
- (c) **Suppliers.**

OC1.4 DATA REQUIRED BY NGC IN THE OPERATIONAL PLANNING PHASE

OC1.4.1 (a) Each **User**, as specified in (b) below, shall provide **NGC** with the data requested in OC1.4.2 below.

(b) The data will need to be supplied by:-

- (i) each **Network Operator** directly connected to the **NGC Transmission System** in relation to **Demand Control** and in relation to each **Embedded Medium Power Station within its User System**; and
- (ii) each **Generator** with respect to the output of **non-embedded Medium Power Stations**.

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OC1.5 DATA REQUIRED BY NGC IN THE PROGRAMMING PHASE, CONTROL PHASE and POST-CONTROL PHASE

OC1.5.1 Programming Phase

For the period of 2 to 8 weeks ahead the following will be supplied to **NGC** in writing by 1000 hours each Monday:

- (a) **Demand Control:**
Each **Network Operator** will supply MW profiles of the amount and duration of their proposed use of **Demand Control** which may result in a **Demand** change of 12MW or more (averaged over any half hour on any **Grid Supply Point**) on a half hourly and **Grid Supply Point** basis;
- (b) **Medium Power Station Operation:**
Each **Generator** (or Network Operator in the case of Embedded Medium Power Stations) will, if reasonably required by **NGC**, supply MW schedules for the operation of **Medium Power Stations** on a half hourly and **Grid Supply Point** basis.

OC1.5.2 For the period 2 to 12 days ahead the following will be supplied to **NGC** in writing by 1200 hours each Wednesday:

- (a) **Demand Control:**
Each **Network Operator** will supply MW profiles of the amount and duration of their proposed use of **Demand Control** which may result in a **Demand** change of 12MW or more (averaged over any half hour on any **Grid Supply Point**) on a half hourly and **Grid Supply Point** basis;
- (b) **Medium Power Station Operation:**
Each **Generator (or Network Operator in the case of Embedded Medium Power Stations)** will, if reasonably required by **NGC**, supply MW schedules for the operation of **Medium Power Stations** on a half hourly and **Grid Supply Point** basis.

OC1.5.3 **Medium Power Station Output:**
Each **Generator (or Network Operator in the case of Embedded Medium Power Stations)** will, if reasonably required by **NGC**, supply **NGC** with MW schedules for the operation of **Medium Power Stations** on a half hourly and **Grid Supply Point** basis in writing by 1000 hours each day (or such other time specified by **NGC** from time to time) for the next day (except that it will be for the next 3 days on Fridays and 2 days on Saturdays and may be longer (as specified by **NGC** at least one week in advance) to cover holiday periods);

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APPENDIX B

AEO Distribution List for Consultation Paper A/02

24 Seven	ABB Equity Development Co Ltd
Accord Energy Limited	AEP Energy Services UK Generation Ltd
AES (for Partington Ltd)	AES Barry Limited
AES Drax Power Ltd	AES Fifoots Point Ltd
AES Indian Queens Power	AES NEW ENERGY LTD (UK)
Alcan Aluminium UK Ltd	Allied Domecq (Holdings) PLC
Allied Steel & Wire	AMERADA
Angelsey Aluminium	Aquila Energy Supplies Ltd
Atlantic Electric & Gas Ltd	Atmel
Atmel North Tyneside Limited	Baglan Generating Ltd + Baglan Operations Ltd
Barking Power	BIZZENERGY LIMITED
BNFL + Magnox Electric Ltd	BOC Limited
BP Chemicals Ltd	British Energy Generation Ltd
British Gas Generation Ltd (Centrica KL + Centrica PB)	British Gas Plc
British Gas Trading Ltd (3th Floor North)	BritNed Development Ltd
Burlington Resources (Irish Sea) Ltd	Canatxx Energy Ventures Ltd
Celtpower Ltd	Cinergy Global Power (UK) Ltd
Commercial Electricity Supplies Ltd	Conoco Global Power Developments UK Limited
Corby Power Ltd	Corus UK Ltd
Coryton Energy Co Ltd	Cottam Development Centre
Cottam Power Ltd	Damhead Creek Ltd
Derwent Co-Generation Limited	Dynergy UK Ltd
East Midlands Electricity	Economy Power Ltd
ECOTRICITY	Edison First Power Ltd
Electrabel S.A.	Electricite de France
Electricity Direct (UK) Ltd	Emerald Power Generation Ltd
Energy Power Resources Limited	Enfield Energy Centre Ltd
Enron Direct Ltd + Enron Gas & Petrochemical Trading	Enron Teesside Operations Ltd
Entergy-Koch Trading Ltd	Fellside Heat & Power Ltd
Fibrogen Ltd + Fibropower Ltd + Fibrothetford Ltd	First Hydro Company
First Hydro Company	Fleetwood Power Ltd
Fortum Direct Ltd	GPU Power Networks (UK) Ltd
Great Yarmouth Power Limited	Greenwich Energy Trading Ltd
Grovehurst Energy Ltd	Heartlands Power Ltd
Humber Power Ltd	ICI Chemicals & Polymers Ltd
Immingham CHP Ltd	INEOS Chlor Energy Ltd
Innogy + Innogy (Cogen Trading) Ltd + npower	Jade Power Generation Ltd
Keadby Development Ltd	Keadby Gen Ltd + HE Cogen Ltd + HE Energy Ltd
Killingholme Power Ltd	Lakeland Power Ltd
London Electricity plc	London Electricity Services Ltd
London Power Networks	London Underground Ltd
Manweb Services (Imperial Park)	Maverick Energy Ltd
Medway Power Ltd	Midlands Gas Ltd + OwnLabel Energy Ltd + Severn Trent Energy Ltd
Morgan Stanley Capital Group Inc	Northern Electric Distribution Ltd
Northern Electric Supply Ltd	Norweb Energi Ltd
Pentex Oil and Gas Ltd	PowerGen UK plc + PowerGen CHP Ltd
Railtrack plc	Rassau Power Ltd
Regional Power Generators Limited	Renewable Energy Co
Rocksavage Power Company Ltd	Rugeley Power Ltd
Saltend Cogeneration Co Ltd	Savage Land Ltd
Scottish & Southern (North Tynemouth)	Scottish & Southern Energy
Scottish and Southern Energy plc	Scottish Power Generation Ltd
Scottish Power plc	Scottish Power Energy Retail Ltd
Seabank Power Ltd	SEEBOARD Energy Ltd
SEEBOARD Power Networks	Sempra Energy Europe Ltd
Sheffield Heat and Power Ltd	Shell Gas Direct Limited
Slough Energy Supplies Ltd	SMARTESTENERGY LTD
South Coast Power Ltd	Southern Electric Power Distribution plc
SP MANWEB plc	Spalding Energy Company Ltd
SSE Energy Ltd	Statnett SF
Sutton Bridge Power Ltd	Teesside Power Ltd
Thameside Energy Park Ltd	TotalFinaElf Gas and Power Ltd
TXU Europe	TXU Europe Merchant Generation + Shotton CHP Ltd + Citigen (London) Ltd
UK Electric Power Ltd	UKAEA
Unit Energy Limited	United Utilities
Utility Link Ltd	Wainstones Power Ltd
Western Gas Ltd	Western Power Distribution
Williams Energy Marketing & Trading Europe Ltd	Yorkshire Electricity Group plc (distribution)
Yorkshire Electricity plc (supply)	Zest4 Ltd

APPENDIX C
Consultation Paper A/02

APPENDIX D

Representation/objection arising during the consultation process and subsequently maintained.

SP Manweb plc

Mr David Payne
Secretary Grid Code Review Panel
National Grid House
Kirby Corner Rd
Coventry
CV4 8JY

10 September 2002

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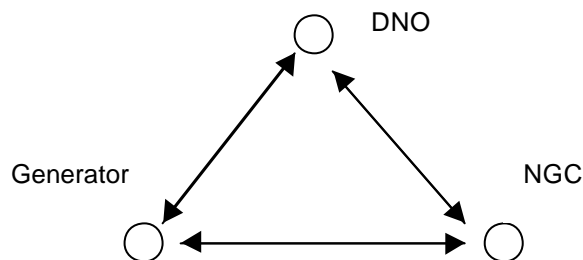
Dear David

Grid Code Consultation – A/02

Thank-you for your letter in reply to our consultation response.

I would confirm that we still stand by the points that we made in our consultation response. At this point I do not wish to get involved in a detailed point by point debate with NGC. I will however make a few high level points.

Structure of Agreements



We consider that it is important that the Generators enter into a contractual relationship with NGC. NGC should seek their own contractual remedy for any requirements they have of embedded generators, rather than seeking a remedy through a third party (the Network Operators). This could be achieved, for example, by requiring the Network Operator not to allow the Generator to connect until NGC had established a contractual relationship with the Generator.

There are existing examples where such relationships currently exist. For example, Interconnector Users are required under the CUSC to have a contractual relationship with NGC although they are not directly connected to the NGC system. The requirement for this relationship is enforced directly by NGC, and not through the Externally Interconnected System Operator.

Transfer of Data

The process of data transfer will work much more efficiently if it is not mediated through a third party.

Our concerns over unnecessary and untimely changes to the Grid Code are amplified by NGC's response that "The proposed changes [to OC1] place the obligation for providing data on the Network Operator. NGC does not currently ask for this data, nor does it expect to in the foreseeable future"

This confirms our view that the proposed changes are unnecessary at this stage, and that the cross-industry review and the GCRP sub-panel should complete its work before changes to the Grid Code are proposed. Again we would reiterate that the proposed CUSC amendment does not itself remove any obligations on embedded generators to have a contractual relationship with NGC – so that the proposed CUSC amendment does not itself drive this proposed change.

If you wish to discuss this further, please feel free to give me a call.

Yours sincerely,

David A C Nicol
for SP Manweb plc