

Preliminary Assessment of the Impact of CAP097 on the STC

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Introduction

This paper sets out some initial views as to how the new process proposed by CAP097 might be “backed off” into the STC. In addition to National Grid’s CAP097 proposal, two Working Group Alternative Amendments have been proposed, which has created some uncertainty as to exactly what a consequential STC Amendment Proposal would need to contain. Additionally, an unknown amount of Consultation Alternative Amendments may yet be proposed, potentially adding further uncertainty.

However, it is hoped that this paper will act as a trigger for useful debate, and form the basis for the development of one or more STC Amendment Proposals, which National Grid would anticipate proposing once the CAP097 consultation period has closed (i.e. once any potential Consultation Alternative Amendments have been identified).

Background

CUSC Amendment Proposal CAP097 was proposed by National Grid, and was subsequently considered by a Working Group. The CAP097 consultation began on 10th November 2005, with a closing date of 12th December 2005. Broadly, CAP097 proposes that:

- Any Transmission Works triggered by an Embedded Medium Power Station or relevant Embedded Small Power Station would be identified subsequent to the receipt of a “Request for a Statement of Works” from the relevant DNO.
- The DNO would be prevented from energising such Power Stations until National Grid has confirmed it has completed any identified Transmission Works.
- Where Transmission Works are necessary, the DNO would be required to provide financial security for Final Sums through the construction phase of any such Works.

Relevant Embedded Small Power Stations would be those that are:

- 30MW and above in capacity; AND
- connected to the same voltage as the LV side of the relevant GSP.

Under the original CAP097 proposal, a DNO would also be permitted to initiate the CAP097 process regardless of the size of the embedded Power Station. This would be discretionary on the part of the DNO however.

National Grid believes that CAP097 would enable the early identification of Embedded Generation projects and therefore the assessment of the impact of such projects upon the GB Transmission System. This would allow Transmission Owners to take pre-emptive action to ensure their transmission systems are compliant with licence requirements and GB Security and Quality of Supply Standards.

Other members of the CAP097 Working Group proposed two Working Group Alternative Amendments (WGAAAs) to CAP097. WGAA1 proposes that:

- The DNO would provide an advisory notice to National Grid of any Embedded Medium Power Stations (but not Small Power Stations) connecting to its network.
- The DNO would be prevented from energising such Power Stations until National Grid has confirmed it has completed any identified Transmission Works.

WGAA2 is essentially identical in substance to the original proposal, but makes some changes to the proposed timescales. These are discussed in more detail in later sections of this paper.

As noted above, respondents to the currently ongoing consultation may also propose Consultation Alternative Amendments.

Impact on the STC and STCPs

The original CAP097 proposal and both WGAA2s would be applicable to Medium Power Stations in Southern Scotland (i.e. those between 5MW and 30MW) through SP Distribution.

CAP097 would not necessarily affect any CUSC parties in Northern Scotland (including SHEPD), although, under both the CAP097 original proposal and WGAA2, SHEPD would have the right to initiate the proposed process for any embedded Power Station, regardless of size, on a discretionary basis.

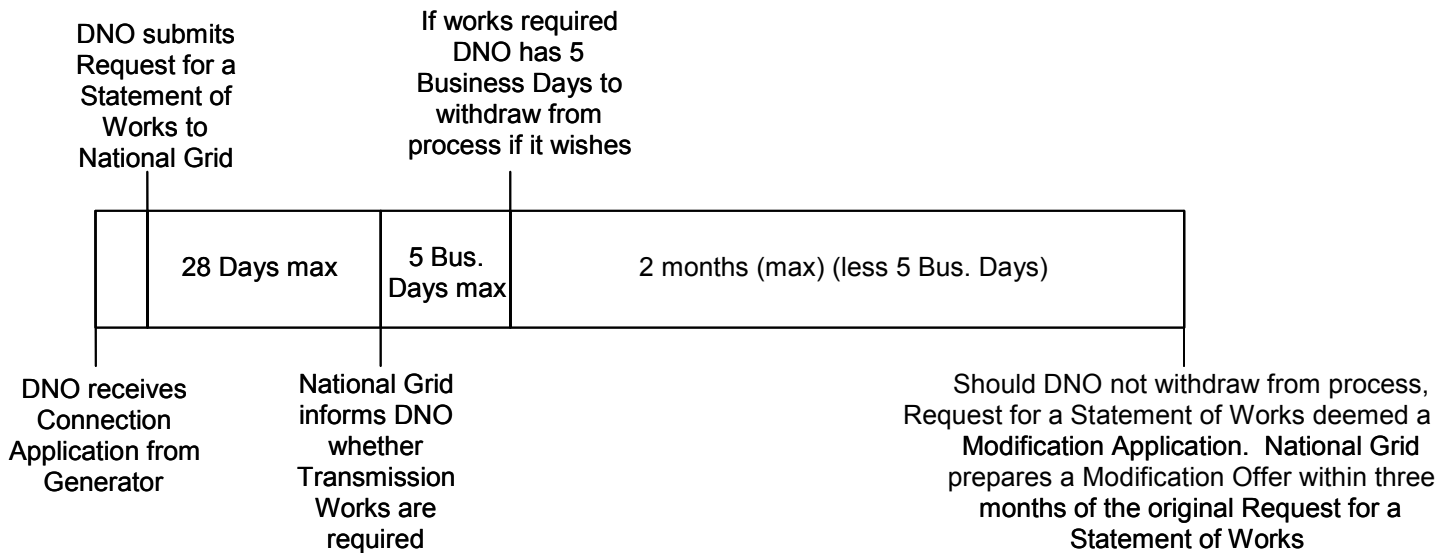
In STC terms, therefore, SP Transmission would be affected by CAP097. SHETL would also be affected through any Medium Power Stations in Southern Scotland within the SHETL Boundary of Influence, even if SHEPD chose not to use the process on a discretionary basis.

The major area of impact in the STC would be the assessment of, and completion of, any Transmission Works triggered by relevant Power Stations. The Original Amendment Proposal arguably fits most logically with existing processes, whereas WGAA2 in particular may require significantly more changes.

Original Amendment Proposal

The process proposed by the Original Amendment Proposal aims to replicate the existing CUSC Modification Application process as far as possible. It is therefore suggested that in STC terms this could be captured as a “NGET Modification Application”. However, the definition of “Modification” in the STC would require amendment in a similar manner to that proposed to the CUSC (i.e. to include modifications connected to a “Request for a Statement of Works”, which would probably also itself need to be defined). Schedule 6 of the STC (“NGET Modification Applications”) would also require amendment.

The timetable for the process proposed by the Original Amendment Proposal is shown in the diagram below:



The existing provisions of paragraph 4.1 of Part Two of Section D of the STC would allow for the TO to inform National Grid, and therefore National Grid to inform the User, whether Transmission Works are required within 28 days of the “User Application Date” (the date on which the DNO submitted a Request for a Statement of Works to National Grid).

However, there is currently no provision in the STC that would allow for the 5 business days in which the DNO (and ultimately the generator) would be able to decide whether or not to withdraw from the process. It is therefore suggested that a new paragraph 4.4 of Part Two of Section D of the STC could be introduced, which would apply to “NGET Construction Applications” relating specifically to “Requests for Statements of Works”, and which would allow National Grid to inform the TO that a TO Construction Offer was not required if the DNO withdraws from the process.

The timescales for the provision of the CUSC Modification Offer to the User (within three months of the original Request for a Statement of Works) are covered by existing paragraph 4.7 of Part Two of Section D of the STC (which would be renumbered 4.8 in the event of a new paragraph 4.4 as described above).

The detailed process for the processing of such Applications could be based on that in STCP18-2 (Use of System Application). However, if STCP18-2 itself were to be used, it is likely that some additions would be required, not least to reflect that in this instance the “Applicant” would be the DNO and not the generator. Alternatively, a new STCP could be created, but this would be based closely on STCP18-2.

Working Group Alternative Amendment 1

Although conceptually more simple than the Original Amendment Proposal, WGAA1 fits less neatly with existing STC processes.

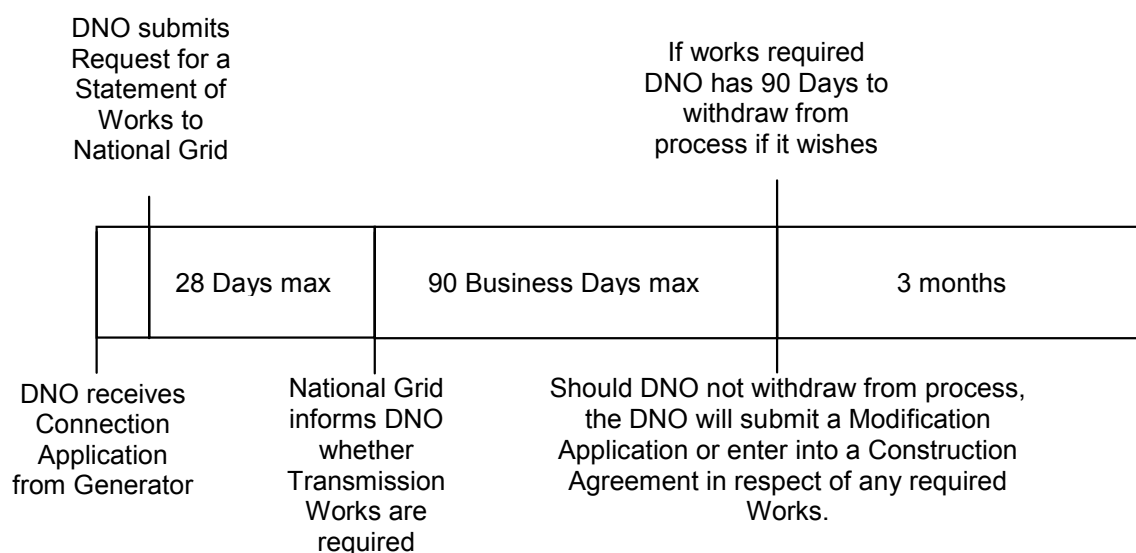
Under WGAA1, the DNO would notify National Grid of any new connection by an Embedded Medium Power Station. Any Transmission Works caused would be progressed by National Grid in England & Wales as an Infrastructure Scheme. Therefore, it would seem logical that any Transmission Works in Scotland would be captured through the existing Investment Planning processes (i.e. Part One of Section D of the STC and STCP16-1), and that notice of a new connection by an Embedded Medium Power Station would be captured as a change to Planning Assumptions under paragraph 2.2.1 of the STC and paragraph 4.4 of STCP16-1.

However, under WGAA1 there would be a requirement on National Grid to inform the DNO within 28 days whether or not such Works were required. This would require additional text in Section D of the STC. The detailed process could either be added to STCP16-1, or a more bespoke process developed in a new STCP. It seems likely that this would also draw from STCP18-2.

Once any Works were complete, National Grid would receive notification from the TO following the existing process, and would therefore then notify the DNO that the Embedded Medium Power Station may be energised.

Working Group Alternative Amendment 2

WGAA2 is essentially identical in substance to the Original Amendment Proposal, but makes significant changes to the proposed timetable. It proposes to allow the DNO (and therefore the generator) 90 Business Days to decide whether or not to withdraw from the process following notification from National Grid whether Transmission Works are required. This is shown in the diagram below:



Due to the timescales involved (of significantly more than three months in total), it would not be possible to include the whole process as a Modification Application. It is therefore suggested that the most pragmatic solution would be to treat the final three month period as a “NGET Modification Application” (noting that the definition of “Modification” in the STC would require amendment, as would Schedule 6, in line with that described above under “Original Amendment Proposal”).

The initial 28 day assessment of the Statement of Works would therefore become a separate “add-on” process, perhaps best accommodated by a new Part Four of Section D of the STC (and a new Schedule 13). Once the 90 business day decision period was over, then a Modification Application would be submitted by the DNO for a full three month period (which would then become the “NGET Modification Application”).

Given the significantly different nature of this process, it is likely that it would best be described in detail by a new STCP. However, this could still be closely based on STCP18-2.

Summary

CAP097 would be effective in Scotland due to the Medium Power Stations in SPT's Transmission Area. Any process developed could also be used to facilitate the discretionary element contained in the original proposal and in WGAA2.

In order to implement CAP097 in the STC it is suggested that:

- The Original Amendment Proposal would require relatively minor changes to Part Two of Section D of the STC, and either changes to STCP18-2 or the establishment of another similar STCP
- Working Group Alternative Amendment 1 would also require relatively minor changes to Section D of the STC, and either changes to STCP16-1 or the establishment of a bespoke STCP
- Working Group Alternative Amendment 2 would require more substantial changes to Section D of the STC, and probably the establishment of a new STCP (albeit one closely based on STCP18-2)

National Grid intends to develop one or more STC Amendment Proposals, which we would anticipate proposing once the CAP097 consultation period has closed (i.e. once any potential Consultation Alternative Amendments have been identified).