

## Stage 03: Amendment Report

System Operator Transmission Owner Code  
(STC)

# CA045 Arrangements for User Commitment

What stage is this  
document at?

01 Initial  
Amendment Report

02 Proposed  
Amendment Report

03 Amendment  
Report

This proposal seeks to modify the System Operator Transmission Owner Code (STC) to introduce changes resulting from CUSC Modification Proposal 192 'Arrangements for Enduring Generation User Commitment'.

This document assists the Authority in their decision of whether to implement the above modification.

**Published on:** 19 September 2012



***The STC Committee recommends:***

that CA045 should be implemented as it better facilitates Applicable STC Objectives (a) and (c)



***High Impact:***

Transmission Owners, System Operators



***Medium Impact:***

None identified



***Low Impact:***

None identified

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### Any Questions?

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Proposer:

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National Grid Electricity  
Transmission

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## About this document

Further to the submission of Amendment Proposal CA045 and the subsequent wider industry consultation that was undertaken by STC Committee, this document is addressed and furnished to the Authority in order to assist them in their decision whether to implement Amendment Proposal CA045.

## Document Control

| Version | Date              | Author        | Change Reference                                |
|---------|-------------------|---------------|---|
| 1.0     | 19 September 2012 | STC Committee | Draft Amendment Report for Authority submission |

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CA045

Amendment Report

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19 September 2012

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Version 1.0

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## 1 Executive Summary

- 1.1 CA045 is a consequential change to the STC from CUSC Modification Proposal CMP192. CMP192 adds a new section to the CUSC to replace the existing methodology used to determine a generator's financial liabilities in relation to the provision of new or additional capacity. CMP192 was submitted to the Authority on 22 November 2011. On 30<sup>th</sup> March 2012 the Authority approved Workgroup Alternative CUSC Modification 5 with an implementation date of 30<sup>th</sup> March 2012.<sup>1</sup> A transition period has now commenced and CMP192 is due to go live in April 2013.
- 1.2 Changing the User Commitment regime will result in the need to share more information with the Transmission Owner (TOs). This includes the requirement for the TOs to provide capital expenditure data to NGET every year for the current year and also a 3 year forecast. In addition to this, there will be a requirement for the TOs to provide project information on a 6 monthly basis.
- 1.3 STC Amendment Proposal CA045 was proposed by NGET and was formally submitted to the STC Committee meeting on 25<sup>th</sup> October 2011.
- 1.4 Following consideration, the STC Committee agreed at its meeting on 29<sup>th</sup> February that Proposed Amendment CA045 should proceed directly to the Assessment and Report Phase
- 1.5 A number of comments on the legal text were received which suggested some clarification to the wording, particularly in terms of the definitions and to achieve a better level of consistency in the approach to the structure and language of the STC. The changes suggested did not affect the intention of the proposal and have been incorporated into the draft text contained within Annex 2 of this document.

### STC Committee Recommendation

- 1.6 The STC Committee provisionally recommends that STC Amendment Proposal CA045 be approved for implementation.
- 1.7 Should the Authority approve STC Amendment Proposal CA045, it is provisionally recommended that the STC be modified 5 days after the Authority decision.

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<sup>1</sup> Link to Authority Decision on CMP192:  
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=80&refer=Licensing/ElecCodes/CUSC/Amend>

## 2 Description of Proposed Modification and its Effects

- 2.1 This Proposed Amendment seeks to make changes to a number of Sections of the STC in order to include the requirements resulting from CMP192 to provide new data exchange obligations.
- 2.2 In August 2010 Ofgem initiated Project TransmiT<sup>2</sup> in order to review the charging and connection arrangements in the context of sustainability, affordability and security of supply achieving a timely move to a low carbon energy sector. A significant area of concern for the industry was identified as User Commitment, in particular securities associated with user commitment for pre commissioning generation and the potential volatility in the liabilities and associated security. In response to this, Ofgem stated in their open letter of 25th January 2011 that: "We now expect NGET to focus, as a matter of priority, on developing an enduring solution for User Commitment."
- 2.3 CMP192 was raised in February 2011 and a decision was made by the Authority on 30<sup>th</sup> March 2012<sup>3</sup>.
- 2.4 CMP192 codifies into the CUSC the new arrangements for calculating user commitment liabilities for pre and post commissioning Users. These arrangements replace Final Sums and Interim Generic User Commitment Methodology (IGUCM) and impact on the bilateral connection agreements. CMP192 has the effect that the Generator User Commitment liabilities are calculated using (i) a cancellation amount for pre-commissioning power stations that takes account of transmission investment for local and wider works, and (ii) a closure amount for post-commissioning power stations that takes account of the investment for wider works. The consequence of a power station closing or cancelling is that the TO investment could be spent unnecessarily.
- 2.5 CMP192 splits liabilities into two components; Wider and Attributable. A generator's wider liability is intended to cover those transmission investments which are undertaken for the benefit of the system as a whole, generators and consumers. A generator's Attributable liability is intended to cover those investments which are solely or mainly at risk due to the actions of that generator. The definition used in CMP192 for Attributable works is that they should be those works required to connect the generator to the Main Integrated Transmission System (MITS) substation (MITS as defined in Section 14 of the CUSC).
- 2.6 The data items that will be required from the TOs to feed into the calculation of generators' Wider and Attributable liabilities are as follows:
- 2.6.1 Wider Liability (provided annually by 01 October)
- (i) TO CAPEX for forthcoming financial year split by load related and non-load related (excluding any works flagged as Attributable, see below)
  - (ii) Forecast annual TO CAPEX for next 3 financial years (excluding any works flagged as Attributable, see below)

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<sup>2</sup> Link to Project TransmiT documents of Ofgem Website -

<http://www.ofgem.gov.uk/Networks/Trans/PT/Pages/ProjectTransmiT.aspx>

<sup>3</sup> Link to the final CMP192 Report -

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/currentamendmentproposals/>

2.6.2 Attributable Liability (provided biannually by 01 December and 01 June)

- (i) For each pre-commissioning generator, which schemes are classed as Attributable works (as would be defined in the new Section 15 of the CUSC).
- (ii) For each scheme component, an estimate of the total cost
- (iii) For each scheme component, an estimate of the costs that will be incurred during the following 6 month security period (i.e. April to September, October to March).
- (iv) For each scheme component, an estimate of the capability in MW
- (v) For each scheme component, an estimate of the assets that could be economically re-used should the scheme no longer be required, provided as a percentage of the total cost provided under (ii)
- (vi) For pre-commissioning generators not connecting at the nearest MITS substation, the straight –line distance between the generator and the nearest MITS substation.

2.7 The CAPEX information required to calculate the Wider liabilities is currently not shared with National Grid. CA045 seeks to put in place a requirement for TOs to provide this information to National Grid on an aggregated level. This information is already provided to Ofgem as part of the annual regulatory reporting submission. TOs currently provide information to National Grid for securities purposes every 6 months detailing the costs of individual schemes. It is anticipated that the data required for Attributable liabilities would replace this for generation projects.

2.8 The view that any data provided is part of an existing TO data submission was supported by the TO respondents during the CMP192 Consultation.<sup>4</sup>

2.9 No Alternative Amendments to CA045 were submitted.

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<sup>4</sup> These responses can be found on pages 149-151 of Volume 2 of the Workgroup Report published in September 2011 located at <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/currentamendmentproposals/>

## 3 Impacts & Assessment

### 3.1 STC Parties' Assessments

#### 3.1.1 National Grid

National Grid is supportive of Amendment Proposal CA045. The implementation of CA045 would not have any physical impact on National Grid's Transmission system or require any changes to the IS systems. No additional works or monies would be required to implement the proposed change as the information required is already submitted under regulatory reporting.

#### 3.1.2 Offshore Transmission Owners (OFTOs)

The OFTOs are supportive of Amendment Proposal CA045. The implementation of CA045 would not have any physical impact on OFTO System (s) or require any changes to the IS systems.

#### 3.1.3 Scottish Hydro-Electric Transmission Limited (SHETL)

SHETL is supportive of Amendment Proposal CA045. The implementation of CA045 would not have any physical impact on SHETL System (s) or require any changes to the IS systems.

#### 3.1.4 SP Transmission Limited (SPT)

SPT is supportive of Amendment Proposal CA045. The implementation of CA045 would not have any physical impact on SPT System (s) or require any changes to the IS systems.

### 3.2 Impact on STC/STCPs

CA045 requires amendments to the following parts of the STC:

- Section D – Planning Co-ordination
- Section J – Interpretations and Definitions
- Schedule 5 – NGET Connection Application
- Schedule 7 – System Construction Applications
- Schedule 8 – TO Construction Offers
- Schedule 9 – TO Construction Terms
- Schedule 13 – NGET Requests for Statement of Works

### 3.3 Impact on Greenhouse Gas emissions

The proposed modification will not have an impact on Greenhouse Gas emissions.

### 3.4 **Assessment against STC Objectives**

The STC Committee considers that CA045 would better facilitate the STC objective(s):

- (a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act;

*Better facilitated by enabling improved planning and development of the transmission system in a more effective manner, supporting the duties under the Act and the requirements of the licence (C17).*

- (c) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity;

*Better facilitated by having open governance whereby more information on future connection to the system is provided.*

### 3.5 **Impact on core industry documents**

The proposed modification does not impact on any core industry documents

### 3.6 **Impact on other industry documents**

The proposed modification does not impact on any other industry documents

## 4 Views and Representations

- 4.1 Views have been invited from Industry parties upon the Proposed Amendment CA044. The Industry Consultation opened on 6 August 2012 and closed 20 working days later on 4 September 2012.
- 4.2 The STC Committee received 1 response during the industry consultation and this is attached as Annex 3. This response is supportive of CA045.

## 5 Recommendations

- 5.1 The STC Committee recommends that STC Amendment Proposal CA045 be approved for implementation.
- 5.2 Should the Authority approve Amendment Proposal CA045, it is recommended that the STC be modified 5 business days after the Authority's decision.
- 5.3 The following timeline for progressing CA045 is as follows:

|                   |   |
|-------------------|---|
| 29 February 2012  | Amendment Proposal referred to Assessment & Report Phase by STC Committee   |
| 15 May 2012       | NGET to submit draft Initial Amendment Report to STC Committee for Parties to provide their Assessment  |
| 26 July 2012      | STC Committee to confirm Assessment and provide approval for Proposed Amendment Report to be circulated for 20 day consultation, at Committee meeting |
| 06 August 2012    | NGET to issue out for 20 day consultation   |
| 04 September 2012 | Consultation closes   |
| 19 September 2012 | NGET to submit Proposed Amendment Report to STC Committee to consider representations made  |
| 26 September 2012 | STC Committee to approve Amendment Report for submission to the Authority at Committee meeting  |
| 1 October 2012    | NGET to submit Amendment Report to the Authority  |
| 5 November 2012   | Expected Decision Date  |
| 12 November 2012  | Expected Implementation Date  |

**STC Amendment Proposal Form**

CA045

**1. Title of Amendment Proposal**

Arrangements for User Commitment

**2. Description of the Proposed Amendment (mandatory field)**

**Background:**

This Amendment Proposal is being raised a consequential change to CUSC Modification Proposal CMP192 – Arrangements for Enduring Generation User Commitment which seeks to add a new section to the CUSC to replace the existing methodology used to determine a generator’s financial liabilities in relation to the provision of new or additional capacity.

CMP192 Background: As adding or removing generation from the system has an equal and opposite effect on the need for network capacity, both pre- and post-commissioning power stations affect decisions on new transmission investment. Whilst the cancellation of a pre-commissioning power station could affect local and wider investment decisions, the closure of a post-commissioning power station will only affect new wider investment decisions. Therefore, CMP192 proposes that the Generator User Commitment liabilities are calculated using two terms; 1), a Cancellation Amount for pre-commissioning power stations that takes account of transmission investment for local and wider works; and 2) a Closure Amount for post-commissioning power stations that takes account of the investment for wider works. Under CMP192 there are eight main aspects that the enduring solution must take into account in determining the nature and level of Cancellation and Closure liabilities and the reasonable level of securities required against these liabilities:

1. Protecting the end consumer from undue risk
2. Minimum notice period required to alter TO investment before significant costs are incurred
3. Profile of TO investment costs
4. Likelihood of power stations either cancelling or closing
5. Total Value at Risk (VAR)
6. Level of transmission capacity sharing between power stations
7. Proportion of TO investment not at risk due to Connect & Manage regime
8. Level of transmission asset reuse

The consequence of a power station cancelling or closing is that Transmission Owner (TO) investment could be spent unnecessarily. The current and interim arrangements for User Commitment assume that a user’s liability is proportional to the cost of this unnecessary investment (or a generic proxy for the cost).

Timescales: CMP192 was raised in February 2011 and the final CUSC Modification Report is due to be sent to the Authority on 22 November 2011. It is expected that Ofgem will carry out an impact assessment. The anticipated implementation date is April 2012, with a subsequent transition period and an anticipated ‘go-live’ date of April 2013.

Impact on STC: Changing the User Commitment regime will result in the need to share more information with the TOs, this includes the requirement for the TOs to provide capital expenditure data to NGET every year, for the current year plus a three year forecast.

There will also be a requirement for the TOs to provide project information on a 6 monthly basis

|   |
|---|
| <p><b>3. <u>Description of Issue or Defect that Proposed Amendment seeks to Address</u></b><br/><i>(mandatory field)</i></p> <p>Requirements to provide new data exchange obligations as a result of CMP192 are not currently specified in the STC.</p>   |
| <p><b>4. <u>Impact on the STC</u></b> <i>(information should be given where possible)</i></p> <p>Changes may be required to:</p> <ul style="list-style-type: none"> <li>• Section D – Planning Co-ordination</li> <li>• Section E – Payments and Billing</li> <li>• Section J – Interpretations and Definitions</li> <li>• Schedule 3 Information and Data Exchange Specifications</li> <li>• Schedule 8 – TO Construction Offers</li> <li>• Schedule 9 – TO Construction Terms</li> <li>• Schedule 10 - Charges</li> <li>• STCP 13.1 – Invoicing and Payment</li> <li>• STCP 14.1 - Data Exchange for Charge Setting</li> <li>• STCP 18.1 – Connection and Modification Application</li> </ul> |
| <p><b>5. <u>Impact on other frameworks e.g. BSC, CUSC, Grid Code</u></b> <i>(information should be given where possible)</i></p> <p>None</p>  |
| <p><b>6. <u>Impact on Core Industry Documentation</u></b> <i>(information should be given where possible)</i></p> <p>None</p>   |
| <p><b>7. <u>Impact on Computer Systems and Processes used by STC Parties</u></b> <i>(information should be given where possible)</i></p>  |
| <p><b>8. <u>Details of any Related Modifications to Other Industry Codes</u></b> <i>(where known)</i></p> <p>CMP192 – Arrangements for Enduring Generation User Commitment</p>  |

**9. Justification for Proposed Amendment with Reference to Applicable STC Objectives (mandatory field)**

Amending the STC as described above will mean that the following objectives are better facilitated:

STC Objectives

(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act;

*Better facilitate by enabling better planning and development of the transmission system in a more effective manner, supporting the duties under the Act and the requirements of the licence (C17).*

(c) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity;

*Better facilitate by having open governance whereby more information on future connection to the system is provided.*

|  |   |
|--|---|
| <b>Details of Proposer</b><br>Organisation's Name  | National Grid Electricity Transmission plc  |
| Capacity in which the Amendment is being proposed<br>(i.e. STC Party or other Party as designated by the Authority pursuant to STC section B7.2.2.1 (b)) | STC Party   |
| <b>Details of Proposer's Representative</b><br>Name<br>Organisation<br>Telephone Number<br>Email Address   | Emma Clark<br>National Grid Electricity Transmission plc<br>01926 655223<br><a href="mailto:Emma.clark@uk.ngrid.com">Emma.clark@uk.ngrid.com</a>    |
| <b>Details of Representative's Alternate</b><br>Name<br>Organisation<br>Telephone Number<br>Email Address  | Tom Derry<br>National Grid Electricity Transmission plc<br>01926 654208<br><a href="mailto:Thomas.derry@uk.ngrid.com">Thomas.derry@uk.ngrid.com</a> |
| <b>Attachments (Yes/No):</b>   |   |

**Notes:**

- Those wishing to propose an Amendment to the STC should do so by filling in this "Amendment Proposal Form" that is based on the provisions contained in Section 7.2 of the STC.
- The Committee Secretary will check that the form has been completed, in accordance with the requirements of the STC, prior to submitting it to the Committee. If the Committee Secretary accepts the Amendment Proposal form as complete, then she/he will write back to the Proposer informing them of the reference number for the Amendment Proposal and the date on which the Committee will consider the Proposal. If, in the opinion of the Committee Secretary, the form fails to provide the information required in the STC, then he/she may reject the Proposal. The Committee

Secretary will inform the Proposer of the rejection and report the matter to the Committee at their next meeting. The Committee can reverse the Committee Secretary's decision and if this happens the Committee Secretary will inform the Proposer.

The completed form should be returned to:

Lucy Hudson  
STC Committee Secretary  
Regulatory Frameworks  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick, CV34 6DA

Or via e-mail to: [Lucy.Hudson@uk.ngrid.com](mailto:Lucy.Hudson@uk.ngrid.com)

For ease of reference, the text in blue is the proposed additional text for CA045 and the text to be deleted as part of CA045 is crossed out.

### **Changes to Section D: Planning and Coordination.**

#### **1. INTRODUCTION**

1.1 This Section D, Part One deals with the planning and development of Transmission Owners' Transmission Systems and relevant parts of the National Electricity Transmission System on a co-ordinated basis, and sets out:

- 1.1.1 the process for Transmission Owners to develop and implement Transmission Investment Plans in respect of their Transmission Systems and NGET to develop and implement NGET Investment Plans;
- 1.1.2 the general principles for identifying the Default Planning Boundary at Connection Sites for the purpose of planning and development;
- 1.1.3 provision for the Parties to co-operate in relation to the preparation by NGET of the Seven Year Statement; ~~and~~
- 1.1.4 provision for the Parties to co-operate in relation to the preparation by NGET of the Offshore Development Information Statement; ~~and~~
- 1.1.5 the process for Transmission Owners providing NGET with the Wider Cancellation Charge Information to enable NGET to prepare the Annual Wider Cancellation Charge Statement.

#### **6. ANNUAL WIDER CANCELLATION CHARGE STATEMENT**

6.1 Each Transmission Owner shall provide NGET with the Wider Cancellation Charge Information (in the form agreed by the Transmission Owner and NGET) and in accordance with the following timescales (or such other timescales as agreed by the Transmission Owner and NGET):

- 6.1.1 for the first Annual Wider Cancellation Charge Statement by the date agreed by the Parties as being sufficient to enable NGET to prepare and publish the first Annual Wider Cancellation Charge Statement in accordance with the CMP 192 Transition Process Plan; and
- 6.1.2 for subsequent Annual Wider Cancellation Charge Statements by no later than 1 of December in the Financial Year preceding the Financial Year to which the Annual Wider Cancellation Charge Statement relates.

## **PART TWO: CONSTRUCTION**

### **1. INTRODUCTION**

- 1.1 This Section D, Part Two, deals with arrangements between NGET and Transmission Owners in relation to Construction Projects on or which otherwise materially affect such Transmission Owners' Transmission Systems and the disconnection of Users connected to Transmission Owners' Transmission Systems. This Part Two includes paragraphs relating to:
- 1.1.1 the process by which NGET and each Transmission Owner enter into a bilateral TO Construction Agreement for the construction of a New Connection or Modification or System Construction;
  - 1.1.2 Communications Plant requirements at Connection Sites; ~~and~~
  - 1.1.3 provision for the permanent disconnection of User Equipment connected to a Transmission Owner's Transmission Systems; ~~and~~
  - 1.1.4 arrangements for the amendments of TO Construction Agreements and the provision by each Transmission Owner of the information regarding Attributable Works to enable the implementation by NGET of the User Commitment Methodology.

## **PART FIVE: IMPLEMENTATION OF USER COMMITMENT METHODOLOGY**

### **5. CMP 192 Transition Process Plan**

NGET shall consult with and shall agree with each Transmission Owner the activities and the programme and timescales for the said activities required to be undertaken by that Transmission Owner in order to support NGET in the implementation of the CMP 192 Transition Process Plan (the "UCM TO Implementation Plan") including:

- (i) the issue by the Transmission Owner of a variation to a TO Construction Agreement so that the TO Construction Agreement is consistent with the requirements introduced at Schedule 8 and Schedule 9 in respect of Attributable Works; and
- (ii) the provision by the Transmission Owner of information (consistent with that which would be provided by the TO with a TO Construction Offer in accordance with the requirements introduced at Schedule 8 and Schedule 9) in respect of the Attributable Works in such TO Construction Agreement

and that Transmission Owner shall carry out all such activities as are specified in the UCM TO Implementation Plan in accordance with the timescales as set out in the UCM TO Implementation Plan unless otherwise agreed by the Transmission Owner and NGET.

### **Changes to Section J: Interpretation and Definitions**

|   |   |
|---|---|
| <b>“Annual Wider Cancellation Charge Statement”</b> | the statement published by NGET each Financial Year in accordance with the User Commitment Methodology;   |
| <b>“Attributable Works”</b>                         | those components of the Transmission Construction Works which are required (a) to connect a Power Station which is to be connected at a Connection Site to the nearest suitable MITS Node; or (b) in respect of an Embedded Power Station from the relevant Grid Supply Point to the nearest suitable MITS Node (and in any case above where the Construction Works include a Transmission substation that once constructed will become the MITS Node, the Attributable Works will include such Transmission substation) and which in relation to a particular User are as specified in the relevant TO Construction Agreement; |
| <b>“Attributable Works Capital Cost”</b>            | means the fees, expenses and costs of whatever nature reasonably and properly incurred or due in respect of each component within the Attributable Works;   |
| <b>“CMP 192 Transition Process Plan”</b>            | means as defined in CUSC Section 10, Paragraph 10.1.7(g);   |
| <b>“Embedded Power Station”</b>                     | a Power Station of an Embedded User;  |
| <b>“Grid Supply Point”</b>                          | as defined in the CUSC;   |
| <b>“MITS Node”</b>                                  | means in the context of ascertaining the Attributable Works, a node with (i) more than four Transmission circuits at a Grid Supply Point or (ii) two or more Transmission circuits at a Grid Supply Point;  |
| <b>“User Commitment Methodology”</b>                | the methodology and principles as set out in CUSC Section 15;   |
| <b>“Wider Cancellation Charge Information”</b>      | means the information required by NGET from each Transmission Owner to enable NGET to prepare the Annual Wider Cancellation Charge Statement being:   |

- (a) a Transmission Owners load related capex and non load related capex for the following Financial Year excluding the cost of any Attributable Works; and
- (b) a forecast of a Transmission Owners load related capex and non load related capex excluding the cost of any Attributable Works for the three Financial Years following the Financial Year referred to in (a) above.

### **Changes to Schedule 5: NGET Connection Application**

#### **Section 1 – Requirements for a NGET Connection Application submitted by NGET to a Transmission Owner pursuant to Section D, Part Two, subparagraph 2.2.1**

1.1.22 If the Enabling Works are to be greater in scope than the MITS Connection Works, details (to the extent available to NGET) of the concerns, reasons or technical requirements that this is seeking to address.

##### **“User Commitment Methodology**

1.1.23 Confirmation that the above methodology is to be applied such that the Attributable Works provisions are/are not required.”

#### **Section 2 – Requirements for a NGET Connection Application submitted by NGET to a Transmission Owner pursuant to Section D, Part Two, subparagraph 2.2.2**

2.1.7 If the Enabling Works are to be greater in scope than the MITS Connection Works, details (to the extent available to NGET) of the concerns, reasons or technical requirements that this is seeking to address.

##### **“User Commitment Methodology**

2.1.8 Confirmation that the above methodology is to be applied such that the Attributable Works provisions are/are not required.”

#### **Section 3 – Requirements for a NGET Connection Application submitted by NGET to a Transmission Owner pursuant to Section D, Part Two, subparagraph 2.2.3**

3.1.10 If the Enabling Works are to be greater in scope than the MITS Connection Works, details (to the extent available to NGET) of the concerns, reasons or technical requirements that this is seeking to address.

### **“User Commitment Methodology**

3.1.11 Confirmation that the above methodology is to be applied such that the Attributable Works provisions are/are not required.”

## **Section 5 – Requirements for a NGET Connection Application submitted by NGET to a Transmission Owner pursuant to Section D, Part Two, subparagraph 2.2.5**

5.1.5 If the Enabling Works are to be greater in scope than the MITS Connection Works, details (to the extent available to NGET) of the concerns, reasons or technical requirements that this is seeking to address.

### **“User Commitment Methodology**

5.1.6 Confirmation that the above methodology is to be applied such that the Attributable Works provisions are/are not required.”

## **Changes to Schedule 7 – System Construction Applications**

## **Section 1 – Requirements for a System Construction Application submitted by NGET to a Transmission Owner pursuant to Section D, Part Two, subparagraph 2.2.2:**

1.1.8 If the Enabling Works are to be greater in scope than the MITS Connection Works, details (to the extent available to NGET) of the concerns, reasons or technical requirements that this is seeking to address.

### **“User Commitment Methodology**

1.1.9 Confirmation that the above methodology is to be applied such that the Attributable Works provisions are/are not required.”

## **Section 2 – Requirements for a System Construction Application submitted by NGET to a Transmission Owner pursuant to Section D, Part Two, subparagraph 2.2.5:**

### **“User Commitment Methodology**

2.1.5 Confirmation that the above methodology is to be applied such that the Attributable Works provisions are/are not required.”

## **Changes to Schedule 8 – TO Construction Offer**

1.3.5 if a Connect and Manage Derogation is required, the TO Construction Offer shall also include as part of it the Connect and Manage Derogation Report which will justify the need for and scope of any Connect and Manage Derogation by reference to the Connect and Manage Derogation

Criteria.

#### 1.4 **User Commitment Methodology**

Where NGET has notified the Transmission Owner that the Attributable Works provisions apply the following is also required:

- 1.4.1 an Appendix setting out any Attributable Works;
- 1.4.2 an indicative profile of the estimated spend in respect of such Attributable Works.

1.45 A TO Construction Offer shall remain open for acceptance by NGET according to the terms of Section D, Part Two, paragraph 5 of the Code.

### **Changes to Schedule 9 – TO Construction Terms**

#### **A. PRO FORMA TERMS FOR TO CONSTRUCTION AGREEMENT BETWEEN NGET AND A TRANSMISSION OWNER UNDERTAKING WORKS WHICH INCLUDE WORKS AT A RELEVANT CONNECTION SITE.**

##### **11. VARIATIONS**

11.1 Subject to paragraphs 11.2 and 11.3 below, no variation to this TO Construction Agreement shall be effective unless made in writing and signed by or on behalf of both the Transmission Owner and NGET.

11.2 The Transmission Owner and NGET shall effect any amendment required to be made to this TO Construction Agreement by the Authority as a result of a change in the Code or a Licence or an order or direction made pursuant to the Act or a Licence. NGET hereby authorises and instructs the Transmission Owner to make any such amendments on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.

11.3 The Transmission Owner has the right to vary any Appendices to this TO Construction Agreement in accordance with paragraphs 2.4 or 2.13.

##### **[12 *Attributable Works where applicable only*]**

12.1 The Transmission Owner shall provide to NGET (in a form agreed between the Transmission Owner and NGET) the following information at the following times (or such other times as agreed between the Transmission Owner and NGET):-

- (a) by reference to each component of the Attributable Works, forthwith on the Effective Date and then not less than 82 (eighty-two) days (or if such day is not a Business Day the next following Business Day) prior to each 31st March and 30th September thereafter (until this TO Construction Agreement shall be terminated or shall expire in accordance with paragraph 8 or until NGET notifies the Transmission Owner that it is no longer required):

- (i) an estimate of the Attributable Works Capital Cost;
  - (ii) an estimate of capability in MW;
  - (iii) an assessment of the actual or potential for reuse and any strategic benefits provided as a percentage of the estimate provided at (i);
- (b) by reference to each component of the Attributable Works, forthwith and on and with effect from the Effective Date, in respect of the period from the Effective Date until the next following 31st March or 30th September (whichever shall first occur) an estimate of the Attributable Works Capital Cost; and
- (c) by reference to each component of the Attributable Works, not less than 82 (eighty-two) days (or if such day is not a Business Day the next following Business Day) prior to each 31st March and 30th September thereafter in respect of the period of six calendar months commencing on the immediately following 1st April or 1st October (as the case may be) (until this TO Construction Agreement shall be terminated or shall expire in accordance with paragraph 8 or until NGET notifies the Transmission Owner that it is no longer required), an estimate of the Attributable Works Capital Cost.

12.2 On termination of this TO Construction Agreement and where requested by NGET to do so the Transmission Owner shall together with the statements and information provided to NGET by the Transmission Owner pursuant to paragraphs 7.1 to 7.5 in respect of the TO Final Sums, provide statements and information in a form agreed between the Transmission Owner and NGET in respect of the amount within the TO Final Sums which represents the actual Attributable Works Capital Cost of each component within the Attributable Works and also a justification of and supporting information in respect of the Transmission Owners assessment of the actual or potential for reuse and any strategic benefits of the Attributable Works and any of the resulting assets.

12.3 The Transmission Owner shall provide NGET with all advice and assistance and information reasonably requested by NGET in relation to any discussions or correspondence with a User in connection with the Attributable Works Capital Cost and assessment of the actual or potential for reuse and any strategic benefits of the Attributable Works and any of the resulting assets including the calculation and/or estimation of the same.]

**B. PRO FORMA TERMS FOR TO CONSTRUCTION AGREEMENT BETWEEN NGET AND A TRANSMISSION OWNER ONLY UNDERTAKING WORKS WHICH ARE NOT AT A RELEVANT CONNECTION SITE.**

**10. VARATIONS**

10.1 Subject to paragraphs 10.2 and 10.3 below, no variation to this TO Construction Agreement shall be effective unless made in writing and signed by or on behalf of both the Transmission Owner and NGET.

10.2 The Transmission Owner and NGET shall effect any amendment required to be made to this TO Construction Agreement by the Authority as a result of a change in the Code or a Licence or an order or direction made pursuant to the Act or a Licence. NGET hereby authorises and instructs the Transmission Owner to make any such amendments on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.

10.3 The Transmission Owner has the right to vary any Appendices to this TO Construction Agreement in accordance with paragraph 2.9

[11 **Attributable Works** *where applicable only*]

11.1 The Transmission Owner shall provide to NGET (in a form agreed between the Transmission Owner and NGET) the following information at the following times (or such other times as agreed between the Transmission Owner and NGET):-

- (a) by reference to each component of the Attributable Works, forthwith on the Effective Date and then not less than 82 (eighty-two) days (or if such day is not a Business Day the next following Business Day) prior to each 31st March and 30th September thereafter (until this TO Construction Agreement shall be terminated or shall expire in accordance with paragraph 7 or until NGET notifies the Transmission Owner that it is no longer required):
  - (i) an estimate of the Attributable Works Capital Cost;
  - (ii) an estimate of capability in MW;
  - (iii) an assessment of the actual or potential for reuse and any strategic benefits provided as a percentage of the estimate provided at (i);
- (b) by reference to each component of the Attributable Works, forthwith and on and with effect from the Effective Date, in respect of the period from the Effective Date until the next following 31st March or 30th September (whichever shall first occur) an estimate of the Attributable Works Capital Cost; and
- (c) by reference to each component of the Attributable Works, not less than 82 (eighty-two) days (or if such day is not a Business Day the next following Business Day) prior to each 31st March and 30th September thereafter in respect of the period of six calendar months commencing on the immediately following 1st April or 1st October (as the case may be) (until this TO Construction Agreement shall be terminated or shall expire in accordance with paragraph 7 or until NGET notifies the Transmission Owner that it is

no longer required), an estimate of the Attributable Works Capital Cost.

- 11.2 by reference to each component of the Attributable Works, not less than 82 (eighty-two) days (or if such day is not a Business Day the next following Business Day) prior to each 31st March and 30th September thereafter in respect of the period of six calendar months commencing on the immediately following 1st April or 1st October (as the case may be) (until this TO Construction Agreement shall be terminated or shall expire in accordance with paragraph 7 or until NGET notifies the Transmission Owner that it is no longer required), an estimate of the Attributable Works Capital Cost.
- 11.3 The Transmission Owner shall provide NGET with all advice and assistance and information reasonably requested by NGET in relation to any discussions or correspondence with a User in connection with the Attributable Works Capital Cost and assessment of the actual or potential for reuse and any strategic benefits of the Attributable Works and any of the resulting assets including the calculation and/or estimation of the same.]

**C. PRO FORMA TERMS FOR TO CONSTRUCTION AGREEMENT BETWEEN NGET AND AN OFFSHORE TRANSMISSION OWNER UNDERTAKING WORKS WHICH INCLUDE WORKS AT A RELEVANT CONNECTION SITE.**

Attributable Works

in relation to the User those Transmission Construction Works set out in Appendix X Part 1.

**11. VARIATIONS**

- 11.1 Subject to paragraphs 11.2 and 11.3 below, no variation to this TO Construction Agreement shall be effective unless made in writing and signed by or on behalf of both the Transmission Owner and NGET.
- 11.2 The Transmission Owner and NGET shall effect any amendment required to be made to this TO Construction Agreement by the Authority as a result of a change in the Code or a Licence or an order or direction made pursuant to the Act or a Licence. NGET hereby authorises and instructs the Transmission Owner to make any such amendments on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.
- 11.3 [The Transmission Owner has the right to vary any Appendices to this TO Construction Agreement in accordance with paragraphs 2.5, 2.15 and 3.2].

**12 Attributable Works**

- 12.1 The Transmission Owner shall provide to NGET (in a form agreed between the Transmission Owner and NGET) the following information at the

following times (or such other times as agreed between the Transmission Owner and NGET):-

- (a) by reference to each component of the Attributable Works, forthwith on the Effective Date and then not less than 82 (eighty-two) days (or if such day is not a Business Day the next following Business Day) prior to each 31st March and 30th September thereafter (until this TO Construction Agreement shall be terminated or shall expire in accordance with paragraph 8 or until NGET notifies the Transmission Owner that it is no longer required):
  - (i) an estimate of the Attributable Works Capital Cost;
  - (ii) an estimate of capability in MW;
  - (iii) an assessment of the actual or potential for reuse and any strategic benefits provided as a percentage of the estimate provided at (i);
- (b) by reference to each component of the Attributable Works, forthwith and on and with effect from the Effective Date, in respect of the period from the Effective Date until the next following 31st March or 30th September (whichever shall first occur) an estimate of the Attributable Works Capital Cost; and
- (c) by reference to each component of the Attributable Works, not less than 82 (eighty-two) days (or if such day is not a Business Day the next following Business Day) prior to each 31st March and 30th September thereafter in respect of the period of six calendar months commencing on the immediately following 1st April or 1st October (as the case may be) (until this TO Construction Agreement shall be terminated or shall expire in accordance with paragraph 8 or until NGET notifies the Transmission Owner that it is no longer required), an estimate of the Attributable Works Capital Cost.

12.2 On termination of this TO Construction Agreement and where requested by NGET to do so the Transmission Owner shall together with the statements and information provided to NGET by the Transmission Owner pursuant to paragraphs 7.1 to 7.5 in respect of the TO Final Sums, provide statements and information in a form as agreed between the Transmission Owner and NGET in respect of the amount within the TO Final Sums which represents the Actual Attributable Works Capital Cost of each component within the Attributable Works and also a justification of and supporting information in respect of the Transmission Owners assessment of the actual or potential for reuse and any strategic benefits of the Attributable Works and any of the resulting assets.

12.3 The Transmission Owner shall provide NGET with all advice and assistance and information reasonably requested by NGET in relation to any discussions or correspondence with a User in connection with the Attributable Works Capital Cost and assessment of the actual or potential

for reuse and any strategic benefits of the Attributable Works and any of the resulting assets including the calculation and/or estimation of the same.

## APPENDIX X

### ATTRIBUTABLE WORKS

#### **Changes to Schedule 13 – NGET Requests for Statement of Works**

##### **Section 1 – Requirements for a NGET Request for a Statement of Works submitted by NGET to a Transmission Owner pursuant to Section D, Part Four, sub-paragraph 1.1.1:**

1.1.7 If the Enabling Works are to be greater in scope than the MITS Connection Works, details (to the extent available to NGET) of the concerns, reasons or technical requirements that this is seeking to address.

##### **“User Commitment Methodology**

1.1.8 Confirmation that the above methodology is to be applied such that the Attributable Works provisions are required.”

##### **Section 2 – Requirements for a NGET Request for a Statement of Works submitted by NGET to a Transmission Owner pursuant to Section D, Part Four, sub-paragraph 1.1.2:**

2.1.6 If the Enabling Works are to be greater in scope than the MITS Connection Works, details (to the extent available to NGET) of the concerns, reasons or technical requirements that this is seeking to address.

##### **“User Commitment methodology**

2.1.7 Confirmation that the above methodology is to be applied such that the Attributable Works provisions are required.”

##### **At Section 3 – Requirements for a NGET Request for a Statement of Works submitted by NGET to a Transmission Owner pursuant to Section D, Part Four, sub-paragraph 1.1.3:**

3.1.4 If the Enabling Works are to be greater in scope than the MITS Connection Works, details (to the extent available to NGET) of the concerns, reasons or technical requirements that this is seeking to address.

##### **“User Commitment Methodology**

3.1.5 Confirmation that the above methodology is to be applied such that the Attributable Works provisions are required.”

## Annex 3 - Copies of Representations received

This Annex includes copies of any representations received following circulation of the Proposed Amendment Report circulated on 6 August 2012, requesting comments by close of business on 4 September 2012.

| No | Company                | Reference   |
|----|------------------------|-------------|
| 1  | Balfour Beatty Capital | CA045-CR-01 |

Dear STC Team,

Thank you for the opportunity to comment on this proposed change.

Balfour Beatty, as the preferred bidder for the Thanet OFTO assets and for Greater Gabbard OFTO assets is happy to support the change set out in Industry consultation CA045.

In the event that OFTOs are involved in connecting future generation in the future, we already have the obligation to provide certain information to Ofgem. Our understanding is that this consultation covers the provision of the same information to NGET, which we will be able to do without additional expense.

Regards

Bob Reid

**Bob Reid**

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Balfour Beatty Capital

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