



National Grid

CONSULTATION DOCUMENT

CAP002 ***Paragraph 6.5.1*** ***(Implementation Issues)***

The purpose of this document is to consult on the Implementation Issues associated with Amendment Proposal CAP002 with CUSC Parties and other Interested Industry members

Amendment Ref	CAP002 (Implementation)
Issue	1.0
Date of Issue	23 May 2002
Prepared by	National Grid

I DOCUMENT CONTROL**a National Grid Document Control**

Version	Date	Author	Change Reference
0.1	21/5/02	National Grid	Initial Draft for internal comment
1.0	23/5/02	National Grid	Formal version for release

b Document Location

National Grid website:

http://www.nationalgridinfo.co.uk/cusc/mn_consultation_index.html

c Distribution

Name	Organisation
CUSC Parties	Various
Panel Members	Various
Interested Parties	Various
Core Industry Document Owners	Various
National Grid Industry Information Website	-

II CONTENTS TABLE

I DOCUMENT CONTROL.....	2
a National Grid Document Control	2
b Document Location	2
c Distribution.....	2
II CONTENTS TABLE.....	2
1.0 EXECUTIVE SUMMARY	3
2.0 INTRODUCTION	3
3.0 CONSULTATION ISSUES – IMPLEMENTATION.....	3
Working Group	3
Consultation	4
Amendment Report	4
Consultation – Implementation Issues.....	4
4.0 ASSOCIATED CAP002 DCOUMENTATION.....	4
5.0 ALTERNATIVE AMENDMENT	5
6.0 NATIONAL GRID VIEW	5
7.0 VIEWS INVITED	5
ANNEX 1: LETTER FROM THE AUTHORITY – IMPLEMENTATION ISSUES	6

1.0 EXECUTIVE SUMMARY

- 1.1 Paragraph 6.5.1 of the CUSC deals with the energisation of embedded power stations by Distribution Network Operators and the necessity for the embedded power station to have entered into a Bilateral Agreement with National Grid.
- 1.2 National Grid proposed an amendment to Paragraph 6.5.1 and CAP002 was submitted to the CUSC Panel meeting in November 2001. The Proposal was considered by a Working Group, followed by a period of wider consultation with the industry as required by the CUSC. An Amendment Report for CAP002 was then furnished to the Authority on 8 April 2002. On 21 May 2002, the Authority directed National Grid to consult on the implementation issues associated with CAP002 (letter attached in Annex 1).
- 1.3 This document should therefore be read in conjunction with the existing documentation for CAP002 which provides background on the detailed issues. This document initiates the wider industry consultation process and invites views only on the implementation issues associated with CAP002. The consultation closing date is **5 June 2002**.
- 1.4 Following completion of this consultation on CAP002 implementation issues, the results including formal responses received from parties, will be presented to the Authority on 19 June 2002.

2.0 INTRODUCTION

- 2.1 This consultation document is issued by National Grid under the procedures specified in the Connection and Use of System Code (CUSC) and as directed by the Authority. It only addresses the implementation issues associated with the Proposed Amendment of Paragraph 6.5.1 of the CUSC and is supplementary to the previous consultation on CAP002.
- 2.2 This consultation document has been prepared in accordance with the terms of the CUSC and as directed by the Authority. An electronic copy can be found on the National Grid website at <http://www.nationalgrid.com/uk/indinfo/cusc>. Details of other associated documentation is contained in Section 4 of this document.

3.0 CONSULTATION ISSUES – IMPLEMENTATION

Working Group

- 3.1 The Working Group recognised that the Amendment Proposal may have an impact on the Grid Code with possible further impact on the Distribution Code and Distribution Connection Agreements. The Working Group recommended that the Amendment should be implemented one month after the Authority decision or one month after the date of completion of any changes required to other National Grid Core Industry Documents.
- 3.2 It is noted that National Grid is currently progressing the consequential changes to the Grid Code to allow any necessary changes to the documents to be co-ordinated and implemented co-incident.

- 3.3 The Working Group agreed that the CAP002 change should not be retrospective but it was important for clarity to have a clear implementation approach. The Working Group felt that a key milestone and one that could easily be identified was a Distribution Connection Agreement between the Embedded Generator and the Distribution Network Operator. The Working Group noted that if the Amendment Proposal was approved it should only apply to Embedded Generators not having a signed connection agreement with a Distribution Network Operator at the date of implementation.

Consultation

- 3.4 The National Grid consultation on CAP002 was not explicit in requesting parties to comment on the implementation issues. Although the majority of responses did not comment on any implementation issues, one response noted that unlike a National Grid Bilateral Connection Agreement, Distribution Connection Agreements usually are only signed following a period of negotiation between the DNO and generator, and this may be some time after the connection offer is made and some financial commitment may have already been made. A Distribution Connection Agreement therefore may not be in place until quite late in the process. The response also noted that the Working Group had recommended that the amendment should only apply to any Embedded Generator not having a Connection Agreement with the DNO at the time of implementation and that this should have been followed through into the Consultation document.

Amendment Report

- 3.5 The Amendment Report sent to the Authority on 8 April 2002 commented on the arrangements for implementation. It recommended that CAP002 was implemented 10 business days after the Authority Decision and apply to those Embedded Generators without a Distribution Connection Agreement with the Distribution Network Operator at the date of implementation. This approach was in line with the Working Group recommendation except that the timescale was reduced to 10 business days from the Working Group's recommendation of one month.

Consultation – Implementation Issues

- 3.6 This document invites view on all aspects of implementation associated with CAP002 Amendment Proposal and the Alternative Amendment developed by the Working Group. This document has been issued following direction from the Authority to consult on the implementation issues associated with CAP002.

4.0 ASSOCIATED CAP002 DOCUMENTATION

- 4.1 For completeness, links to the associated documents relating to the Amendment Process for CAP002 are detailed below. These should be read in conjunction with this Consultation document:

[Working Group Report \(3 January 2002\)](#)

[Consultation Document \(4 February 2002\)](#)

[Amendment Report \[including responses\] \(8 April 2002\)](#)

5.0 ALTERNATIVE AMENDMENT

5.1 The Alternative Amendment was formulated as part of Working Group discussions and was supported by some members of the group. It is identical to the Amendment Proposal with the exception that the deminimis level is set at 50MW for lower voltage connecting embedded generators. It therefore raises the same issues over implementation as the Amendment Proposal itself.

6.0 NATIONAL GRID VIEW

6.1 National Grid believes that Amendment Proposal CAP002 should be implemented 10 business days after the Authority Decision and apply to those Embedded Generators without a Distribution Connection Agreement with the Distribution Network Operator at the date of implementation.

7.0 VIEWS INVITED

7.1 National Grid is seeking the views of interested parties relating only to the implementation issues associated with Amendment Proposal CAP002. In particular if National Grid is directed by the Authority to make an amendment to the CUSC:

- the timescale for implementation following the Authority's decision, and any issues associated with this timing,
- how the amendment should be implemented and whether the Distribution Connection Agreement is an appropriate implementation milestone.

7.2 Please send your responses to this consultation document to National Grid by no later than close of business on **5 June 2002**.

7.3 Please address all comments to the following e-mail address:

emma.groves@uk.ngrid.com

Or alternatively, comments may be addressed to:

Emma Groves
Commercial Development
National Grid Company plc
National Grid House
Kirby Corner Road
Coventry
CV4 8JY

Annex 1: Letter from the Authority – Implementation Issues



Charles Davies
Commercial Director
National Grid Company plc
National Grid House
Kirby Corner Road
Coventry
CV4 8JY

Our Ref: CAP002
Direct Dial: 020 7901 7435

21 May 2002

Dear Charles,

Although the proposed implementation timescales are incorporated into the 'Implementation and Timescales' section of the CAP002 Amendment Report, it is Ofgem's view that this aspect was not adequately consulted upon as part of NGC's formal consultation process. It was stated that the Proposed Amendment should only apply to generation projects that do not have a signed connection agreement. However, NGC's consultation paper did not refer to the existence of a connection agreement as a pre-condition for application of the rules.

It is Ofgem's view that this is of sufficient materiality to require that NGC initiate a period of re-consultation as soon as is practicable.

If you have any queries in relation to the above then please do not hesitate to contact me on the above number.

Yours sincerely,

A handwritten signature in black ink, appearing to read "A. N. Simpson", written over a horizontal line.

Nick Simpson
Director of Industry Code Development

Cc Mark Cox – National Grid Company