

Industry Participants

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## **Open letter: Implementation of Interim Connect and Manage**

This open letter aims to set out the next steps that National Grid intends to follow to implement 'Interim Connect and Manage'.

### **Interim Connect and Manage Principles**

The full details of Ofgem's approved approach for 'Interim Connect and Manage' are set out in its 'minded to' letter of the 19<sup>th</sup> March 2009 and its decision letter of 8<sup>th</sup> May<sup>1</sup>. In summary, Interim Connect and Manage is:

- An interim framework to be implemented immediately, ahead of a wider decision on, and implementation of, Transmission Access Review;
- A framework for temporary derogations to be issued to new generation connections. The derogation(s) will serve to remove the existing requirement to build wider transmission infrastructure prior to allowing a generator to connect on equivalent terms to other generation that is already connected to the system.

Interim Connect and Manage will provide benefit in the following situations, where the limiting factor is wider transmission system reinforcement:

- Projects with existing agreements wishing to advance their connection dates;
- New connection applications.
- Existing, connected projects that have connected ahead of wider infrastructure works and therefore have supplemental contract provisions that serve to remove the risk of constraint costs, operational issues or other impacts on other connectees.

This approach will encompass England, Wales and Scotland for large, medium and small connections that previously required wider transmission works.

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<sup>1</sup> <http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/20090508%20derogations%20interim.pdf>

In terms of the process that will be followed under 'Interim Connect and Manage':

- We will continue to issue connection offers following application, but the connection date will be set only against timescales for local transmission works;
- Ofgem will need to approve derogations from GB SQSS for specific system boundaries and connections where wider transmission works cannot be completed in time; however the announcement indicates their intent and reasoning to approve such requests;
- The policy will provide equal access rights for new and existing contracts and as such we expect to revisit existing offers and agreements to revise and remove terms such as the requirement for intertripping as a condition of advancement;
- Recent connection applications that are currently being assessed will be structured to provide a smooth transition into the new arrangements;
- As with existing agreements, those agreements under the 'Interim Connect and Manage' framework will be subject to any changes to relevant codes, such as CUSC, which may include changes resulting from the Transmission Access Review.

### **Publication of Revised Framework and Timetable for Next Steps**

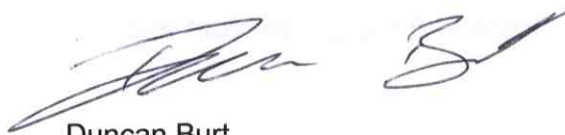
As part of the implementation of Interim Connect and Manage all parties will be keen to see clearly set out processes, principles, definitions and requirements/criteria for the assessment of new and existing connection applications under 'Interim Connect and Manage'. This will include definitions such as Local Works (still required before connection), Wider Works (not required before connection) and arrangements for provision of security. We intend to publish a full framework within the next few weeks.

In parallel with publication of the framework in the next few weeks, we are already assessing the opportunities for those projects that have indicated they would like an earlier connection date. As part of the Quarterly Reporting process we have received requests for advancement of connection dates from up to 10GW of projects in England and Wales, and over 2GW in Scotland. We envisage the move to 'Interim Connect and Manage' will benefit a significant majority of these projects.

We will be writing to these projects to set out our initial assessment of the options for advancement under Interim Connect and Manage within the next two months. The letter will invite Modification Applications from each project with the opportunity to advance in order to revise its connection date forward in line with our analysis. We will then undertake the full formal assessment and issue a revised connection offer.

I hope that this letter is useful in outlining the process we intend to follow and gives some clarification on the general principles of Interim Connect and Manage. If you would like to discuss any of the issues raised in more detail then please feel free to contact myself, Chris Sambridge (01926 656 732) or your Customer Agreement Manager, who will be able to answer any questions you may have regarding what this means for your project.

Yours sincerely,



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