

responses from Alec and Mike. All members of the group were encouraged to share their views via email once both sides of the argument have been received.

64. Registered capacities were discussed and clarification was sought as to what exactly the publication of MW thresholds by GSP would relate to. Craig Maloney took an action to clarify the situation and report back to the group via email, initial thoughts were that the Grid Code definition for Registered Capacity would be suitable. The group then reviewed Alan Creighton's comments on National Grid straw man v2.. Alan felt that where there is already an identified transmission reinforcement requirement the thresholds are likely to be zero hence all GSPs will need a SoW. He feels that this would stifle any small community based schemes (irrespective of whether the cost of burden was high or not). This was understood but analysis would be required to determine thresholds by the application of the criteria. He also feels that for such an option to work there would need to be a de minimis level. Alec Morrison suggested that determining a de minimis value could be related to demand growth. The group debated this at length with numerous members believing a de minimis level was appropriate. Craig agreed update the strawman to allow for de minimis levels if appropriate.

65. Emma Carr raised issues regarding potential disputes in the proposed process based on legal advice. It is possible that 3 types of disputes may arise and are summaries below:

1. National Grid has not followed the 'process' correctly in accordance with the CUSC
2. National Grid has not applied the Criteria correctly in accordance with the CUSC
3. National Grid has not applied the Methodology correctly to calculate the thresholds

66. Legal advice suggested that the current CUSC dispute process would be sensible for dispute type number 1, however may not be for 2 and 3 because it would be difficult to obtain an independent arbiter who would understand the issue, the potential time delay in obtaining a decision and the difficulty for an arbiter to make such a decision. Legal advice suggested that these types of disputes should go to Ofgem. Cheryl Mundie highlighted that any process needs to be proportionate to the issue in hand. The group then debated other alternatives for raising a dispute. It was noted that a developer always has the right of referral to Ofgem once a connection offer has been made. Therefore if a developer believed the thresholds or methodology was incorrect this could be raised via a referral. In addition it is also possible to raise a CUSC amendment to change the Criteria.

67. Emma Carr took an action produce a Disputes Process flowchart and discuss further with Ofgem.

The Process

68. Emma Carr asked if all members were comfortable with the **process** within the straw man. All agreed the process. The group noted that this process would require a significant amount of involvement within Scottish Power and S&SE as there are 70 GSPs in S&SE and 85 GSPs in SP.

69. The group reviewed the updated CAP167 original strawman and Craig confirmed that draft legal text will be prepared for the next working group meeting.

70. The 'Alternative' Criteria jointly put forward by ENW/CE was tabled by Mike Kay and debated. Based on local level, these Criteria ignore the impact of operational constraint costs and the impact on MITS power flows. It argues that local generation should not be penalised by wider transmission works. The word 'local' was questioned and some were happy to drop the word local and replace it with GSP level. It was debated that if the costs are triggered by a local (GSP level) connectee, then the local connectee would pick up the costs if that connectee was the sole benefactor. It was agreed that some worked examples are required to clarify exactly what is meant by the wording in the Alternative Criteria. Also the alternative criteria require justification as per the original Criteria for the Working Group report. Mike Kay took an action to prepare some examples to explain the Alternative Criteria concept in

more detail and provide further justification.

71. It was noted that a third Alternative could develop from arguments put forward regarding the carbon cost as a criterion pending the actions described above.
72. A debate developed on implementation timescales and analysis required to arrive at thresholds. No real timescales were agreed but it was felt that the current arrangements would apply until the GSP thresholds were in place using the new criteria and the CAP167 process. The group identified the potential difficult nature to implement CAP167 i.e. it would not be possible to have the thresholds in place from day one as the process would need to be followed and parties would be unwilling to start work until the CUSC was amended. Craig suggested that a phased approach for implementation might be the most practicable, with current arrangements being applied until the new methodology is implemented for each DNO.
73. It was also noted and discussed that changes to the STC would be required at the same time as any CUSC amendment to enable the TO to participate in the process.
74. Craig agreed to provide a draft implementation proposal at the next meeting.

4. Summary of Actions

75. Alec Morrison took an action to develop an argument for including the cost of carbon **Action – Alec Morrison**
76. Craig Maloney agreed to circulate a draft methodology. **Action – Craig Maloney**
77. Mike Kay took an action to develop an argument for not including the cost of carbon **Action – Mike Kay**
78. **All to provide comments on arguments for and against a carbon criterion**
79. Emma Carr produce a flowchart for disputes and discuss with Ofgem **Action – Emma Carr**
80. Craig Maloney took an action to update strawman and provide legal text for the next meeting – **Action Craig Maloney**
81. Mike Kay took an action to provide worked examples to explain the Alternative Criteria **Action Mike Kay**
82. Craig Maloney to provide a implementation proposal. **Action Craig Maloney**

5. Next Meeting

82. The next meeting of the Working Group is scheduled for 1st of September to be held at National Grid offices at Warwick