

CAP093 Ofgem Decision Summary

Presentation to TCMF
February 2006

Recap

- ◆ CAP093

- ◆ “Enabling the flow of Electricity from Distribution Systems into the Transmission System at Grid Supply Points”
- ◆ Proposed changes to definitions of “GSP” and “Distribution System” in the CUSC
- ◆ Designed to allow DNOs to continue to meet their obligations to provide connection for both demand and generation
- ◆ Better facilitates competition – “paves the way for the connection of significant amounts of embedded generation”

Working Group Conclusions

- ◆ Out of 12 respondents
 - ◆ 8 supported the amendment
 - ◆ 4 were opposed (incl. National Grid)
- ◆ Main thrust of opposition arguments:
 - ◆ Contractual avenues already exist for exports to Grid
 - ◆ Without a BEGA, EG has no rights to export onto Grid
 - ◆ Proposals would lead to discrimination in transmission charges between directly connected and embedded generation
 - ◆ No commercial means of managing exports onto Grid from unlicensed embedded generation

Ofgem Findings (1)

- ◆ Consider CUSC definition of “GSP” to be *consistent* with Licence
 - ◆ Changes would be inconsistent and would increase the risk that NGET would be unable to fulfil its licence obligations
 - ◆ Concerned by CAA proposing a definition of GSP that would include Connection Sites that did not at any time deliver electricity from transmission to distribution
- ◆ Consider CUSC definition of “Distribution System” to be *inconsistent* with Licence
 - ◆ Current CUSC definition does not include Connection Sites where electricity flows from distribution to transmission
 - ◆ Licence definition recognises such boundary points exist and provides for them specifically

Ofgem Findings (2)

- ◆ Ofgem consider that CAP093 and the Alternatives propose definitions of “Distribution System” which use the term “GSP” to describe a connection site that does not at any time deliver electricity from transmission to distribution to be inconsistent with the Licence
 - ◆ But, it would be beneficial if the Licence definition of “Distribution System” is better reflected in the CUSC

Ofgem Findings (3)

- ◆ Ofgem unclear about specific parts of the CUSC that NGET considers prevent it from making an offer to a distribution licensee for a Connection Site which may deliver electricity to the transmission system
 - ◆ an application from a DNO may not specifically be for a GSP
 - ◆ Exhibit C of the CUSC does not specifically provide for Connection Sites delivering electricity from DNO to transmission
 - ◆ There is flexibility within Bilateral Connection Agreements to cater for non-standard types of customer requests
 - ◆ Ofgem expects CUSC exhibits to reflect connections required
 - ◆ Further clarity required in CUSC about arrangements available for connections between transmission and distribution

Next Steps

- ◆ NGET currently reviewing Ofgem decision
- ◆ Possible next steps:
 - ◆ House-keeping modification to amend CUSC definition of Distribution System to align with Licence
 - ◆ Await Distribution Generation Consultation developments
 - ◆ Clarify connection types between transmission and DNOs
 - ◆ Update exhibits in CUSC