

ET SECTOR	
REFERENCE NUMBER:	CATEGORY: Amendment
LICENCE CONDITION NUMBER: <i>(if relevant):</i>	SpC 3.18
TITLE:	Generation Connection volume driver
RELEVANT LICENCE CONSULTATION QUESTIONS <i>(if any):</i>	Q23. What are your views on the proposed changes to the SpCs outlined in this Electricity Transmission licence conditions chapter and the Annexes?
RELEVANT ISSUES LOG:	ET Sept issue log ET volume driver LC issues log
POLICY ISSUES	
<ul style="list-style-type: none"> Introduction 	<ul style="list-style-type: none"> There should be a definition of what the term GCeT actually is, similar to what's in the current licence para 6F.2. In the proposed drafting, it's unclear whether this is baseline expenditure for Generation Connections in any Regulatory Year t or for e.g. just the year on year change.
<ul style="list-style-type: none"> SpC 3.18 	<ul style="list-style-type: none"> The effect of this condition is to adjust allowance down if for e.g. a baseline project is not delivered. For baseline projects that are also subject to a PCD, the PCD would do the same. Currently, it's unclear how these mechanisms are going to interact.
<ul style="list-style-type: none"> Para 3.18.2 	<ul style="list-style-type: none"> Reword as follows 'The effect of this condition is to adjust revenue to fund the licensee for changes in Generation Connections relative to baseline allowances. Remove reference to 'Delivered Generation Connection Capacity' and delete the defined term which is no longer used anywhere else.
<ul style="list-style-type: none"> Para 3.18.3 AGOt 	<ul style="list-style-type: none"> This refers to 'actual' generation capacity which is not defined. Reword as the term means the actual Generation Connection Capacity 'Delivered' as at 31 March in Regulatory Year t; Add definition for 'Delivered' to qualify the actual volumes of generation connected – see definition of 'Delivered' in the current licence.
<ul style="list-style-type: none"> Para 3.19.4 OEt 	<ul style="list-style-type: none"> This is an input into GCE - it refers to a calculation but not all the inputs have been defined (e.g. what capex is used in the calculation) and therefore the calculation cannot be made. In addition, there is duplication, as the same term and calculation is used in several licence conditions. [Note it is not calculated in the PCFM]

<ul style="list-style-type: none"> No BLCBLt 	<ul style="list-style-type: none"> No baseline cable allowance has been included in the calculation (has ALCBLt)
<ul style="list-style-type: none"> Generation Connection Capacity definition 	<ul style="list-style-type: none"> To be expanded to include interconnector connections and potentially other emerging forms of generation technologies e.g. batteries. We understand these are also to be funded through the revenue driver. Without this amendment these connections will have zero funding. For reference see definition of 'Relevant Generation Capacity' in the T1 licence. Issue had been raised in September – see comment # 21 in September '20 volume driver issue log.
<ul style="list-style-type: none"> Disapplication of licence 	<ul style="list-style-type: none"> Basically separated one SpC into two, 3.8 and 3.18. This is for additional schemes and have UCAs for TEC, OHL and cable Are the schemes in the baseline allowance the same as in 3.8? Not clear and not currently listed so BGO, BLOHL, and no baseline cable allowance in the calculation?
DRAFTING ISSUES	
FINANCE ISSUES	
<ul style="list-style-type: none"> SpC 3.18 	<ul style="list-style-type: none"> The GCET in the licence is defined as the 'change' in baseline allowance as a result of volumes being different from initial forecast. In T1 this term was the 'revised baseline allowance'. Worth a check that this is not a mistake and is consistent with how the PCFM is computing the adjustment to totex. Need to establish if condition is in line with revised AIP and implement revenue forecast policy
SUPPORTING INFORMATION	
OFGEM ENGAGEMENT:	