Amendment proposal:	**Connection and Use of System Code (CUSC) Amendment Proposal CAP151: Construction Agreements Works Register (CAP151)**		
Decision:	The Authority[1] directs that this proposal be made[2]		
Target audience:	National Grid Electricity Transmission PLC (NGET), Parties to the CUSC and other interested parties		
Date of publication:	25 January 2008	Implementation Date:	8 February 2008

Background to the amendment proposal

Currently there are a large number of generators awaiting connection to the GB transmission network, especially in Scotland. This situation, known as the "GB queue" arose following implementation of the British Electricity Trading and Transmission Arrangements (BETTA) which saw an unprecedented volume of new applications for connection to the network. Such applications were processed on the existing "first come, first served" basis, whereby any contingent transmission works for a given project are identified on the basis that all projects with signed agreements proceed to connection and that all existing generators which are already connected continue to use the system. Those transmission works are in turn set out in the associated construction agreement and the project's completion date contingent on the works being completed. In addition, in order to manage the large number of applications NGET developed the "clustering methodology" whereby transmission works would be identified for a group of applicants ("a cluster") and set out in each of their construction agreements.

The limited availability of transmission capacity on the existing transmission network, particularly in areas with the highest demand for that capacity such as Scotland, has meant that many projects require significant reinforcements to the network before they can connect. As a result, many projects have signed agreements for connection dates far into the future, as transmission capacity which they might otherwise be able to use is already allocated to projects higher in the GB queue. In addition, for projects in a cluster the nature of the transmission works required for their connection may be dependent on the composition of the cluster.

In practice, it is likely that a proportion of projects in the GB queue will not proceed to connection, e.g. due to failure to obtain the necessary planning consents, and there may also be retirements of existing connected plant. Should a given project give up capacity or terminate its agreement, this could potentially have consequences for other users in the GB queue depending on how the transmission capacity is reallocated, e.g. by providing an opportunity to advance connection dates or redesign transmission works for clustered projects.

NGET has been working with the industry on developing ways to manage the GB queue, including facilitating the creation of gaps in transmission capacity that may be utilised by parties waiting to connect and developing mechanisms for parties to move forward to make use of this transmission capacity.

CAP151 was proposed by NGET as part of a range of initiatives which seek to improve the information available to both National Grid and to users in relation to projects in the GB

[1] The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.
[2] This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

queue and the transmission reinforcement works associated with their connection. In doing so these initiatives seek to provide a clearer picture of where gaps might be likely to appear and the circumstances in which parties may have the opportunity to move forward or where their contingent works might change.

The proposer of CAP151 noted there is currently little publicly available information on the transmission works required to connect generation projects, making it difficult for parties to identify the impact of a new application or change to an existing project. CAP151 seeks to address this by introducing a publicly available register of transmission reinforcement works associated with individual projects, supplementing the existing TEC register and embedded generation MW register. The TEC register sets out, on a project-specific basis, the allocation of Transmission Entry Capacity (TEC) to directly connected generators and distributed generators with a BEGA. The embedded generation MW register sets out capacity holdings of certain distributed generators, again on a project-specific basis. Both registers cover both current and future capacity allocations, and include information on the project status, in terms of construction and planning application.

The amendment proposal

CAP151 was raised by NGET in June 2007 and seeks to introduce a publicly available register (the "Transmission Works Register"), established and maintained by NGET. The Transmission Works Register would contain certain details about Transmission Reinforcement Works set out in Generators' or Interconnector Owners' Construction Agreements, or the relevant Distribution Network Operator's (DNO) Construction Agreements in respect of transmission works required for distributed generators with a BELLA, until such works are completed. The Transmission Works Register would be similar to the current TEC register and embedded generator MW register and would set out, for each Construction Agreement and BELLA, information on the project, the completion date and the associated Transmission Reinforcement Works.

The proposer considers that the Transmission Works Register would provide a more comprehensive and timely picture of the transmission works required to connect a given generation project. By mapping planned transmission works against signed construction agreements, the proposer considers CAP151 would enable users to identify potential gaps appearing as a consequence of another user reducing their capacity or terminating their construction agreement.

The proposer suggested that the amendment proposal would better facilitate achievement of Applicable CUSC Objectives (a) and (b). The proposer considered it would provide users with a more comprehensive and timely picture of GB transmission capacity, enabling users to identify potential opportunities to connect earlier as a consequence of changes to the contracted background. It argued that this would further the efficient use of the system and better facilitate competition in generation.

NGET issued a consultation on CAP151 on 5 October 2007. No alternative amendment proposals were raised as part of either the working group discussions or the NGET consultation process.

CUSC Panel[3] recommendation

[3] The CUSC Panel is established and constituted from time to time pursuant to and in accordance with the section 8 of the CUSC.

The CUSC Panel (the Panel) discussed the proposal at its meeting of 30 November 2007. The Panel considered that the amendment proposal better facilitated achievement of the Applicable CUSC Objectives, and therefore recommended it for Authority approval.

The Authority's decision

The Authority has considered the issues raised by the amendment proposal and the final Amendment Report (AR) dated 18 December 2007. The Authority has considered and taken into account the responses to NGET's consultation on the amendment proposal which are attached to the AR[4]. The Authority has concluded that:

1. **implementation of the amendment proposal will better facilitate the achievement of the applicable objectives of the CUSC[5]; and**
2. **directing that the amendment be made is consistent with the Authority's principal objective and statutory duties[6].**

Reasons for the Authority's decision

Ofgem has considered the views of the CUSC Panel as well as those expressed by respondents to NGET's consultation, and agrees with the Panel recommendation that the amendment proposal better facilitates achievement of the Applicable CUSC Objectives. Ofgem also considers that the amendment proposal is consistent with the Authority's wider duties.

Given the difficulties associated with managing the GB queue, any incremental benefit that can be derived from better management of information is likely to be worth pursuing. Accurate and timely information on the transmission reinforcement projects associated with accommodating generation projects in certain areas of the system will help the industry to make more efficient decisions in its build programmes, and ultimately create a more efficiently functioning connection regime.

Ofgem considers that the provision of enhanced information as to the transmission works to connect generation projects is likely to create an environment in which competition can be facilitated. Taken in combination with the information already provided in relation to the capacity of individual projects, the Transmission Works Register would provide a comprehensive and timely picture of the allocation of transmission capacity and the associated transmission reinforcement works. Greater transparency in this respect may give users a clearer picture of the composition of clusters and enable them to come to an informed view of where gaps may be likely to appear and of the potential consequences of changes to the contractual background. Such enhanced information may enable prospective generators to identify potential opportunities to move forward.

Providing detailed information in the Transmission Works Register may also enable new entrants to make better informed locational siting decisions taking into account the potential implications in terms of contingent transmission reinforcement works. If

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[4] CUSC amendment proposals, amendment reports and representations can be viewed on NGET's website at http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/

[5] As set out in Standard Condition C10(1) of NGET's Transmission Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=5327

[6] The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

generators have more information on the areas of the system in which major reinforcements are likely to be needed as a result of a relative lack of spare capacity, such generators may be more likely to site in areas of the system where capacity is not as restricted, allowing them to connect to the transmission system more quickly. The potential redistributive effect that this may have would help to reduce the incidence of large bottlenecks on the system as multiple generators attempt to connect at the same point.

Overall, to the extent that parties take the information provided into account in their decisions, we consider the amendment proposal should facilitate better management of the GB queue, efficient allocation of transmission capacity and efficient investment in the transmission network.

Ofgem notes that the benefits of the proposal may be greater if the information is presented in an accessible format and kept up to date. Ofgem would encourage National Grid to consider how the information contained in the three registers can be best presented so as to be most useful to users and ensuring consistency of underlying data.

Ofgem also notes the issues raised by one respondent as to the interaction with the information contained in the Seven Year Statement. Ofgem would encourage National Grid to take these issues into account in its ongoing development of the Seven Year Statement.

Finally, Ofgem notes a minor typographical error in the first line of the draft legal text presented in the AR. We also note that this was raised by a respondent to NGET's consultation. While this is not material to the Authority's decision with respect to the amendment proposal, Ofgem would encourage NGET to address this as part of a housekeeping amendment proposal.

Decision notice

In accordance with Standard Condition C10 of NGET's Transmission Licence, the Authority, hereby directs that amendment proposal CAP151: Construction Agreements Works Register be made.

The implementation date is 10 business days after an Authority decision which is 8 February 2008.

Robert Hull
Director, Transmission

Signed on behalf of the Authority and authorised for that purpose.