



AMENDMENT REPORT

CUSC Proposed Amendment CAP093 Enabling the Flow of Electricity from Distribution Systems into the Transmission System at Grid Supply Points

The purpose of this report is to assist the Authority in their decision of whether to implement Amendment Proposal CAP093

Amendment Ref	CAP093
Issue	1.0
Date of Issue	5 th December 2005
Prepared by	National Grid

I DOCUMENT CONTROL**a National Grid Document Control**

Version	Date	Author	Change Reference
0.1	23/11/05	National Grid	Draft for internal comment
0.2	25/11/05	National Grid	Draft for external comment
1.0	05/12/05	National Grid	Formal version for submission to the Authority

b Document Location

Nation Grid Website:

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/>

c Distribution

Name	Organisation
The Gas and Electricity Markets Authority	Ofgem
CUSC Parties	Various
Panel Members	Various
National Grid Industry Information Website	

II CONTENTS TABLE

I DOCUMENT CONTROL.....	2
a National Grid Document Control	2
b Document Location	2
c Distribution.....	2
1.0 SUMMARY AND RECOMMENDATION.....	4
2.0 PURPOSE AND SCOPE OF THE REPORT	5
3.0 THE PROPOSED AMENDMENT	6
4.0 WORKING GROUP DISCUSSIONS	6
5.0 WORKING GROUP ALTERNATIVE AMENDMENT	8
6.0 CONSULTATION ALTERNATIVE AMENDMENT.....	9
7.0 IMPLEMENTATION AND TIMESCALES	9
8.0 IMPACT ON THE CUSC	9
9.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES	9
10.0 IMPACT ON CUSC PARTIES	11
11.0 IMPACT ON CORE INDUSTRY DOCUMENTS	11
12.0 VIEWS AND REPRESENTATIONS	11
13.0 SUMMARY OF PANEL MEMBERS VIEWS.....	15
14.0 NATIONAL GRID RECOMMENDATION.....	16
15.0 COMMENTS ON DRAFT AMENDMENT REPORT.....	16
ANNEX 1 - AMENDMENT PROPOSAL FORM	17
ANNEX 2 – PROPOSED TEXT TO MODIFY CUSC	19
Part A - Text to give effect to the Proposed Amendment.....	19
Part B - Text to give effect to the Working Group Alternative Amendment ...	20
Part C - Text to give effect to the Consultation Alternative Amendment	21
ANNEX 3 – COPIES OF REPRESENTATIONS RECEIVED TO CONSULTATION	22
ANNEX 4 – COPIES OF REPRESENTATIONS RECEIVED TO CONSULTATION	
ALTERNATIVE AMENDMENT CONSULTATION	41

1.0 SUMMARY AND RECOMMENDATION

- 1.1 CUSC Amendment Proposal CAP093 aims to recognise the flow of electricity from distribution systems into the transmission system at Grid Supply Points (GSPs). The proposer of CAP093 asserts that the CUSC does not currently formally recognise the right for export via distribution systems onto the transmission system, although Distribution Network Operators (DNOs) are under an obligation to offer terms for embedded generation seeking connection to their network. Moreover, the proposer believes that there is no correspondingly clear obligation on National Grid to receive the consequential export. This inconsistency, in the view of the proposer, is preventing DNOs making offers to connect embedded generation, as National Grid, in the view of the proposer believes that it is unable to offer terms to the DNO.
- 1.2 CAP093 was proposed by Central Networks and submitted to the CUSC Amendments Panel for consideration at their meeting on 24th June 2004. The Amendments Panel determined that the issues should be considered by a Working Group.
- 1.3 The CAP093 Working Group Report, which included details of a proposed Working Group Alternative Amendment, was submitted to the meeting of the Amendments Panel on 23rd September 2005. The Amendments Panel determined that the issue was appropriate to proceed to wider industry consultation by National Grid.
- 1.4 The Consultation Paper for CAP093 was published by National Grid on 29th September 2005, placed on the CUSC website and copies sent to Core Industry Document Owners and CUSC Parties. Responses were invited by close of business on 31st October 2005.
- 1.5 National Grid received a total of 11 responses to the consultation for CAP093. EDF Energy proposed a Consultation Alternative Amendment to CAP093. Under the terms of the CUSC this required a further period of consultation to be undertaken in order to allow the industry to consider the proposed Consultation Alternative Amendment and this Consultation Alternative Amendment Consultation Paper was published by National Grid on 4th November 2005. Responses were invited by close of business on 18th November 2005.
- 1.6 National Grid received a total of 4 responses to this further period of Consultation for CAP093.

National Grid Recommendation

- 1.7 National Grid does not believe that either the original CAP093 proposal or the Alternative Amendments better facilitate the applicable CUSC objectives to enable National Grid to more easily and efficiently discharge its obligations under the Act and the Transmission Licence and fulfil its obligations to facilitate competition in the generation and supply of electricity.
- 1.8 National Grid does not support this Amendment or the Alternatives for a number of reasons. We accept that the growth in embedded generation will inevitably lead to power flows from distribution networks to transmission and that industry arrangements need to develop to manage this interaction. However, we do not accept that this CUSC Amendment in isolation is the vehicle through which such changes should be brought forward. Indeed, far from improving the situation, this Amendment would in our view present a number of significant difficulties:

- The embedded generation exporting onto the transmission system will have no access right as it will be able to bypass the present contractual framework, which already enables embedded generation to export onto transmission with the appropriate rights.
- We believe this Amendment would be used to enable connection of very large (perhaps >1GW) windfarms, subdivided into 99MW units, to be connected to distribution without any commercial means for National Grid to manage resulting power flows.
- This Amendment would place National Grid in a position in which it is discriminating in its charges between directly connected generation and unlicensed embedded generation. Clearly, National Grid can bring forward charging Amendments to attempt to rectify these fundamental issues, however our analysis suggests that any proposal that satisfactorily addresses the issue has significant ramifications on present trading arrangements and industry structure.

1.9 For these reasons, we are of the firm belief that the Amendment embraces a far larger set of important issues and needs to be considered at a holistic level. Hence we do not believe this Amendment or any of the Alternatives can be seen to better facilitate the Applicable Objectives, as the outstanding issues relating to charging are too fundamental for CAP093 or the Alternatives to be accepted in isolation.

1.10 The opportunity presented by Ofgem's recently published discussion document "Enduring transmission charging arrangements for distributed generation – September 2005" would appear to be the most appropriate vehicle to address the wider challenges presented by the growth in unlicensed embedded generation, and we look forward to actively participating in that debate. We believe that following this, the industry will be better placed to develop CUSC Amendments (and National Grid to develop any associated charging methodology changes) that better facilitate the relevant objectives, than is currently the case.

2.0 PURPOSE AND SCOPE OF THE REPORT

2.1 This Amendment Report has been prepared and issued by National Grid under the rules and procedures specified in the Connection and Use of System Code (CUSC) as designated by the Secretary of State. It addresses issues relating to the flow of electricity from distribution systems into the transmission system at Grid Supply Points.

2.2 Further to the submission of Amendment Proposal CAP093 (see Annex 1) and the subsequent wider industry consultation that was undertaken by National Grid, this document is addressed and furnished to the Gas and Electricity Markets Authority ("the Authority") in order to assist them in their decision whether to implement Amendment Proposal CAP093.

2.3 This document outlines the nature of the CUSC changes that are proposed. It incorporates National Grid's recommendations to the Authority concerning the Amendment. Copies of all representations received in response to the consultation have been also been included and a 'summary' of the representations received is also provided. Copies of each of the responses to the consultation and further consultation are included as Annex 3 and 4 of this document.

- 2.4 This Amendment Report has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid website, at <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/>.

3.0 THE PROPOSED AMENDMENT

- 3.1 CAP093 aims to recognise the flow of electricity from distribution systems into the transmission system at Grid Supply Points. The proposer of CAP093 asserts that the CUSC does not formally recognise the flow of power from distribution systems into the transmission system. This is despite the fact that DNOs are under an obligation to offer terms for embedded generation seeking connection to their network.
- 3.2 Presently, where a GSP is exporting, there is no corresponding clear obligation on National Grid to receive the consequential export except in circumstances where an embedded generator holds Transmission Entry Capacity (TEC). This inconsistency, in the view of the proposer, is preventing DNOs making offers to connect embedded generation, as National Grid believes that it is unable to offer terms to the DNO.
- 3.3 The proposer of CAP093 believes that this CUSC defect can be rectified by altering the CUSC definitions of Grid Supply Point and Distribution System to explicitly permit flows of electricity from distribution systems onto the transmission system at GSPs.

4.0 WORKING GROUP DISCUSSIONS

- 4.1 It was recognised by Working Group members that exporting onto the GB Transmission System does currently occur at a limited number of GSPs in England and Wales and that the CUSC was not explicit as to whether this activity was allowed. The Working Group was split as to whether the lack of clarity in the CUSC meant that exports at GSPs could, or could not occur from a CUSC compliance perspective. The Working Group noted that no net export occurred when embedded generation was aggregated at a GSP group level.
- 4.2 It was acknowledged that the amount of export which did not have an associated TEC was relatively small and did not affect the efficient and effective operation of the GB Transmission System. It was noted that Scottish distribution companies were already dealing with connection offers which would involve increased export to the Transmission System.
- 4.3 It was accepted by Working Group members that the amount of exporting would potentially increase in the medium to long term future, given the overall forecast for embedded generation growth and the government's current renewable energy policies.
- 4.4 Concerns were raised by the Working Group that a potential increase in exporting GSPs without associated TEC rights could lead to discrimination between generators who connect directly to the GB Transmission System and those who choose to embed. This is because unlike directly connected generation, embedded generators without TEC are not liable for Transmission Network Use of System (TNUoS) charges. However it was observed that there were examples of large embedded generators that have

- TEC and pay TNUoS charges but do not create export to the Transmission System because their output is offset by demand at the relevant GSP.
- 4.5 The Working Group reviewed the current provisions of Section 6.5 of the CUSC which describes the interfaces between an embedded power station, the DNO and National Grid. The Working Group was undecided as to the legitimacy of exports onto the GB Transmission System even if they were supported by the appropriate access rights i.e. TEC. Some group members were not convinced that any physical flow from Distribution Systems into Transmission System at GSPs were strictly legal under the CUSC definitions, regardless of whether or not this was covered by TEC.
 - 4.6 It was argued by a Working Group member that if DNOs were allowed to export at a GSP level, it would seem untenable that this could be done without aligning the rights to export at a GSP with the existing rights to export at other points on the GB Transmission System (by a generator through the holding of appropriate TEC), and thus consequential amendments to the CUSC (amendments to sections 2, 3, 5 and 6) would be required, along with changes to the charging methodologies.
 - 4.7 Although the Working Group acknowledged that there was potential for discrimination between embedded and non-embedded generators, the majority of Working Group members did not agree that consequential changes to the CUSC were required in addition to the changes proposed by CAP093. This was because in their view CAP093 only sought to change definitions to allow de-facto or new exports to be recognised rather than changing the contractual framework.
 - 4.8 Working Group members did agree that it was important that the charging regime was transparent and fair to all parties and the group did acknowledge the difficulty that CAP093 could potentially cause National Grid regarding its charging methodology and obligations relating to non discrimination.
 - 4.9 The Working Group queried whether National Grid would be able to offer connection terms to a DNO if CAP093 was approved. National Grid stated that it may allow connection to the Transmission System if it was apparent (at the time of application) that export would occur, subject to the terms National Grid may wish to suggest are appropriate to allow National Grid to manage the transmission system consequences in order to continue to manage an efficient and co-ordinated system. A Working Group member suggested that this stance would subvert and frustrate the intent of CAP093.
 - 4.10 The National Grid representative also drew attention to the desirability of having consistency of definition between Transmission and Distribution Licences and the CUSC. "Distribution System" is defined similarly in the Distribution Licence compared with the Transmission Licence to suggest two way flow is legitimate, whilst the current CUSC definition only suggests one way flow is legitimate. Approval of CAP093 would align the CUSC definition to one more akin to the Distribution and Transmission Licence definition of Distribution System, which allows the distribution of electricity from a Distribution System to the point of delivery, including to a Transmission System.
 - 4.11 In contrast, the Distribution and Transmission Licences and current CUSC are consistent on their definition of "Grid Supply Points" (any point at which electricity is delivered from a transmission system to a distribution system). However approval of CAP093 would introduce a new CUSC definition of

“GSP” suggesting two way flow is legitimate which would not be consistent with either Licence as summarised in the table below:

	Transmission Licence	Distribution Licence	CUSC (baseline)	CUSC (CAP093)
Distribution System	Two Way	Two Way	One Way (Transmission to Distribution)	Two Way
GSP	One Way (Transmission to Distribution)	One Way (Transmission to Distribution)	One Way (Transmission to Distribution)	Two Way

It was acknowledged, by the Working Group, that it would be desirable for the definitions across codes/licences to be consistent with each other.

- 4.12 There was concern amongst some Working Group members that the implementation of CAP093 would result in discrimination between embedded and non-embedded generators as exporting embedded generators without TEC would avoid TNUoS charges.
- 4.13 Other Working Group members argued that CAP093 did not go far enough and that a subsequent amendment to the CUSC would be required to clarify what was meant by ‘distribution’. A Working Group Alternative Amendment (WGAA) was proposed, based on this principle, which is described in section 5 of this document.
- 4.14 All Working Group members were in agreement that embedded generation was set to grow significantly in the coming years. The Working Group was divided as to whether or not amending a small number of CUSC definitions would best resolve the issues identified by the proposer.

5.0 WORKING GROUP ALTERNATIVE AMENDMENT

- 5.1 A WGAA was submitted by CE Electric UK. The WGAA proposed that additional clarity was given to the newly defined ‘Distribution System’ as put forward in the original Amendment Proposal.
- 5.2 It was argued that currently, there was a lack of clarity at the operational level over the commercial rights under CUSC:
- for GSPs to be used for the carriage of energy from distribution to transmission systems
 - to link generation to a GSP by assets provided by a distributor
 - for such generation to be classed as embedded in that distribution system and
 - for distributors to request any necessary modification to National Grid assets in their role as a distributor

and that it was self-evident that distributors should be able to:

- offer connections to generators and
- seek consequential modification, if required, to GSPs

in each in their role as licensed distributors and that:

- such connection, even if only one party is connected to any relevant assets, form part of licensee’s distribution system and

- power flows on distribution systems have always been bi-directional and CUSC would be deficient if it did not adequately reflect this fact

5.3 The WGAA seeks to dispel any confusion by clarifying within the body of CUSC:

- as in the original Amendment Proposal, that power flows on distributions and across GSPs can be bi-directional and
- that DNOs can make generation connections to GSPs in their role as licensed distributors and that such generation will be treated as embedded, even where there are discrete feeders from GSP to generators that serve no other user.

6.0 CONSULATION ALTERNATIVE AMENDMENT

6.1 EDF Energy's Consultation Alternative Amendment (CAA) is similar to substance to the Original Amendment Proposal (in that it aims to recognise the flow of electricity from distribution systems into the transmission system at Grid Supply Points). However, by simplifying the legal text from the Original Amendment Proposal, it was EDF's intention to provide a more efficient solution to the defect and as such better achieve the Applicable CUSC Objectives than the Original Proposal.

7.0 IMPLEMENTATION AND TIMESCALES

7.1 National Grid proposes that CAP093, if approved, should be implemented 10 business days after an Authority decision. In accordance with CUSC paragraph 8.19.3(b) views were invited on this proposed implementation date but no responses to either the Original Consultation or the Consultation Alternative Amendment advocated any change to the suggested implementation date.

8.0 IMPACT ON THE CUSC

8.1 CAP093 requires amendments to Section 11 (Interpretation and Definitions) of the CUSC.

8.2 The text required to give effect to the Original Proposal is contained as Part A of Annex 2 of this document.

8.3 The text to give effect to the Working Group Alternative Amendment is attached as Part B of Annex 2 of this document.

8.4 The text to give effect to the Consultation Alternative Amendment is attached as Part C of Annex 2 of this document, and is shown with changes, to both the existing baseline text and to the text to give effect to the original proposal, highlighted.

9.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

9.1 National Grid does not believe that the Original Amendment Proposal or either of the Alternative Amendments would better facilitate the Applicable CUSC Objectives with regard to enabling National Grid to more easily and efficiently discharge its obligations under the Act and the Transmission

Licence and fulfil its obligations to facilitate competition in the generation and supply of electricity.

- 9.2 National Grid's principal concern is that the Amendment Proposal would, if implemented, result in discrimination amongst the Users of the Transmission System. In particular it would result in directly connected generators, with access rights to the Transmission System and hence liable for TNUoS charges, cross-subsidising embedded generators without such rights (i.e. without a TEC) where such generation was exporting back onto the Transmission System. This may have an adverse effect on competition. National Grid believes that charging modifications to satisfactorily address this discrimination would have significant ramifications for current trading arrangements and industry structure.
- 9.3 National Grid recognises that to a limited extent, such export potentially occurs today, and that the CUSC is currently silent on such export (rather than explicitly prohibiting it). However, by explicitly recognising this within the CUSC, National Grid is concerned that this could create increased problems for the future. In our view, given our licence obligations, in relation to ensuring non-discrimination, it would seem untenable that this could be done without aligning the rights to export at a GSP with the existing rights to export at other points on the Transmission System i.e. by a generator through the holding of appropriate TEC and thus consequential amendments to the CUSC e.g. Section 2, 3, 5 and 6 would be required, along with changes to the charging methodologies in order to avoid issues of discrimination amongst users of the Transmission System.
- 9.4 National Grid would also note that the Amendment Proposal suggests that CAP093 would better facilitate competition in generation by enabling distribution networks to continue to offer connections to embedded generators. However, National Grid does not believe that the current regime prevents embedded generation from connecting to either the distribution or transmission networks where the appropriate agreements are in place (i.e. where that Generator signs the CUSC, and agrees to a TEC within a BEGA in the case of an embedded generator). National Grid believe this mechanism, is the more appropriate way to ensure that the potential discrimination arguments we have already highlighted are properly mitigated. Hence, we do not fully share the proposer's view as to the defect.
- 9.5 National Grid has a further concern that the CAA, perhaps inadvertently, would have the effect of permitting exports from Non-Embedded Customers. National Grid believes this would exceed the scope of CAP093, as proposed by Central Networks which was to recognise the flow of electricity from distribution systems into the transmission system at Grid Supply Points.
- 9.6 Fundamentally, National Grid believe that these Amendment Proposals raise significantly broader issues, than those which the Amendment Proposal specifically focus on, which may jeopardise our ability to economically and efficiently plan and operate the Transmission System. These issues include whether to consider an exporting GSP a demand connection or a generation connection and the appropriate design standard to form part of the GB SQSS, and the appropriate mechanism through which to manage system constraints where exporting GSPs without TEC have a contributory effect.
- 9.7 Given that Ofgem has recently published a Consultation Document on issues relating to Embedded Generation, we believe that it would be prudent to consider all of these issues in the round at that point, rather than addressing one piece-meal facet of the embedded generation debate in isolation.

Particularly given that such isolated treatment of one facet of this issue does not in our view seem feasible, or consistent with the Applicable Objectives.

10.0 IMPACT ON CUSC PARTIES

- 10.1 CAP093, if implemented, would provide clarification within the CUSC regarding the legitimacy of electricity flows from distribution systems into the transmission system at Grid Supply Points.

11.0 IMPACT ON CORE INDUSTRY DOCUMENTS

- 11.1 Neither the CAP093 Original Proposal, nor the Working Group Alternative Amendment, nor the Consultation Alternative Amendment, will have an impact on Core Industry Documents or other industry documents.

12.0 VIEWS AND REPRESENTATIONS

- 12.1 This section contains a summary of the views and representations made by consultees during the consultation period in respect of the Proposed Amendment and the Working Group Alternative Amendment, and during the further consultation period in respect of the Consultation Alternative Amendment.

Views of Panel Members

- 12.2 No responses to either CAP093 consultation document were received from Panel Members in their capacity as Panel Members.

View of Core Industry Document Owners

- 12.3 No responses to either CAP093 consultation document were received from Core Industry Document Owners.

Responses to Original Consultation

- 12.4 The following table provides an overview of the representations received to the original consultation. Copies of the representations are attached as Annex 3.

Reference	Company	Supportive	Comments
CAP093-CR-01	British Energy	No	CAP093 does not better facilitate Applicable CUSC objectives
CAP093-CR-02	CE Electric UK	Yes	Supportive of CAP093 Working Group Alternative
CAP093-CR-03	Central Networks	Yes	Supportive of CAP093 Working Group Alternative
CAP093-CR-04	Centrica	Yes	Supportive of CAP093 Working Group Alternative
CAP093-CR-05	Corus	No	CAP093 does not better facilitate Applicable CUSC objectives
CAP093-CR-06	EDF Energy	Yes	Supportive of CAP093 Original Amendment Proposal Proposed Consultation Alternative to the Original Amendment

CAP093-CR-07	RWE npower	No	CAP093 does not better facilitate Applicable CUSC objectives
CAP093-CR-08	Scottish Power Energy Wholesale	Yes	Supportive of CAP093 Original Amendment Proposal
CAP093-CR-09	SP Transmission & Distribution	Yes	Supportive of CAP093
CAP093-CR-10	Scottish and Southern Energy	Yes	Supportive of CAP093
CAP093-CR-11	United Utilities	Yes	Supportive of CAP093 Working Group Alternative

- 12.5 The respondent in CAP093-CR-01 (British Energy) does not support CAP093 as they believe that the issues raised by the amendment proposals are far broader and cannot be adequately addressed via this amendment. British Energy draw attention to the recently published Ofgem's consultation document on 'enduring transmission charging arrangements for distributed generators' and believe that this Ofgem initiative will allow all these matters to be considered and for a more efficient overall industry solution to be developed. In British Energy's view the consequence of CAP093 would be the creation of a cross subsidy in favour of embedded generators that will have a harmful effect on competition. In addition, British Energy agree with National Grid that the current regime should not prevent embedded generation from connecting to either the distribution or transmission networks provided that appropriate agreements are in place. British Energy does not consider the present definition of a GSP in the CUSC to be defective. If DNOs were to be allowed to export at a GSP level, it would seem untenable that this could be done without aligning the rights to export at a GSP with the existing rights to export at other points on the GB Transmission System. This would trigger other wider changes to the CUSC if undue discrimination is to be avoided.
- 12.6 The respondent in CAP093-CR-02 (CE Electric UK) believe that the Working Group Alternative Amendment is essential to CUSC objectives as it would allow the bi-directional nature of distribution systems and GSPs to be recognised within the CUSC. This, in CE Electric UK's view, is a pre-requisite to permitting the entry of additional, smaller players into the generation market which is important in promoting competition. CE Electric UK believe that National Grid's concerns regarding CAP093 are misplaced as the WGAA does not affect charging and if was deemed to be a relevant issue, it could be addressed through changes to Section 2 of the CUSC and the SVA processes. CE Electric UK acknowledge the wider implications of CAP093 and welcome Ofgem's current consultation on this matter, however they do not believe that CAP093 should be deferred pending the outcome of Ofgem's consultation exercise.
- 12.7 The respondent in CAP093-CR-03 (Central Networks) is supportive of the WGAA which has all the features of the Original Amendment Proposal with, in their view, additional helpful clarification regarding the status of generator only spurs within distribution systems. Central Network believe that CAP093 would better meet Applicable CUSC Objectives by facilitating effective competition in the generation and supply of electricity by removing a barrier to entry for embedded generation. Central Networks acknowledge that the proposal has brought to light potential concerns about the transmission charging arrangements, however they consider that these issues already exist in respect of a number of GSPs that 'illegally' export from distribution systems. Central Networks fully support a review of the current charging arrangements but do not agree that this evaluation needs to occur prior to CAP093 implementation.

- 12.8 The respondent in CAP093-CR-04 (Centrica) is supportive of the WGAA. Centrica believe that it is appropriate that the CUSC reflects the reality of exporting GSPs. Centrica have concerns that under the current CUSC baseline, new generators who wish to connect are not always given connection offers by the DNO and therefore there is the potential that the CUSC is causing a barrier to entry for new embedded generation. Centrica acknowledge that the amendment proposal is part of wider issues regarding the regarding treatment of embedded generation and note National Grid's concerns regarding a piecemeal approach. However Centrica suggest that CAP097 has far more wide reaching consequences than CAP093 and if National Grid are willing to propose such changes under CAP097, it is difficult to see how it can be argued that this proposal is ill timed.
- 12.9 The respondent in CAP093-CR-05 (Corus) is against CAP093 on the basis that it would make it explicit, within the CUSC, that GSPs serving DNO's can export to the transmission system. Corus highlight that whilst this may be good for DNO's, the proposed amendment will create issues concerning discrimination.
- 12.10 The respondent in CAP093-CR-06 (EDF Energy) supports the intent of the Original CAP093 Amendment Proposal. EDF Energy believe that the current definition is inconsistent with existing situations where an embedded generator has acquired a right to export electricity onto the transmission system and its generation may give rise to electrical flows from a distribution system to the transmission system at a GSP. EDF Energy does not believe that the proposed GSP definition change would confer or imply a right on any party who does not have TEC to export onto the transmission system. They noted the ongoing debate on the appropriate enduring transmission access arrangements for embedded generators but consider CAP093 to be a valid CUSC amendment irrespective of the outcome of the debate.
- 12.11 EDF Energy proposed a Consultation Alternative Amendment which is similar in substance to the Original Amendment Proposal, but simplifies its legal text as fully described in section 6 of this document.
- 12.12 The respondent in CAP093-CR-07 (RWE npower) does not support CAP093, believing that the proposal does not further the relevant CUSC objectives. In addition, by explicitly endorsing two-way electricity flows at GSPs, they believe the system would be open to a prospective connectee deliberately selecting a distribution connection based on a perverse incentive, namely TNUoS avoidance. In the opinion of RWE npower, this would not be cost reflective, could hinder National Grid's attempts to run an efficient and coordinated system and would discriminate between users.
- 12.13 The respondent in CAP093-CR-08 (Scottish Power Energy Wholesale) supports the Original CAP093 Amendment Proposal. Scottish Power Energy Wholesale believe that the current CUSC definitions for GSPs and Distribution System do not work in the context of the export from the distribution system to the transmission system of energy from an embedded power station which has transmission access rights through a Bilateral Embedded Generation Agreement. In the respondent's view, CAP093 will correct these definitions and therefore better facilitate the efficient discharge of the Licensee of the obligations imposed on it by the Act and the Transmission Licence. In addition, Scottish Power Energy Wholesale believe that if the changes proposed in CAP093 allow National Grid to make offers of connection to all DNOs and this in turn allows the DNO's to fulfill their licence obligations by making offers of connection to generator applicants then this will also better facilitate the Applicable CUSC Objectives.

- 12.14 The respondent in CAP093-CR-09 (SP Transmission & Distribution) is supportive of CAP093. In their response, SP Transmission & Distribution query why there is a view that National Grid has no clear obligation to accept flows of electricity onto the transmission system. In their opinion, this view would appear to be at odds with the definition of 'distribution system' in Standard Condition 1 of each DNO's licence and Condition A1 of the transmission licence, both of which provide for the possibility of distribution of electricity from an embedded generator to a transmission system. In summary, SP Transmission & Distribution believe that the CUSC definition needs to be brought into line with the licence definitions and in doing so, recognise the reality of developments on the distribution and transmission systems. In addition, SP Transmission & Distribution, highlight that they are not aware of any consequential changes to the SO-TO Code that would be required should CAP093 be implemented.
- 12.15 The respondent in CAP093-CR-10 (Scottish and Southern Energy) is supportive of CAP093. Scottish and Southern Energy believe that the proposal does nothing more than correct a misalignment in the definitions and ensures that power flows which are already an accepted fact and inherent in the design of many parts of the transmission network are explicitly provided for.
- 12.16 The respondent in CAP093-CR-11 (United Utilities) is supportive of the WGAA. In their response, United Utilities indicate that to allow National Grid to persist in its current inclination to decline offer terms to DNOs, which would allow the connection of embedded generation, would frustrate competition in generation and the achievement of the Government's renewable energy targets. United Utilities note Ofgem's recent consultation paper on embedded generation and indicated that this would be a more constructive way to resolve National Grid's legitimate concerns on this matter. United Utilities note National Grid's view that CAP093 introduces discrimination between directly connected and embedded generation but in their response indicate that this not a new issue nor in their view a significant one in the short term.

Responses to the Consultation Alternative Amendment Consultation

- 12.17 The following table provides an overview of the representations received to the Consultation Alternative Amendment Consultation. As can be seen in the table, a number of respondents to the original consultation also responded to the subsequent consultation. Copies of the representations are attached as Annex 4.

Reference	Company	Supportive	Comments
CAP093-CAACR-01	British Energy	No	Not supportive of CAP093 Consultation Alternative Amendment
CAP093-CAACR-02	CE Electric UK	No	Not supportive of CAP093 Consultation Alternative Amendment
CAP093-CAACR-03	Central Networks	No	Not supportive of CAP093 Consultation Alternative Amendment
CAP093-CAACR-04	United Utilities	No	Not supportive of CAP093 Consultation Alternative Amendment

- 12.18 The respondent in CAP093-CAACR-01 (British Energy) is opposed to the CAA for the same reasons given when replying to the original consultation. British Energy reiterate their viewpoint that this issue cannot be decided in isolation via a CUSC change and should be considered as part of the Ofgem consultation on an enduring transmission charging regime for distribution generation.
- 12.19 The respondent in CAP093-CAACR-02 (CE Electric UK) whilst recognising the merits of simplifying the legal drafting, still believe that the WGAA best meets the relevant CUSC objectives. The CAA fails to provide the additional clarity over dedicated feeders which will, in the respondent's opinion, be necessary to secure the connection of embedded generation.
- 12.20 The respondent in CAP093-CAACR-03 (Central Networks) believes that the scope of the CAA goes substantially further than the Original Amendment Proposal and does not believe that it better meets the relevant objectives. In the opinion of Central Networks, by attempting to tidy up the legal text, the CAA extends the concept of two way flows at a GSP, to include flow from a 'Non-Embedded Customer' to the 'GB Transmission System'. The Original Amendment Proposal was specifically drafted to confine the scope of the changes to distribution/transmission system boundary. Central Networks noted that this idea of extending the scope to include non-embedded customer was not discussed by the Working Group. Central Networks believe that it would be more appropriate to raise this issue as a separate amendment proposal in order to allow proper examination and debate of the matter.
- 12.21 The respondent in CAP093-CAACR04 (United Utilities) recognises the improvement in the legal text which the CAA achieves. United Utilities reiterate their support for the WGAA as they believe that the clarification at the bottom of the definition of Distribution System is a useful addition that it likely to add to the overall efficient of the progression of embedded generation developments.
- 12.22 In their response to the CAA, United Utilities suggested an amalgamation of the CAA and WGAA definitions of Distribution System. However, at this stage in the Amendment Process for CAP093 it is not possible to raise further alternatives. In the event that CAP093 is approved by the Authority, parties may wish to consider whether a further amendment to the CUSC to reflect these views may better meet the applicable objectives.

13.0 SUMMARY OF PANEL MEMBERS VIEWS

- 13.1 The Panel considered the Original Amendment at its meeting on 23rd September 2005 and agreed that National Grid should proceed to industry consultation on CAP093.
- 13.2 The Panel discussed the issue as to whether references to "exporting," should more accurately refer to "importing." However, the Amendments Panel agreed that the terminology which had been used since the outset in the context of CAP093 was appropriate and clear, and that there was no reason to vary this terminology at this point in the process (and indeed that to do so, would be confusing and counterproductive).

14.0 NATIONAL GRID RECOMMENDATION

- 14.1 National Grid does not believe that either the original CAP093 proposal or the Alternative Amendments better facilitates the applicable CUSC objectives to enable National Grid to more easily and efficiently discharge its obligations under the Act and the Transmission Licence and fulfil its obligations to facilitate competition in the generation and supply of electricity.
- 14.2 National Grid would like to reiterate its view, that given our licence obligations, in relation to ensuring non-discrimination and ensuring we can economically and efficiently operate the system, this Amendment Proposal raises significantly broader issues, than those which the Amendment Proposal itself explicitly deals with.
- 14.3 Therefore National Grid recommends CAP093 is not implemented and no change is made to the CUSC with respect to this matter. However should the Authority approve CAP093, implementation should be 10 business days after the Authority decision

15.0 COMMENTS ON DRAFT AMENDMENT REPORT

- 15.1 National Grid received no responses following the publication of the draft Amendment Report.

Annex 1 - Amendment Proposal Form**CUSC Amendment Proposal Form**

Title of Amendment Proposal:

Enabling the Flow of Electricity From Distribution Systems Into the Transmission System at Grid Supply PointsDescription of the Proposed Amendment (**mandatory by proposer**):**This proposed Amendment aims to recognise the flow of electricity from distribution systems into the transmission system at Grid Supply Points. This will be achieved by altering the CUSC definitions of Grid Supply Point and Distribution System, and by making any necessary consequential changes.**Description of Issue or Defect that Proposed Amendment seeks to Address (**mandatory by proposer**):

This proposed amendment aims to correct a defect of the CUSC that apparently prevents Grid Supply Points from facilitating the flow of electricity from Distribution Systems into the Transmission System. In light of targets for increased amounts of embedded generation there is a strong likelihood that many Grid Supply Points will be required to accommodate two-way flow in the future.

Impact on the CUSC (*this should be given where possible*):

The CUSC (section 11) definitions of Grid Supply Point and Distribution System would need to be modified, and any necessary consequential modifications would need to be made (NGC to advise).

The current definition of grid supply point is as follows:

“Grid Supply Point”

A point of delivery from the **GB Transmission System** to a **Distribution System** or a **Non-Embedded Customer**;

The proposed new definition of Grid Supply Point is as follows:

“Grid Supply Point”

*A point of connection between the **GB Transmission System** and a **Distribution System** or a **Non-Embedded Customer**, providing for delivery from the **GB Transmission System** and, in the case of a **Distribution System**, delivery to the **GB Transmission System**;*

The current definition of Distribution System is as follows:

“Distribution System”

*The system consisting (wholly or mainly) of electric lines owned or operated by any **Authorised Electricity Operator** and used for the distribution of electricity from **Grid Supply Points** or generation sets or other entry points to the point of delivery to **Customers** or **Authorised Electricity Operators**, and includes any **Remote Transmission Assets** operated by such **Authorised Electricity Operator** and any electrical plant and meters owned or operated by the **Authorised Electricity Operator** in connection with the distribution of electricity, but shall not include any part of the **GB Transmission System**;*

The proposed new definition is as follows:

“Distribution System”

*The system consisting (wholly or mainly) of electric lines owned or operated by any **Authorised Electricity Operator** and used for the distribution of electricity from or to **Grid Supply Points**, or **Embedded** generators or other entry points, from or to **Customers** or **Authorised Electricity Operators**, and includes any **Remote Transmission Assets** operated by such **Authorised***

Electricity Operator and any electrical plant and meters owned or operated by the <i>Authorised Electricity Operator</i> in connection with the distribution of electricity, but shall not include any part of the <i>GB Transmission System</i>;	
Impact on Core Industry Documentation (<i>this should be given where possible</i>):	
Impact on core industry documents and the STC to be determined by NGC	
Impact on Computer Systems and Processes used by CUSC Parties (<i>this should be given where possible</i>):	
Impact on relevant computer systems and processes to be determined by NGC	
Details of any Related Modifications to Other Industry Codes (<i>where known</i>):	
None known	
Justification for Proposed Amendment with Reference to Applicable CUSC Objectives** (<i>mandatory by proposer</i>):	
<p>The current version of the CUSC does not specifically accommodate the possibility of the flow of electricity from Distribution Systems into the Transmission System. It is anticipated that there will be an increasing requirement for two-way flow between the Transmission System and Distribution Systems. This amendment is designed to allow licensed distributors to continue to meet their obligations to provide connections for both demand and generation. Central Networks believes this will better facilitate effective competition in the generation and supply of electricity. In particular, and consistent with Government' targets, it paves the way for connection to distribution networks of significant amounts of embedded generation.</p> <p>In addition to better meeting the Applicable CUSC Objectives, this proposal would better align the CUSC definition of Grid Supply Point with that in both the BSC ("Grid Supply Point": means a Systems Connection Point at which the Transmission System is connected to a Distribution System), and the MRA ("Grid Supply Point" has the meaning given to that term in the Balancing and Settlement Code)</p>	
Details of Proposer: Organisation's Name:	Central Networks East plc and Central Networks West plc
<i>Capacity in which the Amendment is being proposed:</i> (i.e. CUSC Party, BSC Party or "energywatch")	CUSC Parties
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Andrew Neves Central Networks 01332 393323 Andrew.Neves@central-networks.co.uk
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	John Hill Central Networks 01332 393322 John.Hill@central-networks.co.uk
Attachments (Yes/No): No	

Annex 2 – Proposed Text to modify CUSC**Part A - Text to give effect to the Proposed Amendment**

Proposed changes to Paragraph 11.3 of the CUSC (Definitions) made against the current baseline

Grid Supply Point	a point of connection delivery from between the GB Transmission System to and a Distribution System or a Non-Embedded Customer ; <u>providing for delivery from the GB Transmission System and, in the case of a Distribution System, delivery to the GB Transmission System;</u>
Distribution System	the system consisting (wholly or mainly) of electric lines owned or operated by an Authorised Electricity Operator and used for the distribution of electricity from <u>or to Grid Supply Points</u> , or Embedded generation generators sets or other entry points, <u>from or to the point of delivery to Customers</u> or Authorised Electricity Operators , and includes any Remote Transmission Assets operated by such Authorised Electricity Operator and any electrical plant and meters owned or operated by the Authorised Electricity Operator in connection with the distribution of electricity, but shall not include any part of the GB Transmission System ;

Part B - Text to give effect to the Working Group Alternative Amendment**Proposed changes to Paragraph 11.3 of the CUSC (Definitions) made against the current baseline**

Grid Supply Point	a point of connection delivery from between the GB Transmission System to and a Distribution System or a Non-Embedded Customer ; <u>providing for delivery from the GB Transmission System and, in the case of a Distribution System, delivery to the GB Transmission System;</u>
Distribution System	the system consisting (wholly or mainly) of electric lines owned or operated by an Authorised Electricity Operator and used for the distribution of electricity from <u>or to Grid Supply Points</u> , or <u>Embedded generation generators sets</u> or other entry points, <u>from or to the point of delivery to Customers or Authorised Electricity Operators</u> , and includes any Remote Transmission Assets operated by such Authorised Electricity Operator and any electrical plant and meters owned or operated by the Authorised Electricity Operator in connection with the distribution of electricity, but shall not include any part of the GB Transmission System , <u>for the avoidance of doubt, such a Distribution System shall include any electric line or electrical plant owned and operated by a [licensed] distributor to which only one generating set is connected;</u>

Part C - Text to give effect to the Consultation Alternative Amendment**Proposed changes to Paragraph 11.3 of the CUSC (Definitions) made against the current baseline**

Grid Supply Point	a point of connection delivery from between the GB Transmission System to and a Distribution System or a Non-Embedded Customer ; <u>providing for the flow of electricity from or to the GB Transmission System</u> ;
Distribution System	the system consisting (wholly or mainly) of electric lines owned or operated by an Authorised Electricity Operator and used for the distribution of electricity providing for the flow of electricity from or to Grid Supply Points , or Embedded generation generators sets or other entry points, from or to the point of delivery to Customers or Authorised Electricity Operators , and includes any Remote Transmission Assets operated by such Authorised Electricity Operator and any electrical plant and meters owned or operated by the Authorised Electricity Operator in connection with the distribution of electricity, but shall not include any part of the GB Transmission System ;;

Proposed changes to Paragraph 11.3 of the CUSC (Definitions) made against the text for the original Amendment Proposal

Grid Supply Point	a point of connection between the GB Transmission System and a Distribution System or a Non-Embedded Customer , providing for <u>the flow delivery of electricity</u> from <u>or to</u> the GB Transmission System and, in the case of a Distribution System, delivery to the GB Transmission System ;
Distribution System	the system consisting (wholly or mainly) of electric lines owned or operated by an Authorised Electricity Operator and used for the distribution of electricity providing for the flow of electricity from or to Grid Supply Points , or Embedded generators or other entry points, from or to Customers or Authorised Electricity Operators , and includes any Remote Transmission Assets operated by such Authorised Electricity Operator and any electrical plant and meters owned or operated by the Authorised Electricity Operator in connection with the distribution of electricity, but shall not include any part of the GB Transmission System ;

Annex 3 – Copies of Representations Received to Consultation

This Annex includes copies of any representations received following circulation of the Consultation Document (circulated on , requesting comments by close of business on [date]).

Representations were received from the following parties:

No.	Company	File Number
1	British Energy	CAP093-CR-01
2	CE Electric UK	CAP093-CR-02
3	Central Networks	CAP093-CR-03
4	Centrica	CAP093-CR-04
5	Corus	CAP093-CR-05
6	EDF Energy	CAP093-CR-06
7	RWE npower	CAP093-CR-07
8	Scottish Power Energy Wholesale	CAP093-CR-08
9	SP Transmission & Distribution	CAP093-CR-09
10	Scottish and Southern Energy	CAP093-CR-10
11	United Utilities	CAP093-CR-11

Reference	CAP093-CR-01
Company	British Energy



Lindsey Paradine
Commercial
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Date 19th October 2005

Dear Lindsey,

British Energy Response to CUSC Amendment Proposal CAP093 Enabling the Flow of Electricity from Distribution Systems into the Transmission System at Grid Supply Points

Thank you for the opportunity to respond to this consultation which raises a number of important issues. This response is sent on behalf of British Energy Power and Energy Trading Ltd, British Energy Generation Ltd and Eggborough Power Ltd.

- **We do not support either the original or alternative amendment proposals, as neither will in our view better facilitate the applicable CUSC objectives as compared to the existing baseline.**

The issues raised by the amendment proposals are far broader and cannot be adequately addressed via this narrow amendment to the CUSC. Ofgem has recognised the importance of the issue and has recently published a consultation on enduring transmission-charging arrangements for distributed generators. This Ofgem initiative will allow all these matters to be considered in the round and a more efficient overall industry solution developed which could involve changes to other industry codes. We therefore consider that for this and the other more detailed reasons set out below that the amendment proposal should be rejected.

A consequence of this amendment being approved would be the creation of a cross subsidy in favour of embedded generators that will have a harmful effect on competition. Directly connected generators using the system with access rights (TEC) would be effectively subsidising embedded generators without rights (TEC) exporting on the transmission system. This will not better facilitate the relevant CUSC objective.

The modification proposal suggests that CAP093 would better facilitate competition in generation by enabling distribution networks to continue to offer connections to embedded generators. However, we agree with the comment made by National Grid that the current

British Energy Group plc Barnett Way Barnwood Gloucester GL4 3RS
Telephone 01452 652222 Facsimile 01452 653715

Registered Office: Systems House, Alba Campus, Livingston EH54 7EG
Registered in Scotland 270184 VAT Number 671 0076 58

regime should not prevent embedded generation from connecting to either the distribution or transmission networks provided the appropriate agreements are in place.

We do not consider the present definition of a GSP in the CUSC to be defective. It specifies flow in one direction only for a purpose. If DNOs were to be allowed to export at a GSP level, it would seem untenable that this could be done without aligning the rights to export at a GSP with the existing rights to export at other points on the GB Transmission System. This will trigger other wider changes to the CUSC if undue discrimination is to be avoided.

For the above reasons we consider that neither proposed amendments would better facilitate the applicable CUSC objectives as compared to the existing baseline. The above-mentioned Ofgem consultation should be the route whereby these matters are resolved.

I trust the above is helpful but please feel free to contact me at the office (01452 654182) or by mobile (07774 767722) should you need any further clarification.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Capener', with a horizontal line underneath.

John Capener
Head of Transmission & Trading Arrangements
British Energy Power and Energy Trading Ltd

Reference	CAP093-CR-02
Company	CE Electric UK

Your ref

Our ref

Lindsey Paradine
Commercial
National Grid
NGT House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Manor House
Station Road
New Peshaw
Houghton-le-Spring
DH4 7LA

www.ce-electricuk.com

tel: 0191 387 7140

fax: 0191 387 7154

e-mail: david.miller@ce-electricuk.com

28 October 2005

Dear Lindsey

**CUSC Amendment Proposal CAP093:
Enabling the Flow of Electricity from Distribution Systems into the Transmission
System at Grid Supply Points**

Thank you for the opportunity to comment on this proposed CUSC amendment, and for the assistance of your colleagues during the working group phase. I am writing on behalf of CE Electric UK (CE) and its subsidiary distribution licensees and CUSC parties, Yorkshire Electricity Distribution plc (YEDL) & and Northern Electric Distribution Limited (NEDL).

As CE was represented on the working group and raised the WGAA, our opinions have been widely aired during previous consultation phases. I shall, therefore, focus on the headline points.

We submit that the WGAA is essential to CUSC objectives, as it recognises the bi-directional nature of distribution systems and GSPs. This is a pre-requisite to permitting the entry of additional, smaller players into the generation market which is, in turn, a pillar of prompting competition.

We support the drafting of that WGAA, as it represents a set of truths we hold to be self evident, specifically that:

- distribution is the carriage (at an appropriate voltage) of electrical energy by one party for another, and therefore that even dedicated circuits are still distribution. This clarification is necessary because there have been disputes over whether dedicated distributor-owned circuits constitute direct or embedded generator connections; and
- that, as embedded generation increases, power flows on distribution systems and across the distribution/transmission interface at GSPs will become increasing bi-directional.

Further, we submit that the concerns expressed in National Grid's initial view are misplaced as:

- the WGAA does not affect charging, which was an issue explicitly ruled out of scope in the WG;

- if charging were deemed to be a relevant issue, it could be addressed through changes to CUSC 2 and SVA processes, although we note that EELPS accepts free-riding. This may be better dealt with in the framework of Ofgem's wider consultation;
- while we recognise that there are wider issues, and welcome Ofgem's current consultation, we do not see why such an obvious amendment as recognising that energy flows both ways should be deferred pending that exercise. Otherwise, embedded generators are effectively denied the right to connect until that consultation is complete
- National Grid's initial view states that embedded generator connections can be made only if there is a BEGA. This runs counter to EELPS, and demonstrates our point that CUSC reform is required for 'smaller' generators for whom a BEGA is inappropriate
- whether or not CUSC is most appropriate place to define 'distribution system', the fact is that it currently does, and that the definition requires reform. The WGAA does not preclude the subsequent development of a 'standard' definition of distribution system, and a consequential change to CUSC to refer thereto

I trust you find this a helpful contribution: if you would like to clarify any of the points raised, please do not hesitate to call.

Yours sincerely,

Dave Miller
Senior Network Investment Engineer

Reference	CAP093-CR-03
Company	Central Networks

Central Networks

A company of **e-on**

Ms Lindsey Paradine
National Grid
NGT House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

25th October 2005

Dear Lindsey,

National Grid Consultation – CUSC Amendment Proposal CAP093

Central Networks welcomes the opportunity to comment on the above consultation document. Please note that the response is made on behalf of both Central Networks East and West.

Central Networks continues to believe that the amendment which we originally proposed is necessary and appropriate, however, we support the alternative amendment, which has all the features of the original plus some helpful clarification with respect to the status of generator only spurs within distribution systems.

Implementation of this proposal would better meet applicable CUSC objectives by facilitating effective competition in the generation and supply of electricity by removing a barrier to entry for embedded generation.

Whilst we acknowledge that the proposal has brought to light potential concerns about the transmission charging arrangements, we consider that these issues already exist in respect of a number of GSPs that 'illegally' export from distribution systems. We fully support the proposal that these charging arrangements should be reviewed, but do not agree that this needs to happen ahead of implementation of this proposal.

Central Networks
Pegasus Business Park
Castle Donington
Derbyshire
DE74 2TU
central-networks.co.uk

Andrew Neves
01332 393323

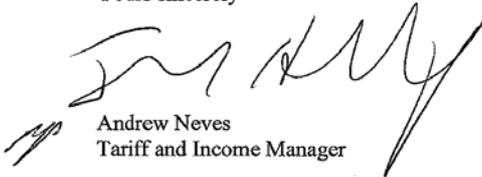
andrew.neves@central-networks.co.uk

Central Networks East plc
2366923
Central Networks West plc
3600574
Central Networks Services Limited
3600545
Registered in
England and Wales
Registered Office:
Westwood Way
Westwood Business Park
Coventry CV4 8LG

Implementation ten working days after Authority approval, as suggested in the consultation document, seems reasonable.

I trust the above is acceptable though should you require clarification on any of the above comments, please do not hesitate to contact me.

Yours sincerely



Andrew Neves
Tariff and Income Manager

Reference	CAP093-CR-04
Company	Centrica



BY EMAIL
Lindsey.Paradine@ngtuk.com

Centrica Energy

**Millstream East,
Maidenhead Road,
Windsor,
Berkshire SL4 5GD**

Tel. (01753) 431156
Fax (01753) 431150
www.centrica.com
Our Ref.
Your Ref.
28 October 2005

Dear Lindsey,

CUSC Amendment Proposal CAP093 – Enabling the flow of electricity from Distribution Systems into the Transmission System at Grid Supply Points

Centrica welcome the opportunity to comment on the aforementioned consultation document. We support the Working Group alternative amendment proposal. We agree with the conclusions of the Working Group that the alternative amendment better facilitates the applicable CUSC objectives a and b.

It is, in our view, appropriate that the CUSC reflects the reality of exporting GSPs. Although National Grid argue that as the CUSC remains silent on the issue then it is not prohibited, we do not share this view. Our concern is that under the current baseline, new generators who wish to connect are not always given connection offers by the DNO. As such, there is the potential that the CUSC is causing a barrier to entry for new embedded generation.

We note the comments by the Working Group that this amendment proposal is part of a wider issue regarding the treatment of embedded generation. We also note National Grid's concerns about taking a piecemeal approach to dealing with this issue. Whilst we share these concerns and would welcome a co-ordinated and wide ranging review of the treatment of embedded generation, we suggest that CAP097 deals with contractual relationships for embedded generation and potentially has far more wide reaching consequences than this proposal. If National Grid are willing to propose such changes it is difficult to see how it can be argued that this proposal is ill timed.

Yours sincerely

Danielle Lane

A centrica business

Centrica plc - The group includes British Gas Trading, British Gas Services and Accord Energy
Registered in England No 3033654. Registered Office: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD

Reference	CAP093-CR-05
Company	Corus

-----Original Message-----

From: John.Mathers@corusgroup.com [mailto:John.Mathers@corusgroup.com]
Sent: 28 October 2005 15:54
To: Paradine, Lindsey
Cc: Megan.Goss@corusgroup.com; Stephen.Macey@corusgroup.com;
Steve.Dalton@corusgroup.com
Subject: CAP093 consultation response

Dear Sirs,

With reference CUSC Amendment Proposals CAP093 "Enabling the Flow of Electricity from Distributions Systems into the Transmission System at Grid Supply Points, I write to advise that Corus UK Ltd is AGAINST the amendment as proposed.

By way of background Corus UK Ltd has on-site electricity generation at some of its UK Works utilising gases arising from the steelmaking process. One of our Works with on-site generation is directly connected to the National Grid (Teesside Works), whilst two others (Scunthorpe Works and Port Talbot Works) are connected via their local DNO network. On occasion each of our Works with on-site generation will export electricity.

The reason why we are AGAINST the proposed amendment as proposed is that it will make it explicit that Grid Supply Points serving DNO's can export to the network. Whereas this may be good for DNO's and also for DNO connected/embedded customers with existing/prospective electricity generation, as the paper points out ("Initial View of National Grid") the proposed amendment will create an issue of discrimination. We believe that non embedded customers should be put on the same basis with respect to exporting to the system as embedded customers and CAP093 should be amended to avoid this potential discrimination or, failing this, the proposed amendment CAP093 should be rejected on this basis.

This is a non confidential response. Please contact me if you have any queries.

I would be grateful if you would acknowledge receipt of this e-mail.

Yours sincerely,

John Mathers
Manager, UK Energy Contracts
Corus UK Ltd
Tel 020 7975 8347

Reference	CAP093-CR-06
Company	EDF Energy

Our Ref
Your Ref

Lindsey Paradine
National Grid
NGT House
Gallows Hill
Warwick
CV34 6DA



Date 31 October 2005

Dear Lindsey

CUSC Amendment Proposal CAP093: Enabling the flow of Electricity from Distribution Systems into the Transmission System at Grid Supply Points

EDF Energy is pleased to have the opportunity to comment on CUSC Amendment Proposal CAP093.

We support the intent of the original proposal in changing the definition of a Grid Supply Point to reflect the fact that electricity may legitimately flow from in either direction. We believe that the current definition is inconsistent with existing situations where an embedded generator has acquired a right to export electricity onto the transmission system (i.e. TEC) and its generation may give rise to electrical flows from a distribution system to the transmission system at a GSP.

We do not believe that this proposed change to the definition of a GSP would confer or imply a right on any party who does not have a TEC to export electricity to the transmission system. We note that there is an ongoing debate on the appropriate enduring transmission access arrangements for embedded generators but we consider that CAP093 is a valid amendment to the CUSC irrespective of the outcome of this debate.

We propose a Consultation Alternative Amendment which is based closely on the Original Amendment Proposal but with some simplifications to the legal text which we believe provide a more efficient solution and therefore better achieve the applicable CUSC objectives than the original. We have provided both change marked and clean legal text for this proposed alternative as an appendix to this letter.

We do not support the Working Group Alternative Amendment as we consider that the additional wording to explicitly recognise generator only distribution spurs is unnecessary. We do not therefore believe that this alternative would better facilitate the efficiency operation of the CUSC.

40 Grosvenor Place Victoria London SW1X 7EN

EDF Energy plc
Registered in England and Wales
Registered No. 2366852
Registered Office:
40 Grosvenor Place Victoria
London SW1X 7EN

www.edfenergy.com



We believe that both the original Amendment Proposal and the EDF Energy Consultation Alternative Amendment better achieve the applicable CUSC objectives as they remove an obstacle to legitimate flows of electricity between distribution networks and transmission networks thereby improving competition and efficiency. We believe that the proposed consultation alternative amendment better achieves the CUSC objectives than the original as it provides clearer and therefore more efficient legal text.

If you have any queries regarding this response or our consultation alternative amendment then please do not hesitate to contact me.

Yours sincerely

Rupert Judson
Electricity Market Strategy Manager
EDF Energy



Appendix: EDF Energy Consultation Alternative – Proposed Legal Text

1. Change Marked Legal Text (EDF Energy proposed changes in blue)

Grid Supply Point

a point of ~~connection delivery from~~ ~~between~~ the **GB Transmission System** ~~to and~~ a **Distribution System** or a **Non-Embedded Customer**, ~~providing for the flow of electricity delivery from or to the GB Transmission System and, in the case of a Distribution System, delivery to the GB Transmission System;~~

Distribution System

the system consisting (wholly or mainly) of electric lines owned or operated by an **Authorised Electricity Operator** ~~and used for the distribution of electricity providing for the flow of electricity from or to Grid Supply Points, or Embedded generation generators etc.~~ or other entry points, ~~from or to the point of delivery to Customers or~~ **Authorised Electricity Operators**, and includes any **Remote Transmission Assets** operated by such **Authorised Electricity Operator** and any electrical plant and meters owned or operated by the **Authorised Electricity Operator** in connection with the distribution of electricity, but shall not include any part of the **GB Transmission System**;

2. Clean version Legal Text

Grid Supply Point

a point of connection between the **GB Transmission System** and a **Distribution System** or a **Non-Embedded Customer**, providing for the flow of electricity from or to the **GB Transmission System**;

Distribution System

the system consisting (wholly or mainly) of electric lines owned or operated by an **Authorised Electricity Operator** providing for the flow of electricity from or to **Grid Supply Points**, or **Embedded** generators or other entry points, from or to **Customers** or **Authorised Electricity Operators**, and includes any **Remote Transmission Assets** operated by such **Authorised Electricity Operator** and any electrical plant and meters owned or operated by the **Authorised Electricity Operator** in connection with the distribution of electricity, but shall not include any part of the **GB Transmission System**;

Reference	CAP093-CR-07
Company	RWE npower

RWE npower



Lindsey Paradine
Transmission Commercial
National Grid
Warwick Technology Park
Gallows Hill
Warwick CV34 6DA

Your ref
Our ref
Name **Mark Nixon**
Phone 01905 340413
Fax
E-Mail Mark.Nixon@npower.com

31st October 2005

■ **CUSC Amendment Proposal 093: Enabling the Flow of Electricity from Distribution Systems into the Transmission System at Grid Supply Points**

Dear Lindsey

Thank you for the opportunity to respond to the above consultation.

RWE npower's view is that both the proposed amendment and alternative do not further the relevant CUSC objectives. Whilst it could be argued that the passing of one of the proposals would remove a barrier to entry and hence facilitate competition in generation, the counter-argument, on the basis of discriminating between users and not reflecting costs, appears too strong.

In explicitly endorsing two-way flow at GSPs regardless of the specific scenario, the system would be open to a prospective connectee deliberately selecting a distribution connection based on a perverse incentive, namely TNUoS avoidance. This would not be cost reflective, could hinder NGET's attempts to run an efficient and coordinated system and would discriminate between users.

If you wish to discuss any aspect of our response please do not hesitate to contact me.

Yours Sincerely

Mark Nixon
Transmission Charging Analyst
npower

[RWE npower](http://www.npower.com)
Trigonos
Windmill Hill Business
Park
Whitehill Way
Swindon
Wiltshire SN5 6PB
T +44(0)1793/87 77 77
F +44(0)1793/89 25 25
I www.npower.com
Registered office:
RWE Npower plc
Windmill Hill Business
Park
Whitehill Way
Swindon
Wiltshire SN5 6PB
Registered in England
and Wales no. 3892782

Reference	CAP093-CR-08
Company	Scottish Power Energy Wholesale



Lindsey Paradine
Transmission Commercial
National Grid
NGT House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Ref CAP093
Date 31st October 2005

Tel No. 01355 845209
Email: ukelectricityspoc@saic.com

Dear Lindsey

CUSC Amendment Proposal CAP093, Enabling the Flow of Electricity from Distribution Systems into the Transmission System at Grid Supply Points

Thank you for the opportunity to comment on CUSC Amendment Proposal CAP093 regarding the flow of electricity from Distribution Systems into the Transmission System at Grid Supply Points. This response is submitted on behalf of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd, ScottishPower Energy Management Ltd and CRE Energy Ltd.

ScottishPower's Wholesale Business recognises the wider issues which surround the flow of electricity, whether intended or unintended, expected or unexpected, from distribution systems into the transmission system at grid supply points. Ofgem and National Grid have both commented on previous occasions that the impact of embedded generation on the operation of the transmission system needs to be addressed within the industry's commercial framework. Ofgem's recent consultation paper *Enduring transmission charging arrangements for distributed generation* is a welcome first step in this process and we intend to participate fully in this process. Although this wider review has commenced, we believe that CAP093 has raised issues which need to be addressed immediately.

Examination of the CUSC in response to the publication of CAP093 revealed that the definitions of Grid Supply Point and Distribution System do not work in the context of the export from the distribution system to the transmission system of energy from an embedded power station which has transmission access rights through a Bilateral Embedded Generation Agreement. CAP093 will correct these definitions and, in doing so, will better facilitate the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence.

The other issue raised by CAP093 is National Grid's belief that the current wording of the CUSC prevents it from making offers of connection to the transmission system to a Distribution Network Operator if it believes that the new connection would be used to export from the distribution system into the transmission system. Notwithstanding the fact that this only appears to be a problem for National Grid in England and Wales, if the changes proposed in CAP093 allow NGC to make offers of connection to all DNOs and this in turn allows the DNO's to fulfil their licence obligations by making offers of connection to generator applicants then this too will better achieve the efficient discharge by the Licensee of the obligations imposed by the Transmission Licence. Whether it will also facilitate effective competition in generation is, however, questionable.

Overall we believe that CAP093 would align the CUSC with current circumstances while the wider review of issues surrounding embedded generation takes place. We do not support the Alternative Amendment as this appears to go beyond what is capable of being defined in the CUSC and is, in any case, too narrowly defined.

Yours sincerely

John W Russell

SAIC Ltd.
For and on behalf of: of ScottishPower's Energy Wholesale Business which includes ScottishPower Generation Ltd and ScottishPower Energy Management Ltd.

Registered Office: SAIC Ltd, 8-9 Stratton Street, Mayfair, London W1J 8LF
Registered in England Reg No: 1396396
www.saic.com

Reference	CAP093-CR-09
Company	SP Transmission & Distribution



SP Transmission & Distribution

CUSC Amendment Proposal CAP093

I refer to the consultation on the CUSC Amendment Proposal CAP093, "*Enabling the Flow of Electricity from Distribution Systems into the Transmission System at Grid Supply Points*". We welcome the opportunity to respond to this consultation, which raises a number of wider issues relating to generation plant connecting to distribution systems. This response is submitted by SP Transmission & Distribution, which owns and operates ScottishPower's three network businesses in GB - SP Transmission Ltd, SP Distribution Ltd and SP Manweb plc.

This consultation is issued at a time when both Scottish DNOs are issuing numerous offers of connection for generation plant, mostly to windfarm developers. Connecting these windfarms could:

- a) Reduce flows from the transmission networks to the distribution networks at certain GSPs;
- b) Establish flows from the distribution networks to the transmission networks at other GSPs;
or
- c) Increase the magnitude and duration of existing reversed flows at other GSPs.

All of the above will have the effect of increasing the predominantly north to south flow on the GB transmission system.

Under the BETTA arrangements the Scottish Transmission Owners provide construction offers to the GB System Operator to carry out any necessary transmission connection works. SP Transmission is therefore involved in this process, and we are aware that some of these offers entail modifications to transmission assets to accommodate the embedded generator.

It is surprising to us that this issue has not arisen in Scotland. As such, we find it hard to understand why there is a view that National Grid has no clear obligation to accept flows of electricity onto the transmission system. That view would appear to be at odds with the definition of 'distribution system' in Standard Condition 1 of each DNO's licence, and Condition A1 of the transmission licence, both of which provide for the possibility of distribution of electricity from an embedded generator to a transmission system.

Taking account of the above, we do not share the view that DNOs are prevented from meeting their obligations in issuing connection offers where to do so may cause exports at a GSP, nor do we share the view that NGC is not obliged to modify an existing GSP or construct a new GSP where it believes that exports to the transmission system may occur.

In summary, we believe the CUSC definitions need to be brought into line with the licence definitions and, in doing so, recognise the reality of developments on the distribution and transmission systems. We support the amendment proposal to achieve this.

We also believe, though, that this does not address all issues relating to the connection of embedded generation. We are pleased that Ofgem has now issued a paper entitled, "*Enduring transmission charging arrangements for distributed generation*". We will be responding in full to that consultation and look forward to a wider debate on all the issues. In the meantime, we do not believe that modification of the CUSC should await the outcome to Ofgem's consultation.



Finally, views were invited as to whether any changes could be needed to the SO-TO Code. We can confirm that we are not aware of any consequential changes that would be required should CAP093 be implemented.

Reference	CAP093-CR-10
Company	Scottish and Southern Energy



Inveralmond House
200 Dunkeld Road
Perth PH1 3AQ

Lindsey Paradine
Commercial
National Grid
NGT House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Tel: 01738 456407
Fax: 01738 456415

31 October 2005

Dear Lindsey

NGET Consultation on Amendment Proposal CAP093

The consultation on the CAP93 proposal has raised a number of issues but has, to some extent, diverted attention from the key point that the current charging arrangements are potentially discriminatory. In our view, the proposal does nothing more than correct a misalignment in the definitions and ensure that power flows which are already an accepted fact and inherent in the design of many parts of the transmission network are explicitly provided for. We therefore support CAP 93.

The charging arrangements and other matters are subject to a wider review following the implementation of BETTA and, as part of this, Ofgem recently issued a consultation about the range of potential solutions to the discriminatory pricing inherent in the current regime. These wider issues will not be affected by this minor technical change to the CUSC definitions. As a consequence, while we support CAP93, we would urge NGET to progress the wider review of transmission charges Ofgem requested as part of the approval of NGET's GB charging methodology.

Yours sincerely,

Rob McDonald
Director of Regulation

Scottish and Southern Energy plc
Registered Office: Inveralmond House 200 Dunkeld Road Perth PH1 3AQ
Registered In Scotland No. 117119
www.scottish-southern.co.uk

Reference	CAP093-CR-11
Company	United Utilities



United Utilities North West
Dawson House
Great Sankey
Warrington WA5 3LW

Telephone 01925 237000
www.unitedutilities.com

Lindsey Paradine
Commercial
National Grid
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Direct line 01925 233030
mkay@iee.org

18 October 2005

Dear Ms Paradine

CAP 093 Enabling the Flow of Electricity from Distribution Systems onto the Transmission System at Grid Supply Points

I am responding to the consultation paper on the above issue.

United Utilities is concerned that National Grid's current interpretation of its CUSC and licence obligation is adversely affecting competition in generation.

We understand NG's concerns and we would agree that CAP 093 on its own will not solve underlying structural problems. However we strongly support the Working Group Alternative Amendment (WGAA). To allow NG to persist in its current inclination to decline to offer terms to DNOs such as to allow the connexion of embedded generation would be frustrating both competition in generation and the achievement of the Government's renewable energy targets. We note that Ofgem have just published a consultation on the underlying issues and we would expect that this is a more constructive way to solve NG's legitimate concerns.

In holding this view we would make some comments about the existing industry arrangements. In particular, some Grid Supply Points (GSPs) have exported electricity onto the Transmission System since before privatization in 1990. This was the defacto situation existing when the Master Connexion and Use of System Agreement was drafted in 1990, and also was applicable when CUSC was drafted in 2001. We also note NG's view that these proposals introduce discrimination between directly connected and embedded generation. Whilst there can be considered to be such discrimination, this is hardly a new issue, and nor in our view is it significant in the short term. Finally NG refer to there being other mechanisms to allow direct recognition of exports via TECs and BEGAs. We would contend that the CUSC has been specifically drafted to apply TEC to generators who are CUSC parties, and not to DNOs or embedded licence exempt generators.

United Utilities Electricity PLC
Registered in England & Wales No. 2366949
Registered office: Dawson House, Great Sankey
Warrington WA5 3LW

In summary we strongly support the WGAA. We support it as a necessary step to avoid inappropriate frustration of competition in the short term. Our support is bolstered by the opportunity to seek longer term solutions invited by the current Ofgem consultation on these issues.

Yours sincerely,

Mike Kay
Chief Engineer
Electricity Business Stream

Annex 4 – Copies of Representations Received to Consultation Alternative Amendment Consultation

This Annex includes copies of any representations received following circulation of the Consultation Document (circulated on 4th November 2005, requesting comments by close of business on 18th November 2005).

Representations were received from the following parties:

No.	Company	File Number
1	British Energy	CAP093-CAACR-01
2	CE Electric UK	CAP093-CAACR-02
3	Central Networks	CAP093-CAACR-03
4	United Utilities	CAP093-CAACR-04

Reference	CAP093-CAACR-01
Company	British Energy

-----Original Message-----

From: Capener John [mailto:john.capener@british-energy.com]

Sent: 19 November 2005 11:39

To: Paradine, Lindsey

Subject: CUSC Amendment Proposal CAP093

Hello Lindsey,

In response to the consultation to consider the alternative amendment proposed by EDF Energy which emerged during the original consultation British Energy has the following comments:

Thank you for the opportunity to comment on this consultation alternative amendment proposal which we note is very similar to the original amendment. For the same reasons which were set out in our original response of 19th October we oppose this amendment proposal. For the record we would reiterate that this issue cannot be decided in isolation via a CUSC change and should instead be considered as part of the Ofgem consultation on an enduring transmission charging regime for distributed generation. This proposal would not therefore in our view better facilitate CUSC objectives as compared with the current baseline.

Regards

John Capener

**Head of Transmission and Trading Arrangements
British Energy Power and Energy Trading**

Reference	CAP093-CAACR-02
Company	CE Electric UK

Your ref

Our ref

Lindsey Paradine
Commercial
National Grid
NGT House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Manor House
Station Road
New Penshaw
Houghton-le-Spring
DH4 7LA
www.ce-electricuk.com
tel: 0191 387 7140
fax: 0191 387 7154
e-mail: david.miller@ce-electricuk.com

17 November 2005

Dear Lindsey

**CUSC Amendment Proposal CAP093:
Enabling the Flow of Electricity from Distribution Systems into the Transmission
System at Grid Supply Points**

Consultation Alternative Amendment

Thank you for the opportunity to comment on the proposed CUSC consultation alternative amendment (CAA). I am writing on behalf of CE Electric UK (CE) and its subsidiary distribution licensees and CUSC parties, Yorkshire Electricity Distribution plc (YEDL) & and Northern Electric Distribution Limited (NEDL).

As CE was represented on the working group and raised the working group alternative amendment (WGAA), our opinions have been widely aired during previous consultation phases. Similarly, we have already commented upon the main consultation report. I shall, therefore, focus on the headline points of the consultation alternative amendment report.

While we recognise the merits of the simplified drafting, to the extent that we think there could be merit in adopting similar wording in the WGAA that we raised, we still contend that our WGAA best meets the relevant CUSC objectives

The CAA fails to provide the additional clarity over dedicated feeders that we have found, through experience, will be necessary to secure the connection of embedded generation. Therefore, we still support the WGAA, as this is the only amendment that provides this additional clarity

Further, we note NGET's concerns over the different charging regimes for exemptible plant dependant on whether or not it is directly connected to the transmission system. However, we hold these fears to be misplaced, at least in the context of this CAP. We submit that denying the WGAA (or an equivalent change) would effectively halt the connection of medium power stations to distribution systems, and thereby distort competition in generation. We therefore suggest that this issue be addressed through the debate sparked by the recent Ofgem discussion paper; it is not directly relevant to this amendment

I trust you find this a helpful contribution: if you would like to clarify any of the points raised, please do not hesitate to call.

Yours sincerely,

Dave Miller
Senior Network Investment Engineer

Reference	CAP093-CAACR-03
Company	Central Networks

Central Networks

A company of **e-on**

Ms Lindsey Paradine
National Grid
NGT House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Central Networks
Pegasus Business Park
Castle Donington
Derbyshire
DE74 2TU
central-networks.co.uk

Andrew Neves
01932 395323

andrew.neves@central-
networks.co.uk

10th November 2005

Dear Lindsey,

National Grid Consultation – CAP 093 (Consultation Alternative Proposal)

Central Networks welcomes the opportunity to comment on the above consultation document. Please note that our response is made on behalf of both Central Networks East and West.

The scope of the consultation alternative amendment proposal goes substantially further than our original proposal, and we do not believe this better meets the relevant objectives.

In attempting to tidy up the drafting of the proposed legal text, the consultation alternative amendment extends the concept of two way flow at a GSP, to include flow from a “**Non-Embedded Customer**” to the “**GB Transmission System**”.

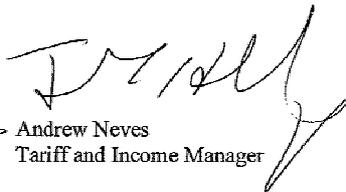
Central Networks’ original modification proposal was specifically drafted so as to confine the scope of the change to the distribution / transmission system boundary, and to minimise changes to the existing legal text. As far as I am aware the idea of extending this to encompass non-embedded customers was not considered by the working group, which well understood the intention of the proposed amendment.

The issues around two way flow at the non-embedded customer / transmission system boundary are probably quite different to those arising from the original amendment proposal. Without proper examination and

Central Networks East plc
2566923
Central Networks West plc
3600574
Central Networks Services Limited
3600545
Registered in
England and Wales
Registered Office:
Westwood Way
Westwood Business Park
Coventry CV4 8LG

debate of these issues it is not possible to conclude that the consultation amendment proposal better meets the relevant objectives. It would be more appropriate, therefore, to raise this as a separate amendment proposal, rather than a consultation alternative amendment.

Yours sincerely



Andrew Neves
Tariff and Income Manager

Reference	CAP093-CAACR-04
Company	United Utilities



United Utilities North West
Dawson House
Great Sankey
Warrington WA5 3LW

Telephone 01925 237000
www.unitedutilities.com

Lindsey Paradine
Commercial
National Grid
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Direct line 01925 233030
mkay@ree.org

09 November 2005

Dear Ms Paradine

CAP 093 Enabling the Flow of Electricity from Distribution Systems onto the Transmission System at Grid Supply Points – Consultation Alternative Amendment.

I am responding to the second consultation paper on the above issue. We would wish to re-iterate the points made in our response to the first consultation paper regarding the importance of and need for this CUSC amendment.

In regard to the Consultation Alternative Amendment, we recognize the improvement in the legal text that EDFE have achieved. However we would still support the original Working Group Alternative Amendment, ie the text in Part B of Annex 1 of the current consultation paper as we believe the clarification at the bottom of the definition of Distribution System is a useful addition that is likely to add to the overall efficiency of the progression of embedded generation developments.

If it useful, and to avoid further iterations, United Utilities would support an amalgamation of the Consultation Alternative Amendment and the Working Group Alternative Amendment for the definition of Distribution System. The text, changed marked against the original Amendment Proposal would be thus:

Distribution System the system consisting (wholly or mainly) of electric lines owned or operated by an **Authorised Electricity Operator** ~~providing for the flow of electricity and used for the distribution of electricity~~ from or to **Grid Supply Points**, or **Embedded** generators or other entry points, from or to **Customers** or **Authorised Electricity Operators**, and includes any **Remote Transmission Assets** operated by such **Authorised Electricity Operator** and any electrical plant and meters owned or operated by the **Authorised Electricity Operator** in connection with the

United Utilities Electricity PLC
Registered in England & Wales No. 2366949
Registered office: Dawson House, Great Sankey
Warrington WA5 3LW

distribution of electricity, but shall not include any part of the **GB Transmission System**. For the avoidance of doubt, such a Distribution System shall include any electric line or electrical plant owned and operated by a [licensed] distributor to which only one generating set is connected;

However, if it is not appropriate to consider such an amendment, then United Utilities continues to support the Working Group Alternative Amendment text as per Part B of Annex 1 of the current consultation.

If you have any queries on this response, please do not hesitate to contact me at the address above.

Yours sincerely,

Mike Kay
Chief Engineer
Electricity Business Stream