SQSS Industry Consultation Response Proforma

GSR010 – Onshore Entry Criteria

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **17 August 2012** to the SQSS Review Panel Secretary, James Cooper, at james.cooper3@nationalgrid.com Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the SQSS Review Panel when it makes its recommendation to the Authority.

These responses will be published on the National Grid website and included in the Modification Report which is drafted by the SQSS Review Panel and submitted to the Authority for a decision.

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Company Name:	*E.ON UK Plc.*

Industry Consultation Questions

Do you believe that the proposal better facilitates the proposed Applicable SQSS Objectives / existing SQSS Principles? Please include your reasoning.	*For reference, the proposed Applicable SQSS Objectives are:* *(i) facilitate the planning, development and maintenance of an efficient, coordinated and economical system of electricity transmission, and the operation of that system in an efficient, economic and coordinated manner;* The proposal presents a new baseline and starting point for generation connection design which does not necessarily facilitate more economic and coordinated design of the system. Multiple developers opting for designs of reduced security in areas where more secure design configurations may be necessary, may then be subject to subsequent changes and increases in cost. *(ii) ensure an appropriate level of security and quality of supply and safe operation of the National Electricity Transmission System;* The appropriate level of security for a new connection is a fully secure connection design and this should remain as the baseline. If a developer then wishes to deviate from the recommended security standard, where they are able to do so, on the basis of cost they do this having been made fully aware of the benchmark and the associated implications of such a decision. The proposal reverses the customer choice presumption and essentially removes customer choice.

	Where the customer would like a more secure connection it exposes them to potentially more capital costs and not less as per the current baseline, notwithstanding the current reduction in the security factor used to determine the TNUoS tariff for the generator. *(iii) facilitate effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity; and* By dictating the options for connection this may have implications for certain types for generators based on load factor and undermines competition. *(iv) facilitate electricity Transmission Licensees to comply with their obligations under EU law.* *The SQSS Principles are:* *(i) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission;* see above *(ii) ensure an appropriate level of security and quality of supply and safe operation of the National Electricity Transmission System; and* see above *(iii) facilitating effective competition in the generation and supply of electricity* see above
Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.	The implementation approach is not clear in the Final Report. No timeline for implementation is provided or whether the proposals would have retrospectivity. If the proposals were to be implemented retrospectively, this would have significant financial implications for those generators that have opted for fully secure connection designs and could be akin to reverting back to a deep charging methodology, subject to the development of the associated charging arrangements.
Minimum System Connections for Generation Connections – do you agree that the proposed modification meets the principles and/or objectives of the SQSS?	As above

Minimum System Connections for Generation Connections – do you have any comments on possible commercial implications that you would wish the CUSC Panel to take into consideration? Which CUSC option would be preferable - redefine when compensation should be paid (but with potentially higher TNUoS) or maintain the existing arrangements?	We can see that the proposal perhaps reflects what happens in practice with connection designs, as far as we are aware, and that it is perhaps more transparent in terms of initial connection design. However, the security of connections baseline should remain unchanged as a fully secure connection with user's choice to deviate from this. The proposal implies that additional system security be paid for through deeper connection charging when this should be recovered through TNUoS. If a developer were to contribute to the cost for example of a 50km double circuit OHL via capital contributions, what would be the process for apportioning cost if another developer were to connect a few years later? The cost-benefit analysis is looking at total costs and doesn't take individual costs into consideration. As a user it is not possible to make an informed decision unless the associated charging and compensation arrangements for each design are known. It also introduces a distortion in to the market by treating the security of the connection and associated costs differently by generation technology types, of different sizes and load factors.
System Resilience for generation at single circuit risk – do you agree that the proposals are appropriate and satisfy the principles and/or objectives of the SQSS?	Although a zone system is proposed to minimise the risk to single/double OHLs, this will not be necessary if the current baseline for providing a fully secure connection design in the first instance is not amended.
Revision of Selected Definitions - do you agree that the proposed modification provide clarity and better meets the principles and/or objectives of the SQSS?	Yes, we agree that the proposed modifications to selected definitions better meet the objectives/ principles of the SQSS.
Standard Connection Schemes - do you agree that the proposed modification provide useful guidance and transparency and satisfy the principles and/or objectives of the SQSS?	As mentioned above, the proposal may perhaps be more transparent in terms of initial connection design, however it introduces more complexity in to the connection design process for generators, for example – how are subsequent changes managed regarding third party connections? It also introduces a distortion in to the market by treating the security of the connection and associated costs differently by generation technology types, of different sizes and load factors.

Location of Grid Entry Points – are you satisfied that the proposals further the principles and/or objectives of the SQSS?	We are satisfied that the requirements should remain unchanged as per the proposal.
Do you have any other comments?	Although we appreciate the work and consultation undertaken by the SQSS Review Panel and the TO's, it is not clear why there is a driving need to change from the current arrangements at this time.