

CAP097 – UU/NGET/Generators		UU/2007/003
<p>Title: Proposal to amend Licence Condition 4B Statement 2007/8 to incorporate changes to the contractual arrangements, with National Grid Electricity Transmission, for small and Medium embedded Power Stations under clause 6.5 of the CUSC.</p>		
Organisation's Name:		United Utilities Electricity PLC
Details of Proposer:		<p>Name: Frank Welsh (Policy Manager) Organisation: United Utilities Electricity PLC Telephone Number: 01925 233365 Email Address: mailto:frank.welsh@uuplc.co.uk</p>
<p>Description of the Modification:</p> <p>As part of its 2006/07 annual review of its Licence Condition 4B Statement (Connection Charging Methodology and Charges) United Utilities proposed, in the modification proposal UU/005, to include wording informing potential network users of the possible delay in providing an unconditional connection offer if the new connection requires confirmation from National Grid Electricity Transmission whether or not works are required on its transmission network to facilitate the new connection on United Utilities distribution network. The Authority vetoed the original wording proposed by United Utilities on 28 February 2006 on the grounds that the proposed wording appeared inconsistent with the requirement of the distribution licence to provide a connection offer within three months. This revised modification emphasises that United Utilities will provide a connection quotation within 3 months for its works to provide the connection. However, the final cost may vary subject to any costs incurred by National Grid Electricity Transmission to facilitate the connection.</p>		
<p>Reasons for the changes:</p> <p>This proposal has been brought forward:</p> <ul style="list-style-type: none"> • To highlight the process, and the timings, that United Utilities must follow with National Grid Electricity Transmission if the new connection requires confirmation from National Grid Electricity Transmission whether or not works are required on its transmission network; • To highlight the implications on the conditions, including costs levied by National Grid Electricity Transmission, of a connection offer from United Utilities that involves dialogue with National Grid Electricity Transmission; and • To clarify the process that United Utilities must follow for new generation connections above a certain size and highlight the implications on the conditions of the connection offer from United Utilities. <p>United Utilities has seen several generation connection applications recently and believes that the inclusion of this information in the statement provides transparency and assists in managing the expectations of this customer group. United Utilities has discussed with Ofgem and the DTI the issues raised by this application process. These changes better meet the 'relevant objectives' (a), (b) and (d).</p>		
<p>Proposed wording for the statement:</p> <p>The proposed changes are shown below. A full strikethrough version of the changes can be found in the attached Licence Condition 4B Statement.</p> <p>Section 2</p> <p>2.10 <u>If your generator is to be connected at the same voltage level as the infeed to United Utilities' distribution network from National Grid Electricity Transmission's network (generally 132 kV but 33 kV in some localities³) or is in our opinion likely to be material in terms of the CUSC (ie</u></p>		

relevant small), we are required to confirm or otherwise with National Grid Electricity Transmission that there are no associated changes necessary to their network to accommodate the generation. This is described more fully in Section 5.15 below.

- 2.11 The Company will make a Connection Offer in respect of an application for connection no later than 90 days⁴ after the Application Date, except in cases where the Authority has agreed with the Company for a longer period to apply.

³ Kearsley and Macclesfield

⁴ This offer will be an unconditional offer in respect of works identified by United Utilities to provide connection to its distribution system. However the offer will be conditional in respect of the completion of any works identified by National Grid Electricity Transmission to facilitate the connection. This work may be reinforcements to the transmission system or required site specific connection work.

Section 5

- 5.15 Under the terms of the distribution licence, if your generator is to be connected at the same voltage level as the infeed to United Utilities' network from National Grid Electricity Transmission's network (generally 132 kV but 33 kV in some localities³) or is large enough to have a material effect on National Grid Electricity Transmission's network, United Utilities is required to notify National Grid Electricity Transmission of your proposed connection by formally requesting a 'Statement of Works'.

- 5.16 National Grid Electricity Transmission has 28 days to respond to a request for 'Statement of Works'. Upon receipt of a Statement of Works, if any works are required on National Grid Electricity Transmission's network United Utilities has 90 days to respond to National Grid Electricity Transmission. United Utilities will advise you accordingly and at this stage you have the option of withdrawing your application. If you proceed, United Utilities will issue a connection offer to you in line with the criteria as stated in 2.11.

- 5.17 United Utilities will discuss with you the implications of the National Grid Electricity Transmission Statement of Works. Should you wish to proceed with your connection application United Utilities will need to enter into a separate contract with National Grid Electricity Transmission in relation to your connection.

- 5.18 National Grid Electricity Transmission will respond to United Utilities' application within 90 days with an appropriate offer to United Utilities. United Utilities will then vary its connection offer to you to cover the cost of capital works and any liabilities contained in National Grid Electricity Transmission's offer⁶.

- 5.19 A generator connected to our distribution network will be liable for charges to cover:

- a full contribution to connection assets required for network extension from the established point of connection, including metering, should these assets be provided by us, plus an apportioned contribution towards the costs of reinforcing the existing network should the connection require it;
- the scheme preparation, including the calculation of load flow, fault level and electrical losses and the assessment of the effect of the generation on distribution network reinforcement requirements;
- our attendance at generation commissioning tests;
- the installation and operation of suitable telemetry equipment;
- on a periodic basis any additional system control resulting from generation connected to our distribution network; and
- all costs⁷ levied by National Grid Electricity Transmission associated with connection works required to facilitate the connection. Where National Grid Electricity Transmission has no contractual relationship with the generator all costs, including secured amounts, levied by National Grid Electricity Transmission associated with infrastructure works required to facilitate the connection will be passed directly through to the generator.

⁶ It should be noted that the total time taken from the time of application to the time of issue of an unconditional offer for a connection which involves National Grid Electricity Transmission Works could be a maximum of 246 days.

⁷ Except annual National Grid Connection Charges as these are allocated in accordance with the methodology described in our Licence Condition 4 Statement.

A timetable for the implementation of the modification changes:

United Utilities intends to publish the amended Licence Condition 4B Statement on 1st April 2007.