

Notes from the Offshore Transmission Embedded Transmission Working Group (OTETWG)

**21st January 2008
Ofgem, 9 Millbank**

Present

Bridget Morgan	Ofgem (Chair)
Anthony Mungall	Ofgem
Cherie Davis	Ofgem
Nicola Cocks	Ofgem
Richard Clay	Ofgem
Paul Ward (PWd)	UU
Dragana Popovic	Energy Networks Association
Tony Berndes	Western Power Distribution
Paul Jones	E.ON
Claire Maxim	E.ON
Matthew Hays-Stimson	EDF Energy Networks
Peter Waymont (PW)	EDF Energy Networks
Graeme Cooper	BWEA
John Lucas	Elxon
Robert Longdon	Airtricity (teleconference)
Laura Jeffs	Centrica
Will Clements	SSE
Brian Taylor	National Grid
Mark Duffield	National Grid
Neil Sutton	National Grid (Technical Secretary)

Apologies

Samantha McEwen	Ofgem
Cornel Brozio	Scottish Power Energy Networks
Charlotte Ramsay	SEDG

1. Minutes of the last meeting

OTETWG members provided comments on the draft minutes and the revised minutes were agreed. The agreed minutes will be posted on Ofgem's website.

Actions from the last meeting:

Action	Status
SMcE to arrange for the agreed terms of reference for OTETWG to be published on Ofgem's website.	Not complete – ToR will be published with agreed minutes and meeting agendas.
MHS to circulate a copy of the standard connection agreement that forms part of the Schedule 2B DCUSA amendment proposal.	Complete
Distribution licensees to provide further information about the content of a connection offer for a customer seeking an EHV connection.	Complete
PWd to provide information about the content of operational agreements (and provide copies if available).	Not complete – PWd will provide an anonymised version of the most up to date information.

2. Information about opportunities for connection

2.1. SYS

BM noted the current public information, such as the SYS, that is available to parties seeking a network connection and asked if this was sufficient or if additional information would be needed in respect of offshore generation projects. BM also noted that possible development of SYS information had been referenced in a previous Ofgem/BERR offshore transmission publication.

MD explained that NGET were now expecting to continue publishing the same information for connections in the SYS and that BERR and the Crown Estates were developing proposals for a Strategic Environmental Assessment (SEA). The objective of the SEA is to cover the additional information needed by offshore developer that could possibly have been provided by an offshore SYS.

BM asked whether the GBSO would need more information about the DNO networks e.g. equivalent impedances and transformer impedances to provide information in respect of embedded transmission connections in the SYS. Parallels with information presented in respect of large embedded power stations were noted.

PJ noted that some SYS data is used as input data for the transport model for transmission charging and that such information would be needed in respect of all types of offshore transmission connections.

ACTION: MD to consider what information will be required by NGET for future SYS publications in respect of embedded transmission connections.

MHS stated that information on their 11kV and up network is already available in each distribution licensee's Long Term Development Statement (LTDS). MHS also noted that the LTDS include geographic information about existing distribution system infrastructure.

BT noted that NGET already get single line diagrams of the DNO networks. The level of detail provided is dependent on the level of interconnection with the GB Transmission system.

BM asked about current data provided under the Grid Code on DNO networks and large embedded power stations

ACTION: BT to provide information on the data provided.

BM explained that public information for embedded transmission connections could be split between GBSO and distribution licensee publications with the:

- SYS covering offshore transmission data and that of the onshore transmission system.
- LTDS covering details of the distribution system between the offshore transmission system and the onshore transmission.

2.2. Requests for information about existing network infrastructure

MHS explained that distribution licensees are frequently asked for data on their network by existing customers. New customers should be able to get the information they need from the LTDS.

WC noted that most of their requests come from new load connections rather than generation.

BM asked whether other pre-application requests such as feasibility studies were made and what the timescales for such requests might be. MHS explained that this was dependant on the level of detail being requested, for example if you were asked for a notional connection route this could take some time, potentially 3 months or more.

MHS also noted that a feasibility study does not provide a developer with the same level of certainty as a connection offer.

MD explained that NGET have similar processes for information provision and discussions can take place with developers before a formal application to provide them with network information and to understand their requirements in the connection. MD noted that a developer and NGET may discuss SQSS design variation options at the pre-application stage.

CM agreed that these discussions were often used to understand if a connection is likely to be available within the generator's project timescales.

PWd explained that pre-application discussions were also useful to distribution licensees as there are some parts of distribution networks where capacity is not available for new connections without considerable reinforcement.

MHS questioned whether all requests for information for offshore transmission would come through the GBSO. BM confirmed that under the new offshore transmission arrangements the offshore generator would apply to the GBSO for a transmission connection.

BM noted that the CUSC Statement of Works process only applies for medium and small embedded power stations not directly contracting with NGET. MD added that any large embedded stations would trigger either the BELLA or BEGA process.

RL noted that any large embedded power station would normally submit applications to both the DNO and NGET at around the same time, but it could depend on how much work has been previously carried out.

ACTION: CM to provide further information about the timing of BELLA/BEGA and DNO connection application.

MHS explained that applications to the distribution licensee for connection had to be from either the owner or occupier of a premises or another distribution company. Currently there is no scope for a connection from a transmission company. TB noted that there are no restrictions on parties who can request a feasibility study.

3. Interaction with NGET's Connection Application Process

3.1. Update on development of proposal for transmission connection process for offshore generators

BM updated the group on the proposal for a 2 stage connection process as part of the offshore transmission arrangements. BM summarised the description provided in Ofgem's recent Offshore Transmission publication, noting that:

- NGET would provide an Indicative Connection Offer in response to a CUSC Connection Application from an offshore generator. This offer would define the works required onshore to accommodate the requested connection and trigger Ofgem to issue an Expression of Interest advertisement for the project.
- If the offshore developer signed this initial offer from NGET, Ofgem would invite tenders (as part of the relevant tender window) to appoint an OFTO to provide the offshore transmission system.

- Once an OFTO was appointed, a final connection offer that included all aspects of the requested connection would be developed by NGET and terms would be offered to the offshore generator.

MD noted that NGET is holding a workshop on the offshore connection process on the 1st February 2008.

MD then ran through the steps in the existing onshore connection process. This starts with initial discussions and potentially feasibility studies with the developer. The formal connection process starts with a CUSC connection application from the developer, which would include Grid Code Planning Code data (Standard Planning Data). NGET has to make a connection offer to the generator within 3 months and that offer is open for acceptance for a further 3 months.

3.2. Connection options available to GBSO

BM explained that the working group needed to consider what options were open to NGET when making a connection offer, e.g. direct transmission or embedded transmission.

MHS noted that there could be an issue under general procurement law with tendering for the construction works as National Grid is a procurer of goods and services rather than an owner operator of the TO assets or the generation assets. TB noted that there are not many equipment installers that are certified to provide EHV contestable connection services.

ACTION: MD to consider if NGET has sufficient information about Competition in Connections.

CM noted that there may need to be three connection agreements, (i) distribution licensee – GBSO at the connection point to the onshore distribution network, (ii) distribution licensee – GBSO at the exit point to the onshore transmission system GSP and (iii) between the generator – GBSO for connection to and use of the transmission system. BM added that there would also be the GBSO-OFTO agreement to be considered as part of the development of the STC arrangements.

CM explained that with the existing process there can be identification of connection details in feasibility study, or if you get into connection offer process with two options as potential connection points there will be liaison between generator and GBSO over which option GBSO is aligning itself to.

PJ asked whether it would be possible for the offer to only have an embedded option or if NGET would always offer a transmission connection option. BM stated that the Act requirements are specific in respect of the separate duties of distribution and transmission licensees to develop and operate economic and efficient systems of electricity. CM agreed that it would be best for a developer to be offered the most economic option. GC also stated that it would be necessary to consider the deliverability of any options.

CM suggested including a section in the connection application to the GBSO asking if the developer had carried out any work to look at viable options for the connection route.

CM also noted that it was difficult to envisage why a developer would go for a firm distribution connection rather than a firm transmission connection as up-front costs of the distribution connection are generally less attractive than the TNUoS based, shared costs of a firm transmission connection.

MHS explained that there could be problems with the provision of some sensitive information if, under existing procurement guidelines NGET would have to go to each DNO even for feasibility due to potential distortion of competition for the

host DNO. MHS again noted that the GBSO may have to approach many parties in its role as a procurer of services on another's behalf rather than as the owner/operator who can go to just one party under current competition law and procurement guidelines.

ACTION: BM to look at procurement competition guidelines.

ACTION: BM to develop process options for identifying embedded transmission connection options as part of the CUSC connection application/offer process.

BM asked the group about how long the DNO offers stay open for. MHS explained that offers are normally open for 90 days. GC added that once this deadline has passed there was nothing to stop the developer requesting an extension to an offer or asking for the offer to be requoted.

MHS added that there could be problems with costing if the offer was left open any longer. MHS also added that there could be potential problems with the DNO entering into an agreement that didn't commence until many years in the future and that there could be a need for increased flexibility in the terms offered by a distribution licensee for connection.

BM sought views on the expected content of a connection offer to an offshore generator. In particular, BM questioned whether the offer should include more than one option (ie a direct transmission option and an embedded transmission option).

ACTION: ALL to provide views on offer contents

BM also questioned the level of detail that is needed in a connection offer. In particular, BM asked if an offer that made detailed provision in respect of a direct transmission connection and also indicated whether an embedded transmission option is a possible alternative option would be sufficient to inform a generator's decision in respect of an indicative connection offer.

GC noted that costs were important and depending on the size of the project they may not be able to afford a consultant to provide additional information.

MD noted that applications may be made without much detail and this leads to even more challenging timescales. WC noted that distribution licensees are required to respond to information requests under standard condition 4B of the electricity distribution licence within 28 days.

MD also noted that a permitted extension to the time required to make a connection offer, may result in delays if the connection application misses a tender window as a result of the additional time taken to make a connection offer.

3.3. Process for evaluating connection options

CM noted that if options had been identified at the pre-application stage, the generator would generally seek information on progress with the formal connection application at monthly intervals. GC explained that a generator would have considered connection options when making decisions about whether to proceed with a generation project.

BM asked if a GBSO application for a distribution system connection that did not have a well defined onshore connection point, would be treated as a competent connection application by the distribution licensee. MHS noted similarities with other speculative developments where distribution network infrastructure is requested before requirements for specific premises are identified.

3.4. Decision on option to be developed as part of a formal offer

PJ commented that an option where the choice to consider an embedded transmission connection option was solely at NGET's discretion was not attractive from a generator's perspective. PJ explained that it would be the generator who was exposed to the commercial implications of the decision. GC suggested that there could be a stage in the connection application process when the generator was required to choose the connection option that should form the basis for the formal offer from NGET.

4. Offer content

4.1. Offer from distribution licensee to GBSO

MHS noted that the construction agreement does not include a formal connection agreement but would include a model form of a connection agreement. Examples of both types of agreement have been circulated to the OTETWG members.

WC noted that SSE defines terms for the connection and its construction in the quotation and that the connection agreement is dealt with separately.

MD noted that the process was similar under the existing STC arrangements

ACTION: MD to compare the terms of the EDF standard major construction offer with the TO Construction Offer under the STC and highlight areas of similarity or obvious difference.

4.2. Offer from GBSO to offshore generator

BM noted that this was covered under the existing CUSC arrangements and would be considered as part of the development of the Connection Application process.

5. Any other business

None.

6. Date of next meeting

1100 on 28 January 2008 at Ofgem's Millbank office