

Amendment proposal:	Connection and Use of System Code (CUSC): Amendment to Exhibit B to require provision of location of proposed Offshore Connection Site (CAP174)		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	National Grid Electricity Transmission PLC (NGET), Parties to the CUSC and other interested parties		
Date of publication:	19 November 2009	Implementation Date:	To be confirmed by NGET

Background to the amendment proposal

Parties (Power Stations, Non-Embedded Customers or Distribution Systems) seeking a direct connection to the National Electricity Transmission System (NETS) at 132kV and above must complete the application form set out in Exhibit B to the CUSC. In Section B of the form (Proposed Point of Connection), applicants are asked to identify the location of the proposed connection site (intended location) preferably by reference to an extract from an Ordnance Survey map. Ordnance Survey maps identify specific locations on mainland Great Britain. Providing this information is not mandated but delays may occur in processing connection applications if the applicant does not state an intended location.

The offshore transmission regime went 'Go Active' on 24 June 2009 and will 'Go Live' in summer 2010. The CUSC therefore extends to applicants seeking a direct connection to the NETS of an offshore generating station at 132kV and above (offshore applicants). However, unlike their onshore counterparts, they cannot identify their stations by means of an Ordnance Survey map reference. Section B currently provides no alternative way to identify the intended location. There is a risk that connection applications from offshore applicants may be delayed if Section B does not specify how they may identify the intended location of their stations.

The amendment proposal

NGET raised CAP174 to amend the wording of Section B to provide a way for offshore applicants to identify the intended location of their proposed connections. CAP174 would allow an applicant to identify its generator by stating the latitude and longitude (or a corresponding equivalent) for the proposed offshore generator. This information would still not be mandated but providing it would prevent delays in processing applications.

NGET considers that providing offshore applicants with a way to identify their proposed connection sites would avoid potential discrimination against them when compared with applicants who seek other types of connection (and use other application forms) by removing possible delays in the assessment and processing of their applications. NGET also considers that removing potential delays to the application process would better facilitate competition between different classes of user.

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

CUSC Panel³ recommendation

The CUSC Panel, at its meeting on 25 September 2009, voted unanimously in favour of CAP174 as better meeting Applicable CUSC Objective (a) (efficient discharge by the licensee (NGET) of its obligations under its licence). Some CUSC Panel members agreed that Applicable CUSC Objective (b) (facilitating effective competition in generation and supply of electricity) was also met. The CUSC Panel recommended approval of CAP174.

The Authority's decision

The Authority has considered the issues raised by CAP174 and the final Amendment Report (AR) dated 15 October 2009. The Authority has considered and taken into account the responses to NGET's consultation on CAP174 and the legal text provided which are attached to the AR⁴. The Authority has concluded that:

- 1. implementation of the amendment proposal will better facilitate the achievement of the applicable objectives of the CUSC⁵; and**
- 2. directing that the amendment be made is consistent with the Authority's principal objective and statutory duties⁶.**

Reasons for the Authority's decision

Applicable CUSC Objective (a) (efficient discharge of licensee's obligations)

The early identification of the intended location for a proposed connection in a connection application form helps with the efficient processing of the application even though the information is not mandated. As it is not possible to identify the location of an offshore generating station by reference to an Ordnance Survey map, it is appropriate that the CUSC specifies alternative means.

CAP174 proposes using latitude and longitude to identify the location of proposed offshore generators. We note one respondent's view that it may be difficult to pinpoint the specific location of some offshore generators early in the application process and that a degree of tolerance (+/- 5km) around the exact location may be needed to ensure that applications and connection offers are processed without unnecessary delay. Once there is more clarity about the exact location of a proposed generator, offers can be updated.

We agree with the Panel and respondents that the connection application form in Exhibit B should state how to identify the intended location of a proposed offshore generator. It would help prevent unnecessary delays to offshore applicants' connection applications compared with onshore applicants who can already identify their proposed sites by reference to the Ordnance Survey map. A recognised means of identifying a specific location geographically, especially when that location is at sea, is its latitude and longitude. It is appropriate to use this reference point for proposed offshore generators.

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

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

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

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

CAP174 would therefore further Applicable Objective (a). It provides a reference point for offshore applicants to identify the location of their proposed connections and avoids unnecessary delays in, and increases the efficiency of, the processing of their connection applications by NGET.

Applicable CUSC Objective (b) (facilitating effective competition in the generation and supply of electricity)

We do not consider that CAP174 better meets Applicable Objective (b). We agree with a majority of Panel members in this regard. Any link between more efficient processing of connection applications due to offshore applicants being better able to identify the location of proposed generators and the facilitation of effective competition appears tenuous. The main benefit we identify with CAP174 is that it improves the ability of NGET to efficiently process connection applications and make connection offers.

We consider that approval of CAP174 is consistent with our principal objective and wider statutory duties.

NGET consulted on a possible implementation date for CAP174 but received no responses. We would expect NGET to implement CAP174 as expeditiously as possible after the issue of this decision notice to ensure that the benefits to potential users are available immediately, especially as the CUSC now extends offshore and applicants may already be making connection applications for potential offshore generators.

Decision notice

In accordance with Standard Condition C10 of NGET's Transmission Licence, the Authority, hereby directs that amendment proposal CAP174: "Amendment to Exhibit B to require provision of location of proposed Offshore Connection Site" be made.

Mark Cox
Associate Partner, Industry Codes and Licensing

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