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By e-mail

14 April 2010

Dear Emily,

Re: Improving Grid Access – Technical consultation

Thank you for the opportunity to respond to the technical consultation on the model for improving grid access and the accompanying information note on the definition of “enabling works”. This is a non-confidential response on behalf of the Centrica group of companies, excluding Centrica Storage. The response includes general comments on the proposed transmission access model, high-level comments on the main elements of the proposed model and an Annex with more detailed comments and questions on the draft changes to licences and codes.

In summary, we have suggested a number of potential areas for improvement to the proposed Connect and Managed Socialised Model, but we do not think these constitute insurmountable obstacles. We very much support DECC in delivering a timely implementation of this access regime. Although we believe some further work is required, we see no reason why this could not be achieved, particularly considering DECC’s open and constructive approach.

General comments on the proposed model

The Government’s initial consultation considered three variants of the Connect and Manage access model. We agree with DECC that of these variants, the Connect and Manage Socialised model is on balance most likely to meet the Government’s environmental targets and ensure security of supply by encouraging investment in (renewable) generation, as indicated in our previous consultation response.

However, allowing generators to connect before wider system reinforcements have been carried out will undoubtedly lead to an increase in constraint costs. Although there is a wide range of views with regards to the expected impact of the Connect and Manage models on the level of constraint costs, it is certain that these costs will ultimately be borne by consumers. Therefore we also stated in our previous response that our support was subject to real progress being made in areas that could help reduce these costs, including the NETS SQSS review, implementation of technical and commercial tools by National Grid and the Scottish TOs, alignment of SO and TO incentives, and anticipatory network investment, which we believe is the long-term solution to resolving the GB Queue. We appreciate that these areas fall outside of the scope of this particular intervention, but we would encourage DECC to actively monitor these areas and where necessary to take further action.

To what extent in practice the Connect and Manage Socialised model will deliver commercially viable connection opportunities and firm connection dates reasonably consistent with project development timescales will depend on a number of factors, as will be discussed further below, including the definition (and its interpretation) of “enabling works”, the NETS SQSS derogation process, the creation of a local queue, and the balance struck between the delivery of “enabling works” and “wider works”. The extent to which the regime and investor confidence could be undermined by future licence and code changes and amendments to the charging methodology (the so-called “hard-wiring” issue) will also be an important factor in determining the success of the Connect and Manage Socialised model.

Specific comments on elements of the proposed model

We support the Connect & Manage Socialised model in principle, as mentioned above, but we would like to make the following high-level comments with regards to some of the elements of the proposed model. Further comments and questions are included in the Annex to this response.

Socialisation of constraint costs

The proposed model is to socialise all constraint costs across all generators and suppliers on a per-MWh basis, as they are under the current Interim Connect and Manage regime. We believe, however, that the current licence drafting may be too broad and therefore may not prevent the introduction of targeting of (incremental) constraint costs which would undermine the Connect and Manage Socialised model.

With regards to the expected increase in constraint costs, we welcome DECC’s further quantitative analysis which includes a comparison between analysis carried out by National Grid, Frontier Economics (for Ofgem) and Redpoint (for DECC). We note that there is a not insignificant difference in views. The key drivers for this difference seem to relate to the differences in generation and transmission assumptions. We understand that DECC is confident in the Redpoint analysis which shows that the additional constraint costs would be much lower than previously expected. However, one of the assumptions in Redpoint’s modelling is that market power is not exercised and that the market power licence condition in the Energy Act 2010 is successfully implemented and applied. This is in our view a rather optimistic assumption. In addition, Redpoint has modelled constraints associated with boundaries, but the modelling does not seem to take into account local constraints which may underestimate the costs associated with the Connect and Manage regime.

We support DECC’s view that the regime should be reviewed if the constraint costs directly related to the Connect and Manage Socialised model are considerably higher than expected for an intolerable period of time, and all constraint costs reducing measures have been exhausted (although further clarification of what would constitute an “intolerable” period of time would be helpful). This does require a better understanding of constraint costs drivers, active BM monitoring by Ofgem and where required enforcement action by Ofgem.

Definition of enabling works

The definition of “enabling works” determines not only a developer’s connection date, but also the level of incremental constraint costs associated with the Connect and Manage connection. This definition is in our view therefore the key element of the Connect and Manage regime. We believe there are a few areas that need to be clarified and/or resolved for the proposed definition to work.

Clarification

The proposed definition of “enabling works” is based on the definition of “local works” currently in place as part of the Interim Connect and Manage regime. This existing definition was developed in very short timescales without industry consultation and, despite the National Grid guidance document, raises a number of questions with regards to its application and reference to the NETS SQSS. Consideration of the “enabling works” definition is further complicated by the fact that – although similar – it is in some areas different from the definition of “local works”. An example is the new requirement to avoid any adverse impact on other users, as discussed below. The consultation document does not include an explanation for these changes and we would welcome further clarification in this area.

Guidance

DECC's proposed policy is to socialise all constraint costs, but the actual level of socialisation will be determined by the definition of "enabling works". The question is whether the definition of "enabling works" is purely technical, is about constraint costs, or is a mixture of both. If it is not just purely technical (i.e. minimum works that are required to connect a generator from a technical perspective only), then in our view the definition should be underpinned by policy guidance from DECC on the acceptable levels of socialisation and as a minimum further clarification is required with regards to what the proposed definition of "enabling works" is trying to achieve in terms of constraint costs. This would help to ensure that there is transparency and consistency in the determination of the level of "enabling works".

The guidance could, for example, include worst case scenarios that should be avoided, including permanently constraining off new or existing generators and constraining off generators with maximum permanent bids (£9999 etc) or consistently very high bids, unless access and/or bid restrictions or for example TEC sharing arrangements are in place. Consideration should be given to the fact that constraint costs are determined by both constraint volume and price.

Maximum enabling works

If we are correct, the concept of "maximum enabling works" and the accompanying MITS map was introduced on request of a number of industry parties so that developers would understand what their "worst case scenario" would be in terms of level of "enabling works". Firstly, we have not seen a justification for the definition of "maximum enabling works". What is, for example, the rationale for more than 4 main system circuits and how does it relate to the definition of "enabling works"? We suspect there is a link with the level of constraint costs, but this is not clear.

Secondly, we are not persuaded that the concept of "maximum enabling works" would be of much help to developers. Unless the developer has detailed discussions with National Grid and/or submits a connection application, this information will in our view give the developer very little indication of the "enabling works" and possible connection date (and access restrictions). As the (minimum) "enabling works" can be greater than the "maximum enabling works" it will be of even less benefit to developers.

Thirdly, the introduction of "maximum enabling works" has in our view created an undefined area, namely that of "enabling works" that are more than the so-called minimum "enabling works", but less than the "maximum enabling works" as suggested by CUSC sections 13.2.2-13.2.4. It is unclear to us which criteria National Grid and the Scottish TOs would use to set the "enabling works" at that in-between level. If the concept of "maximum enabling works" is introduced, we believe that that should indicate the worst case scenario for enabling works, but the actual level of "enabling works" should only be defined by the criteria of CUSC section 13.2.4.

Finally, the information note on the definition of "enabling works" suggests that developers should make a case for lesser works than the "maximum enabling works". However, developers are not necessarily transmission network experts and considering the issues with the definition of "enabling works" we do not believe they are in a position to make a case for lesser works. Therefore, the duty to identify lesser works should in our view be on National Grid and the Scottish TOs as per the new standard licence condition C[x], if indeed the concept of "maximum enabling works" were to be introduced.

Impact on other users

One of the differences between the definitions of "enabling works" and "local works" is the requirement for the former that any adverse impact on other users should be avoided (CUSC section 13.2.4.7). This is a very broad requirement that will mean that the level of "enabling works" will have to be quite substantial, because a Connect and Manage connection will always have an adverse impact on/affect other users, including for example through an increase in BSUoS charges.

We believe that further clarification and possibly a more targeted approach are required. For instance, we would like to understand whether CUSC paragraph 13.2.4.7 tries to capture the NETS SQSS criteria for design variations (NETS SQSS 2.15-2.18). It is our understanding that connections under the Interim Connect and Manage regime are considered design variations, but we are not clear whether this would be the case under the enduring regime. If it is, then the connection arrangements will be subject to

change if the conditions for the design variations are no longer met, which potentially means further uncertainty for the developer.

Codification

Finally, the definition of “enabling works” has been incorporated in the CUSC. Generally, we support codification so that arrangements are subject to an industry governance process. However, we believe the definition of “enabling works” is in effect a government policy decision – unlike for example pre-connection user commitment – for which incorporation in a standard licence condition would in our view be a better alternative, provided that further clarification has been provided and outstanding issues have been resolved.

If the definition of “enabling works” is included in a standard licence condition, it could still be changed, but the advantage is that DECC continues to have an influence in this policy area by means of a veto right and it also minimises the risk of any so-called “hard-wiring” issues (see also “Enduring regime” below). If the definition is included in the CUSC then the industry and indirectly Ofgem can challenge it. We expect that modification proposals will be raised considering the comments that industry parties have already informally made on the proposed drafting. This could result in ongoing uncertainty with regards to the regime, whether or not a change is actually made. If a change is made as a result of the modification process, there is a risk that it might not be in line with the Government’s policy objectives.

Application process

It is our understanding that it is DECC’s intention not to make any changes to the existing application process. However, we believe that the current proposal may introduce more complexity for the developer. The way the licence and code changes are currently drafted suggests that the developer has a choice between two types of connection applications: Invest then Connect or Connect and Manage. A decision needs to be made on the level of “enabling works” if the developer decides to apply for a Connect and Manage connection. Without a clear understanding of (maximum) “enabling works” (see our comments above) this does not make for a straightforward application process.

We prefer a simpler approach whereby a developer could just apply for a connection with an aspirational date and information on whether or not he requires certain or all works to be completed before connection, after which National Grid would then provide the developer with a Connect and Manage offer or an Invest then Connect offer. Nevertheless, we see no reason why this distinction in offers should actually be made and why not all offers, including offers where the developer has requested that all works be considered as “enabling works”, are classified as Connect and Manage offers.

Process for derogation from the SQSS

Under the current Interim Connect and Manage regime developers have no certainty with regards to their connection arrangements until, if required, National Grid or the Scottish TOs have received a NETS SQSS derogation from Ofgem. We agree with DECC that this would not be efficient in an enduring regime. However, we have concerns about the proposed self-derogation process which may create a similar uncertainty for developers, and the proposed veto right for National Grid as SO.

Considering the timescales for submission of self-derogation reports by the TOs and the possible veto by National Grid as SO, developers may have little time to consider their final access arrangements or may not know their final access arrangements when they have to sign their connection offer, in particular if it is an interactive offer whereby the 3 months offer period may not necessarily apply. If National Grid as SO vetoes the derogation, then it has the right to change the construction works and the construction programme. If we are correct, there is no get-out clause in the agreement if the developer is not content with the final arrangements. This uncertainty may prevent the developer from accepting the offer. If the developer does sign and National Grid as SO vetoes the derogation, the TOs may be able to appeal that decision which will mean further delay and uncertainty for the developer. The question is also whether National Grid as SO should have a right to veto the derogations proposed by the TOs. We believe that National Grid as SO operating under an incentives scheme might have a conflict of interest when making these decisions.

Considering the above we believe that Ofgem rather than National Grid as SO should have the power to veto proposed NETS SQSS self-derogations based on the same criteria that are applied by the TOs,

provided that this approach would not cause any “hard-wiring” issues. This would have the additional benefit of Ofgem being able to monitor the delivery timescales of the “wider works”, which we assume will be included in the self-derogation reports. We believe this is important to ensure that the right balance is struck between “enabling works” and “wider works”, as the latter are in our view key in reducing constraint costs and the GB Queue. To ensure certainty of connection arrangements, we believe that the derogation process should be designed in such a way that offers will no longer be conditional on the TOs obtaining a derogation. If the derogation process, including a veto right for Ofgem, cannot be completed within the 3 months’ application process, perhaps consideration should be given to slightly extending that period.

Extension of user commitment

We are supportive of an increase in user commitment of up to 2 years to ensure efficient network planning, as indicated in our previous response. However, we have some concerns about the drafting of the proposed extension of 1 year and 5 days and the possible impact it has on the efficient use of TEC.

Firstly, the consultation document states (p.28) that existing and new users will be required to commit to maintain capacity for two financial years on a rolling basis and that generators must give notice two financial years ahead of closure (i.e. disconnection) or TEC reduction. (We are not clear what exactly is meant by “maintaining capacity on a rolling basis”, but we assume this does not mean a change to the existing access rights.) The proposed CUSC drafting (sections 5 and 6) has introduced an increased notice period for TEC reduction (1 year and 5 days), but in our view not for disconnection (6 months, as it is today).

If we are correct, the CUSC does not require a user to reduce TEC to zero before disconnection. A user who wants to disconnect has therefore in theory two options: (1) reduce TEC to zero and then disconnect or (2) disconnect. As the outcome and the impact on network planning is the same, we do not see why the user should not be subject to the same notice period. Therefore, if the user decides to reduce TEC to zero before disconnection, the notice period for TEC reduction should be 1 year and 5 days and for disconnection it should remain at 6 months. If, however, the user opts for disconnection without reducing TEC to zero, then the notice period for disconnection should also be the proposed 1 year and 5 days. This would not change the current obligation on the TOs and the user to remove the relevant equipment within 6 months of the end of the notice period, unless agreed otherwise (existing CUSC section 5.7.3).

Secondly, the consultation document states (p.28) that a generator that closes or reduces TEC without giving the requisite notice must pay TNUoS charges for the remainder of the financial year and for the following year. In our view, the current drafting of CUSC sections 5 and 6 suggests that the user has no option other than to give the requisite notice and that only after the notice period will the TEC level be reduced. (As will be discussed below, we believe the latter is the right approach to ensure more efficient network planning, but a tweak may be required to make best use of the available TEC.) The difference between the two options is, however, that if the user has not reduced TEC to zero and has given 6 months notice for disconnection, the user is required to pay an additional year of TNUoS charges (this is the prevailing TNUoS rate which may make it a more attractive route than the TEC reduction route).

We are not entirely clear on what basis the user will be charged this additional amount. As mentioned earlier, there is no obligation to first reduce TEC to zero, the user has given 6 months notice as required and after the expiry date of the notice period the user no longer holds TEC for which it could be charged. A further issue with this approach is that if the user is located in a negative charging zone, the user will continue to receive TNUoS payments which, in our view, is not a desirable outcome. Again, both issues could be resolved by introducing the same notice period for TEC reduction and disconnection, unless TEC has already been reduced to zero.

Finally, we believe that from a network planning perspective TEC reduction after the expiry date of the relevant notice period is preferable to giving users the option to pay in lieu of notice because then the desired signal could be lost. We wonder, however, whether requiring all users to give extended notice, regardless of the level of TEC reduction, is necessarily the right approach. If the main issue for the TOs is a reduction from full TEC to zero at short notice, then perhaps a TEC reduction of a smaller magnitude – for example a certain percentage of the user’s current TEC holding – could be acceptable

within the current 5 days' notice period. This could avoid sterilising TEC that might be useful to other users, but the release of which may have less impact on the TOs' network planning.

Transitional arrangements

Under the proposed transitional arrangements generators with an Interim Connect and Manage agreed connection date will be moved onto the enduring regime and their connection dates will not be adversely affected. As mentioned earlier, the definition of "enabling works" is different from the definition of "local works" under the Interim Connect and Manage regime. We believe that if the access arrangements (date and/or conditions) under the enduring arrangements are better than under the interim arrangements, a user should be able to take advantage of that.

Enduring regime

Finally, the extent to which the Connect and Manage Socialised model and therefore investor confidence could be undermined by future changes to licences, codes and charging methodologies, is one of the key factors that will determine the success of the regime, as mentioned earlier. It is our understanding that embedding the key features of the model as a Public Service Obligation (PSO) on transmission licensees is expected to lead to a stable access regime together with the clarification of Ofgem's remit in the Energy Act 2010 and the recently updated social and environmental guidance to Ofgem.

Despite the fact that "hard-wiring" of the proposed regime is a key risk area, the consultation document contains, unfortunately, very little information or analysis on the subject. This makes it in our view difficult to judge whether the proposed code and licence changes would indeed result in an enduring access regime. For example, if a PSO is in effect an exemption from competition rules, what does that mean for the network efficiency obligations for transmission licensees? In addition, these obligations are incorporated in the Electricity Act 1989, whereas the PSO will be introduced via changes to the transmission licences. Is there a risk of conflicting (licence) obligations? Will simply clarifying Ofgem's duties in the Energy Act 2010 be sufficient to avoid the introduction of targeting of constraint costs? We would welcome further clarification on the "hard-wiring" of the proposed Connect and Manage regime.

We hope these comments are helpful. If you have any questions regarding our response or if you would like to discuss, please do not hesitate to contact me.

Kind regards,

Merel van der Neut Kolfsooten
Centrica Energy

Encl. Annex – Comments and questions on the proposed licence and code drafting

ANNEX – COMMENTS AND QUESTIONS ON THE PROPOSED LICENCE AND CODE DRAFTING

This Annex includes high-level comments and questions with regards to (1) proposed licence drafting, (2) proposed CUSC drafting, and (3) proposed STC drafting.

1. Draft Standard Licence Conditions (SLCs) and additional licence changes

New SLC B[x]: connect and manage implementation

Paragraph	Comments/questions
1	<p>“...which shall be for the purpose of facilitating connect and manage connections <i>[delete: to the national electricity transmission system]</i>, which are dependent upon completion...” – the connections are to the national electricity transmission system or distribution system and this is already covered by “connect and manage connections” which refers to both types of connections.</p> <p>Replace “the national electricity system of enabling works” with “enabling works” as the former term is not defined?</p>
1 & 2	<p>Paragraph 1 states that the licensee should give full and timely effect to all modifications, but according to paragraph 2 when this condition comes into force they are already fully effective and the licensee should already comply from that date. This seems to be inconsistent.</p>

New SLC C[x]: requirements of a connect and manage connection

Paragraph	Comments/questions
General	<p>The CUSC (sections 1.4 and 11) applies the Connect and Manage arrangements to three categories of applicants/users: (1) directly connected, (2) embedded with a bilateral agreement, and (3) embedded without a bilateral agreement, but with an impact on the transmission system. We are not certain that the drafting of this licence condition captures the third category and captures correctly the second category.</p> <p>As mentioned in our response (“Specific comments on elements of the proposed model”), we believe it would be simpler to just have the Connect and Manage arrangements with a choice for developers to increase the level of minimum “enabling works”. This would avoid the need to distinguish between Invest then Connect and Connect and Manage applications and offers.</p> <p>Where construction agreements are mentioned, a BELLA might also be relevant.</p> <p>The terminology in the licence conditions, the CUSC and STC is not always consistent.</p>
“connection date”	<p>“...is connected to the national electricity transmission system” – embedded generation is not connected to the transmission system.</p> <p>The term “connection date” does not exist in SLC C8/Construction Agreement (completion date).</p>
“connect and manage application”	<p>“...for <i>[add: connect and manage]</i> connection <i>[delete: or for modification to an existing connection]</i> after the connect and manage implementation date” – the latter is already covered in the definition of “connect and manage connection”.</p>

“connect and manage connection”	Replace “the national electricity system of enabling works” with “enabling works” as the former term is not defined?
“connect and manage derogation”	It is our understanding that the “derogation criteria” in section 13.2.4 of the CUSC determine the level of “enabling works”. The level of “wider works” and the need for a derogation is – strictly speaking – determined by the level of “enabling works” and the NETS SQSS.
“connect and manage derogation criteria”	“...is necessary and appropriate...” – we would like to understand how a derogation could be necessary but not “appropriate”.
“connect and manage derogation report”	Does National Grid not need to produce a derogation report as per the proposed changes to SLC C17, CUSC section 11 and STC section J? The information note on “enabling works” mentions that the report will also be copied to Ofgem, but this requirement does not yet seem to be included.
“connect and manage transferee”	“...but who have not yet been connected to the national electricity transmission system [add: or the distribution system]...”.
“enabling works”	The term “transmission reinforcement works” is defined in the CUSC but not in the licence.
“transmission constraint costs”	The reference to standard condition C16 does not seem correct as “transmission constraint costs” are not defined in that condition.
6(c)	Use of system charges include both TNUoS and BSuoS charges. Charging from the “connection date” may not be in line with the existing CUSC arrangements (“charging date” in the Construction Agreement).
7-10	We would like to understand why the term “all reasonable endeavours” is used and not “best endeavours” and why, for example, in paragraph 9 the requirement is not an absolute obligation.
7	It is our understanding that the completion date for “enabling works” is determined in the construction agreement and that completion is not on the basis of reasonable endeavours. Perhaps an alternative is: “The licensee shall use all reasonable endeavours to offer to complete the enabling works ...”.
8	The applicant/user has the option to increase the level of “enabling works”, but in our view should not have a say in the delivery timescales of “wider works”. We believe therefore that “(unless otherwise agreed with the connect and manage applicant)” should be deleted.
9	As mentioned in our response (“Specific comments on elements of the proposed model”), we believe that the current drafting of this paragraph would allow targeting of constraint costs to be introduced and therefore we suggest making the following change: “...that the effect of their recovery is [add: equally] shared on a per MWh basis...” (and any other change that may be necessary to avoid targeting of (incremental) constraint costs).
10	We would like further clarification of this paragraph before we can support it, in particular with regards to 10(b): “...are not disadvantaged without objective justification...”.

11	<p>As mentioned in our response (“Specific comments on elements of the proposed model”), we believe that if the terms and conditions under the enduring Connect and Manage regime would be better than under the interim regime, the connect and manage transferee should be able to take advantage of that.</p> <p>The agreement to vary may have to relate to both the connection and the construction agreement. Our assumption is that the connect and manage transferee will not be charged a fee for the agreement to vary.</p> <p>The consultation document states (p.33) that generators who have received an Interim Connect and Manage offer but not yet accepted it will have the option to accept the offer or to request an enduring Connect and Manage offer. This option does not seem to be included in this paragraph.</p>
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New SLC D[x]: requirements of a connect and manage connection

Paragraph	Comments/questions
General	See also comments on New SLC C[x] above as SLC D[x] is very similar.
“connect and manage derogation criteria”	The derogation criteria seem to be defined only in the proposed CUSC section 13 and not in the STC.
“enabling works”	As mentioned above, the derogation criteria are not defined in the STC. There is a reference to CUSC section 13 in the definition of “enabling works” in STC section J, but as the TOs are not signatories to the CUSC we do not fully understand how that would work.

Changes to SLC B12: System Operator –Transmission Owner Code

Paragraph	Comments/questions
2(f) (p.63 of consultation document)	The proposed drafting does not seem to cover relevant embedded generation, despite the fact that the term “access” is used.

Changes to SLC C5: Use of system charging methodology

Paragraph	Comments/questions
5(b)	We are concerned that “where appropriate” provides the option to introduce targeting of (incremental) constraint costs.

Changes to SLC C17: Transmission security standard and quality of service

Paragraph	Comments/questions
General	As mentioned under SLC C[x], it is our understanding that the “derogation criteria” in section 13.2.4 of the CUSC determine the level of “enabling works”. The level of “wider works” and the need for a derogation is – strictly speaking – determined by the level of “enabling works” and the NETS SQSS.

19	It is our understanding that if the licensee determines that the offer would be inconsistent with the obligations of paragraph 1, a derogation <u>is</u> required. In addition, we are not sure about “appropriate”, as mentioned earlier.
20	As mentioned in our response (“Specific comments on elements of the proposed model”), we have concerns about the proposed self-derogation process (uncertainty for developers), and the proposed veto right for National Grid as SO.
21	<p>“Where the licensee determines that a connect and manage derogation is required <i>[add: and the derogation report satisfies the connect and manage derogation criteria]</i>, the licensee shall not ...”</p> <p>We believe the drafting of this paragraph is perhaps too broad and might give the TOs too much discretion. We prefer a specific reference to chapter 2 and 4 of the NETS SQSS in relation to the relevant “wider works” rather than paragraph 1 of this condition.</p>

Changes to SLC D3: Transmission system security standard and quality of service

Paragraph	Comments/questions
General	See also comments on SLC C17 above as SLC D3 is very similar.

2. Draft changes to Connection and Use of System Code (CUSC)

CUSC Section 1 – Applicability of sections and related agreements structure

Paragraph	Comments/questions
1.4.1	Our understanding of the proposed licence changes is that going forward there will be two types of offers available: (1) Connect and Manage and (2) Invest then Connect (as mentioned earlier, we question the need for this distinction). This paragraph suggests there is a third category, namely where the wider transmission reinforcement works are <u>partially</u> taken into account. We believe this category should fall under the Connect and Manage arrangements.
1.4.2	<p>See also our comments on SLC C[x] paragraph 11.</p> <p>The term “Connect and Manage Transition Period” does not seem to be defined in CUSC section 11.</p>

CUSC Section 5 – Events of default, deenergisation, and disconnection

Paragraph	Comments/questions
General/ 5.7.2(c)	We are not sure that the proposed change to this section would necessarily deliver the proposed increase in user commitment. See under “Extension of user commitment” in our response.

CUSC Section 6 – General provisions

Paragraph	Comments/questions
General	See under “Extension of user commitment” in our response.
6.30.1.1	We believe the scenario under 6.30.1.1(b) is already covered by 6.30.1.1(c). However, we are not clear why under 6.30.1.1(a)/(b) the requirement is to give 5 business days notice prior to <u>30 March</u> 2011/12 and under 6.30.1.1(b) this is 1 financial year and 5 business days prior to the financial year in which the reduction is to take effect (so 5 business days from <u>31 March</u>).

CUSC Section 11 – Interpretation and definitions

Paragraph	Comments/questions
General	See also our comments on SLC C[x]. Some technical terms in the definitions related to “Maximum enabling works” are not defined.
“Connect and Manage Derogation Criteria”	As mentioned under SLC C[x], the level of “wider works” and the need for a derogation is – strictly speaking – determined by the level of “enabling works” and the NETS SQSS. The level of “enabling works” is determined by the criteria in paragraph 13.2.4 as well as paragraphs 13.2.2 and 13.2.5 (“maximum enabling works”).

CUSC Section 13 – Enabling works

Paragraph	Comments/questions
General	See under “Definition of enabling works” in our response.
13.2.1	There are a number of terms used in this paragraph which are not defined, including “Onshore/Offshore Transmission Reinforcement Works”. We are not clear whether for an offshore (connection) site the “enabling works” will consist of onshore and/or offshore “enabling works”. Our assumption is that it could be both.
13.2.3	“Wider [add: Transmission] Reinforcement Works”.
13.2.4	We are not clear why a distinction is made between “Transmission Reinforcement Works” and “Onshore Transmission Reinforcement Works”. As mentioned in our response “Definition of enabling works” it is not clear to which sections of the NETS SQSS some of the sub-paragraphs refer.
13.2.5.3	We are not sure what (additional) scenario this paragraph would cover.
13.4	If “maximum enabling works” were to be introduced (see also our comments under “Definition of enabling works”), we would like this report to include information on “(maximum) enabling works” per TO and further information on the delivery of “wider works” per TO (in addition to the Transmission Works Register).

CUSC Exhibits/Schedules

Paragraph	Comments/questions
General	See under “Application process” and “Definition of enabling works” in our response. The changes to the CUSC Exhibits / Schedules seem to suggest that there will only be Connect and Manage offers/agreements whereas proposed licence and other CUSC changes imply that there will continue to be “Invest then Connect” offers/agreements.

CUSC Construction Agreement

Paragraph	Comments/questions
(F)	This change seems to suggest that there will only be Connect and Manage offers/agreements whereas clauses further down in the document suggest that this may not be the case (“where under the Connect and Manage Arrangements”).
“Seven Year Statement Works”	Will the “SYS Works” now form part of the “Wider Transmission Reinforcement Works” (part 2.2)?
2.17.3 / “Final Sums”	We are not clear why all the “Wider Transmission Reinforcement Works” should form part of “Final Sums” and not just the works specified in Appendix H part 2.1 as per the definition of “Final Sums” (in particular if part 2.2 “Wider Transmission Reinforcement Works were to include “SYS Works”).

3. Draft changes to System Operator – Transmission Owner Code (STC)

Paragraph	Comments/questions
General	See previous comments (most of our issues/questions have been raised in earlier sections).
Schedules 8 (1.3.2)	The reference should be to paragraph 1.1.3.2 (b).