

Amendment proposal:	<b>System Operator - Transmission Owner Code ("STC") CA 23: "Exchange of Best View Investment Planning Data Outside the Boundary of Influence"</b>		
Decision:	<b>The Authority<sup>1</sup> has decided to reject this proposal<sup>2</sup></b>		
Target audience:	<b>National Grid Electricity Transmission PLC (NGET), Parties to the STC and other interested parties</b>		
Date of publication:	<b>4 October 2007</b>	Implementation Date:	

## Background to the Proposed Amendment

Schedule 3<sup>3</sup> of the STC sets out the information and data permitted to be disclosed by a STC Party to a Transmission Owner, in accordance with Section F<sup>4</sup>. This includes detail on the information that NGET can provide to Transmission Owners for investment planning purposes.

The existing provisions of Schedule 3 allow NGET to provide certain information to Transmission Owners relating to Generating Units outside their Boundary of Influence (BoI). BoI are defined boundaries outside of which future changes to the Transmission System should not affect the Transmission Owner's network in the short term.

As part of the investment planning process, investment planning 'best view' generation ranking orders and network models are transferred between the Transmission Owners and NGET. The application of the BoI restriction means that a hybrid investment planning generation ranking order and network models have to be created for each Transmission Owner. The hybrid model includes full GB Investment Planning details within the affected Transmission Owner's BoI and the final compliant Seven Year Statement network outside the BoI.

As a result of this, the power flows in the hybrid models of the GB Transmission System differ from those in the full GB Investment Planning Model held by NGET. This means that NGET and the Transmission Owners could use different base models for investment planning.

NGET has undertaken power flow studies with the aim of ensuring that the differences in the power flows during contingency analysis are within the tolerance limits specified in the GB Investment Planning Guidelines. However it has not been possible to bring all circuit flows within the required tolerance.

To rectify this situation, NGET submitted CA 23: Exchange of Best View Investment Planning Data Outside the Boundary of Influence for consideration to the STC Committee Meeting on 20 February 2007.

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

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

<sup>3</sup> Schedule 3 of the STC: Information and Data Exchange Specification.

<sup>4</sup> Section F of the STC: Communications and Data.

## **The Proposed Amendment**

STC Amendment Proposal CA 23 seeks to amend Schedule 3, Schedule 14<sup>5</sup> and Section F of the STC to allow NGET to release the full GB Investment Planning Model to the Transmission Owners.

The proposed Amendment is supported by NGET and both Transmission Owners.

## **STC Committee<sup>6</sup> recommendation**

The STC Committee recommended that the Authority approve Amendment Proposal CA 23 for implementation five business days after its decision.

## **The Authority's decision**

The Authority has considered the issues raised by CA23 and the final Amendment Report (AR) dated 29 August 2007. The Authority has considered and taken into account the responses to the STC Committee's consultation and the Committee's recommendation. The Authority has concluded that implementation of the proposed variation will not better facilitate the achievement of the Applicable STC Objectives<sup>7</sup>.

## **Reasons for the Authority's decision**

Ofgem agrees that it is appropriate for Transmission Owners to have the information they require to carry out their licensed activities, including investment planning. In general Ofgem considers that it is important that information is shared where this will lead to more efficient decisions being taken. However, having considered the Amendment Report in the context of the applicable STC objectives and its statutory duties, the Authority considers that the Amendment Report does not provide sufficient information to enable us to determine that it would better facilitate these objectives.

The Authority considers that some aspects of the Proposed Amendment CA 23 have not been fully explained and the report fails to provide adequate evidence in support of the Committee's recommendation that the Authority approve the Proposed Amendment. We also note the views of the respondent to the STC Committee consultation that there did not appear to be any evidence that the present arrangements lead to inefficient investment decisions. In addition we note the respondent's view that it is not appropriate to make sensitive data available to Transmission Owners and that data that is not sensitive should be provided to all industry parties.

The Authority accepts that to the extent that the existing models could potentially result in wrong investment decisions being made, providing the full GB investment planning model to the Transmission Owners could be said to better facilitate the achievement of

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<sup>5</sup> Transmission Planning Data

<sup>6</sup> The STC Committee is established and constituted from time to time pursuant to and in accordance with the section B6 of the STC.

<sup>7</sup> As set out in Standard Licence Condition B12 of the Transmission Licence.

Applicable STC Objectives (a) and (b). However, the Authority does not consider that sufficient evidence has been provided to demonstrate the existing models could result in inefficient investment decisions.

The Amendment Report states that considerable effort has been expended trying to improve consistency between the full investment planning model used by NGET and the hybrid models used by the Transmission Owners. The report also states that despite this, it has not been possible to bring all circuit flows within the required tolerance.

The Authority considers that the work undertaken to attempt to improve the hybrid models has not been adequately explained, nor is it clear why no further improvements could be made to these models rather than providing the full GB investment planning model to the Transmission Owners. For example, it would be useful to know the number of circuit flows that are out with the tolerance level, the extent to which they are out with this level and why this cannot be improved. No explanation is given as to why some circuit flows could be made to work and others could not.

Given the sensitive nature of the information to be shared, the Authority considers that it is important that the reasons for this change are clearly set out and evidence provided in support of the change.

#### **Decision notice**

The Authority has decided to direct that Proposed Amendment CA 23, as set out in the Amendment Report, should be rejected.



**Robert Hull,  
Director Transmission Networks**

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