

Future System Operation Team,
Future System Operation,
Ofgem,
10 South Colonnade,
Canary Wharf,
London, E14 4PU.

FSO@ofgem.gov.uk

Wales & West House
Spoooner Close,
Celtic Springs, Coedkernew
Newport NP10 8FZ

Ty Wales & West
Clos Spooner,
Celtic Springs, Coedcernyw
Casnewydd NP10 8FZ

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WWU response to Future System Operator Draft Licences Consultation

Thank you for the opportunity to respond to this consultation. WWU is a gas transporter serving 2.5 million supply points in Wales and south-west England. This response is not confidential and may be published by Ofgem.

Q1. Does the draft ESO licence capture the policy intent set out by the joint 'Proposals for a Future System Operator' and 'Future System Operator: second policy consultation and project update' consultations?

No response.

Q2. Does the draft GSP licence capture the policy intent set out by the joint 'Proposals for a Future System Operator' and 'Future System Operator: second policy consultation and project update' consultations?

We have the following comments on the licence conditions:

- **Condition B5 Prohibition of cross-subsidies**

Clause 2 refers to the licensee's prohibition to give any cross-subsidy or receive any cross-subsidy from, an ISOP Affiliate or ISOP Related undertaking. It is not clear if this clause refers to the licence holder or the legal entity holding the licence. Due to the gas and electricity roles having separate legislation and separate licences, there is a potential issue surrounding the information obtained under one licence to inform for work being undertaken under the other. The necessary permissions should be established to permit this if required.

Wales & West Utilities Limited

Registered Office/Swyddfa Gofrestredig: Wales & West House, Spooner Close, Celtic Springs, Coedkernew, Newport NP10 8FZ.
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0800 912 2999



enquiries@wwutilities.co.uk



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- **Condition C1 Function under the Gas System Planner Licence**
 - a) Clause 1 refers to the Primary and Secondary Duty and given the definition of those duties we assume that the Gas Transporters' licence obligation to meet demand on that may occur on one day in 20 years (the "1 in20" obligation) will not be specifically included under the primary duty subsection (b) the security of supply objective. Our opinion is that the Gas System Planner should be planning on the same basis as Gas Transporters and therefore the GSP should specifically take this into account when producing their plans and scenarios.
 - b) For clause 4(a) we suggest that strategic planning is a defined term that clearly states First, whether it is only relates National Transmission or whether it includes any of the distribution networks' systems; and, second, the time period it is looking at (for example, 10 years).
 - c) Clause 4(g) and 4(h), refer to scenarios and forecasts. In order to enable consistent planning by distribution networks, a central planning case is required on which others can base their plans. It is important that these scenarios and forecasts reflect the licence conditions on Gas Transporters and hence why they need to take into account the 1 in 20 obligation. Clause 4(i) relates to the Gas Security of Supply assessment which is further detailed in in Condition C4, clause 3a Gas Supply Security Assessment. C4 3(a) specifically refers to the 1 in 20 obligation so it makes sense for the scenarios and forecasts produced under C1 4(g) and 4(h) to specifically take account of the 1 in 20 obligation otherwise they will be of limited use. Also, it is important that the forecasts produced by the Gas System Planner are at a sufficient level of disaggregation to be useable by other parties (for example, at LDZ, NTS offtake or Local Authority level).
- **Condition C5 Licensee's obligations regarding critical national infrastructure**
 In clause 2, subsections (a), (b) and, (c) should refer to Gas infrastructure not electricity.
- **Condition C6 Energy resilience and resilience reporting**
 - a) Clause refers to the whole energy system. We assume that whole energy system means the entirety of the gas and electricity transmission and distribution system and we think that this term should be defined so that this is clear.
 - b) Clause 7 should refer to Gas infrastructure not electricity.
- **Condition C7 Arrangements in coordinating market strategy**
 Clause 2 regarding the scope of this forum is unclear. For example, it is unclear whether it covers distribution networks and commercial arrangements that are governed by the Uniform Network Code and central industry systems managed by Xoserve.

- **Condition C8 Gas strategic network planning**

The information referred to in Clause 7 (c) seems to be very similar to the information that Gas Distribution Networks have to provide to National Gas Transmission under Standard Special Condition A57 and the Exit Capacity Planning Guidance issued under that condition. This has to be provided every year and we note that under clause 9 of Condition C8, the Gas Network Capability Needs Report is produced every two regulatory years.

- **Condition E1 Obligations regarding the Uniform Network Code**

- a) Clause 1 suggests that the Gas System Planner will need to accede to the UNC but as it is not a Gas Transporter or Shipper, this is not possible.
- b) Clause 2 suggests that the intention is that the GSP is an organisation that can raise UNC modifications but it is not a party to the UNC. If it was a party to the UNC by acceding to it (as suggested by clause 1) then it would have the right to raise modifications and this clause 2 would not be required. For this reason we suggest that the wording in clause 1 needs to be revised to remove the ambiguity introduced.

Q3. Do you have any other views or comments relating to the proposed approach to associated documents?

No, but we note that that any revision of the Associated Documents needs to follow the provisions in the existing licences, including timely issuing of Directions rather than just the revised documents as has happened in the past.

Q4. Have we correctly identified the major consequential impacts of the FSO licence proposals on other licences? Any further comments are welcome

If the GSP licensee will be a new class of party to the UNC (which we do not think is the intention of E1) then there may need to be quite significant changes to SSC A11 in the GT licence. We note the provision for the GSP to be able to raise modifications but assume that it will not have a seat on the UNC modification panel nor the UNC committee nor do we expect it be a signatory to the Data Service Contract between Xoserve, Gas Transporters, IGTs and Shippers. There will need to be consequential changes to the UNC modification rules. Given that Code Reform will introduce major changes to the UNC arrangements we would prefer to

avoid making major changes to UNC governance if they are only going to provide marginal benefits for a short period.

Yours sincerely,



Richard Pomroy

Regulation Manager

Wales & West Utilities