

## **Response to the Ofgem/DTI Consultation Document: The Grid Code under BETTA September 2003**

### **Introduction**

1. We welcome the opportunity to comment on “The Grid Code under BETTA – Ofgem/DTI conclusions and consultation on the text of a GB Grid Code and consultation on change co-ordination between the STC and user-facing industry codes – September 2003’ (the consultation).
2. In this response we have concentrated on the issues Ofgem / DTI have raised, any detailed drafting comments will be included in our response to the mini consultations.

### **Background**

3. This consultation is the second on the Grid Code under BETTA, and the first to contain legal text. As Ofgem/ DTI has highlighted this legal text was prepared by us on behalf of Ofgem/ DTI and under their direction. Therefore the legal text does not necessarily represent our own views, and should be read in this context. Our response to this consultation has been written independently of Ofgem/ DTI and reflects the views of National Grid.

### **Overview**

4. This response is divided into two main parts. Firstly, we discuss issues of process, associated with the proposed new GB Grid Code timetable and the interaction between the drafting of the GB Grid Code and the work that Ofgem/ DTI are proposing to take forward in related consultations. Secondly, we address issues of content that Ofgem/ DTI raise in this Consultation Document.
5. The recent DTI announcements on “offshore wind,” fall beyond the direct scope of this GB Grid Code response, and as such, have not been addressed here. However, we look forward to learning from Ofgem/ DTI what impact, if any, it is envisaged that these “offshore wind” proposals might have on the development of, and consultation process for, BETTA and the drafting of a GB Grid Code.
6. We welcome the process that Ofgem / DTI have set up through the Grid Code Experts Group, GCEG, and support the work that this group is progressing in comparing the two existing Grid Codes and reviewing the draft legal text in volume 2 of this consultation. We thank Ofgem / DTI for the opportunity to be involved in that process. It is through the GCEG and subsequent mini consultations that we intend to put forward any detailed comments on the draft text.

### **Part 1 – Issues relating to Process - The proposed GB Grid Code timetable and associated Ofgem/ DTI Consultations**

7. In this Part 1 we assess the revised GB Grid Code timetable. We conclude that given the revision of the target date for BETTA implementation to April 2005 there should be a review of both the GB Grid Code timetable, and the number of GB Grid Code consultation documents with associated legal text that Ofgem/ DTI

intend to publish. We believe that the current timetable for development of the GB Grid Code is very challenging. This second consultation was published approximately 5 months later than originally planned. We appreciate that the timetable has taken account of this initial delay and also the change of 'go-live' from October 04 to April 05, but note that any further changes in the timetable for producing the BETTA versions of the CUSC BSC or STC may ultimately have an impact on GB Grid Code drafting. Indeed, due to the interactive nature, a delay in any of the main codes or conclusions on key policy issues (discussed below) may have a 'knock on' effect.

8. We would also note that as well as the timetables for producing primary codes (Grid Code, CUSC, BSC and STC), there are also a number of related consultations proposed on key policy issues, such as charging and treatment of smaller generators under BETTA. Any delay to the published timetable for concluding on these particular issues may result in significant provisions of or the applicability of the codes not being fully understood during the normal consultation process.
9. The procedures under the STC, STCPs, will cover the System Operator / Transmission Owner relationship in detail. The GB Grid Code timetable does not at present appear to take account of the proposed timescales for producing the STCPs. We would be interested to understand Ofgem / DTIs position for dealing with changes arising in the Grid Code from STCPs that are not concluded until after it is proposed that the final text for the GB Grid Code is produced.
10. On the draft text in particular, we note that volume 2 of this document does not contain draft legal text for OC8, Safety Coordination, and OC11, Numbering and Nomenclature. It is our understanding that there are practical reasons why it is justifiable to treat OC11 differently on a regional basis, and we support this proposal. On OC8 Safety Coordination, we note that Ofgem have yet to confirm which forum (e.g. STEG, GCEG or other) should take the lead in developing the detailed arrangements. It is of concern to us that there is no clear timetable for publishing legal text. Also, that the process may lack adequate iterations to allow parties to fully consider and comment on the impact on the ability Licensees to comply with obligations which arise under a separate area of primary legislation. Whilst we welcome Ofgem's lead in consulting with 'the appropriate authorities', and look forward to reviewing the outcome of these consultations, we note that this is an area of particular expertise of the Licensees themselves and one in which the Licensees will have to be satisfied that their systems can be operated safely under BETTA. They may wish, therefore, to take the lead in this area.

### **The time gap between GB Grid Code finalisation and BETTA "Go live"**

11. The time gap between a definitive GB Grid Code text in May 2004 and actual BETTA "Go-Active" in April 2005 is a significant one. It is likely that there will be a number of approved England and Wales Grid Code revisions in this time period, and so it is vital that a clear process is put in place to ensure that consultations on such provisions can be undertaken on a GB basis. There are a number of potential changes to the England and Wales Grid Code that represent significant changes to the existing version, such as Generic Provisions. We would welcome further clarity from Ofgem/ DTI as to the planned processes in this area.

### **GB Grid Code / STC and Other Consultation Interaction**

12. It is important that Users have an opportunity to comment on GB Grid Code drafting either in a specific GB Grid Code consultation document or a related Consultation document, in which the “linkage” to the main GB Grid Code Consultation process is clear. We believe that the continuing development of the STC (including STCPs), and a number of associated consultations with relevance to the GB Grid Code, mean it is essential that Users have a period to consider consistency between the final drafts of all Codes, prior to the publication of a definitive text.
13. For example, Ofgem/ DTI recently published a small generator consultation that addresses some of the issues surrounding the applicability of certain provisions in the GB Grid Code to small generators which are of relevance in the drafting various parts of the Grid Code.

## **Part 2 The Ofgem/ DTI Consultation Document**

14. In this Part 2 we analyse the contents of the Ofgem/ DTI Consultation Document and broadly follow the structure of the GB Grid Code Consultation Document. Firstly, we confirm that we continue to agree with the main conclusions drawn by Ofgem/DTI from the first GB Grid Code Consultation (the December consultation.) Secondly, we consider the proposals for change management between the STC and Grid Code (and between the STC and user-facing Codes. Thirdly, we confirm that we agree with the inclusion of recent changes to the England and Wales Grid Code in the draft GB Grid Code and that subsequent changes should also be included in the next draft text. Finally, we consider some specific issues raised by Ofgem / DTI in this consultation.

## **Ofgem/ DTI First Draft Conclusions**

15. In this consultation document, Ofgem/ DTI draw a number of “key conclusions” from their previous consultation document – these are:
- There should be a single GB Grid Code under the Governance of a single Grid Code Review Panel and that the GB System Operator should have a Licence obligation to have in force the GB Grid Code.
  - The GB Grid Code should be based on the existing England and Wales Grid Code, with some specific exceptions where it is proposed that regional differences between the two existing Grid Codes are retained.
  - Transmission Owners do not need a licence obligation to comply with the GB Grid Code. Transmission owners will be obliged through their licence to be a party to the STC which will include obligations on the transmission owners to undertake activities necessary for the GB System Operator to deliver a service to users under the GB CUSC and GB Grid Code. Equally the STC will contain obligations on the GB System Operator to undertake activities necessary for a transmission owner to discharge the obligations under its licence or the STC.
  - The generator representation at the Grid Code Review Panel should be revised to better reflect industry participants across GB.
  - Obligations on users in the GB Grid Code should be generally as specified in the England and Wales Grid Code and that the size of plant to which they apply (small, medium and large) should, in Scotland, reflect the central despatch limits in the existing Scottish Grid Code.

16. We agreed with all of these propositions in our response to “The Grid Code under BETTA, Ofgem/ DTI Consultation on a Grid Code to apply throughout GB – December 2002,” and continue to do so.
17. Subject to our comment at point 18 below, whilst we generally agree with the Ofgem/ DTI view that Transmission Owners do not require an obligation to comply with the GB Grid Code, the inter relations need to be carefully ‘backed off’ with the Scottish Transmission Owner through the STC. We believe there is considerable further work to be done to achieve this.
18. We note that this particular consultation does not include ‘OC8 - Safety Coordination’. Also, the Transmission Owners obligations in the Health and Safety area are not contained in their Transmission Licence or the STC. Therefore, our position on the third point, regarding Transmission Owners requiring a licence obligation and on the back off arrangements under the STC, is subject to reviewing the appropriate drafting in the Grid Code and the STC.

### **The role of the GB Grid Code**

19. In the main we agree that GB System Operator, as the contractual interface with users, should be subject to any rights or obligations in the Grid Code. The System Operator then will pass on the relevant rights and back off the obligations to the Transmission Owners by means of the STC. The one area we believe this relationship needs to be explored further is in the area of Safety in the widest sense, and with particular relevance to the Grid Code, Safety Coordination.
20. Each company has primary duties that arise separately from those duties contained in their licenses, in particular those that arise out of safety legislation. In relation to the Grid Code, the companies, in part, meet these obligations through ‘Safety Coordination’. In relation to Safety Coordination these duties are primarily requirements of the asset owners, as Safety Coordination deals with equipment that has been released from the system by the System Operator to the Transmission Owners. Therefore, we look forward to learning from Ofgem / DTI more details of how this area of work will be taken forward. Subject to this area of work concluding successfully and being acceptable to all licensees and the ‘appropriate authorities’ we agree with Ofgem / DTIs conclusions on the role of the Grid Code.

### **Change Management between the STC and the GB Grid Code (and between the STC and user-facing industry codes)**

21. We agree that the change processes set out in user-facing codes and the change processes set out in the STC should contain measures such that adequate cross-code impact assessment and change coordination takes place. We also agree that the CUSC and BSC change coordination requirements should be rolled forward in to the GB CUSC and GB BSC and that defining the STC as a core industry document would be an appropriate way of extending these to the STC.
22. We believe extending the existing arrangements in England and Wales, adding an STC coordination clause in the Grid Code Licence condition and creating an STC Licence condition requiring coordination with other core industry documents would be an appropriate way of dealing with cross code coordination.

23. In general we believe that an STC modification is more likely to have an impact on the Grid Code or CUSC rather than the BSC. On the particular issue of identifying interactive or consequential changes to the codes, the System Operator either directly manages or is deeply involved in the modification processes for the Grid Code, CUSC, STC and BSC. In conjunction with the appropriate licence conditions discussed above, this should provide for adequate discussion between the Panels. This, of course, does not preclude any of the Panels seeking to establish a more direct arrangement if required, for example establishing a joint working group.
24. We note that the GB System Operator is very reliant on provisions in the Grid Code and CUSC being coordinated with the STC, indeed this provides a real incentive on the GB System Operator to coordinate between these codes. Providing that appropriate measures are in place to identify consequential changes, the GB System Operator is reliant on the Authority to deal with related modifications in a coordinated manner. In practice this process works well in England and Wales at the moment.
25. We believe that separate consultations rather than joint consultations covering changes to more than one code, would be more appropriate. This would not preclude cross-referencing a consultation under a different Code or a licence condition document (e.g. Procurement Guidelines). This arrangement works well in England and Wales at the moment. We also note that the various Grid Code Panels and the Distribution Code Panel have increasingly worked together as required, for example, through the Governance of Electrical Standards or Licence Exempt Embedded Medium Power Stations Working Group.
26. As with all consultations we believe that separate reports to the authority would be more appropriate. The proposed licence objectives on the various codes are slightly different and we believe joint reports to the authority would cause difficulties.

### **Legal Framework for the GB Grid Code and GB Grid Code Licence condition**

27. As mentioned previously we agree with the proposed framework between Users, the System Operator and the Transmission Owners in the Grid Code, CUSC, STC and Licences. Subject to the framework being acceptable for wider legislative obligations on parties, e.g. Health and Safety, we have no further comment on the current proposed form of the Grid Code licence condition set out in Annex A of the consultation document.

### **Data provision under the GB Grid Code**

28. We agree that the existing confidentiality provisions in the CUSC, which cover Grid Code data, forms a good basis for development of similar provisions to apply under BETTA. The provisions on the Transmission Owners would then be in the STC and support the CUSC provisions.
29. On the issue of identification of the data to be passed from the System Operator to Transmission Owners we feel that it is important to recognise that data in this sense includes real time operational information. Whilst it would be relatively simple to identify 'standing data' transfers in the Grid Code, possibly through the Data Registration Code, confidentiality of operational information, such as notification of events, may be better handled under the general confidentiality

clauses in the CUSC and STC, as is the case with data used in Seven Year Statement at present.

### **The basis of the GB Grid Code**

30. We agree that due to historical and technical reasons there is scope for justifiable differences between the Grid Code provisions applied in England and Wales and those applied in Scotland.
31. In particular we agree that the same general categories of Users that the Grid Code provisions apply to under the current frameworks should apply under BETTA, at least initially. Therefore, we support a regional variation in the definition of Small, Medium and Large that takes in to account the current central despatch limits in Scotland. This of course requires the whole framework to support such an approach i.e. Licensing arrangements, CUSC and possibly the Distribution Code. Without the supporting framework the System Operator will have inadequate powers to enforce resulting obligations.
32. We also agree that due to the disposition of plant in Scotland the definition of Genset should include all directly connected plant and that this should be applied GB wide. Currently the basis of the England and Wales Grid Code is that there are no directly connected Small or Medium Power Stations in England and Wales. As the introduction of BETTA changes this situation we believe it is a justifiable and required BETTA change.
33. We agree that the GB Grid Code should be designated as a change to the existing England and Wales Grid Code. The main reasons for this being to ensure a clear audit trail for existing data submitted under the NGC Grid Code and consistency with the route adopted in the other Codes.

### **Composition of the Grid Code Review panel**

34. We agree with the proposals for the Grid Code Review Panel. On the Issue of Governance of Electrical Standards, GES, we recognise the impact on Transmission Licensees, but believe that the proposed governance arrangements for the codes do not preclude an acceptable solution. As the England and Wales Grid Code is being used for the basis of developments we believe the BETTA GES arrangements will need to be those implemented in England and Wales, but taking account of the Transmission Owner implications that arise under BETTA. For example, were it necessary to review a specific document applicable to Transmission Owners and Users, the STC Panel and the Grid Code Review Panel could establish a joint working group. There will of course have to be specific 'back off' arrangements in the STC and Grid Code that recognise the impact of Governance of Electrical Standards on Transmission Owner 'led' documents.
35. The consultation document makes reference to the Licence Exempt Embedded Generation Working Group. This is a joint working group with the DNOs and the outcome may require in proposed changes to both the Grid Code and Distribution Code. This group is specifically focusing on medium embedded unlicensed Power Stations, as large Power Stations are all Licensed in England and Wales. In considering the classification of Transmission and the relative effect of embedded generation on the Transmission System, there is a greater impact from License Exempt generation on Transmission System in Scotland.

We note that Ofgem / DTI will consider the output of the work in England and Wales in the context of BETTA in addressing this issue.

### **Changes to the existing Grid Codes**

36. We agree with the proposed inclusion of recent changes to the England and Wales Grid Code in the drafting, the process for dealing with future changes and the proposals for highlighting the next draft of the text. We have noted the points Ofgem / DTI have made on the existing version of the England and Wales Grid Code, most of the minor changes have already been picked up in a recent housekeeping change proposal and through reviews of OC1 and OC2. Those that have not will be considered in future consultations in England and Wales.

### **Proposed draft text for the GB Grid Code**

37. We note that Ofgem / DTI will be carrying out mini consultations on draft text in parallel with this consultation and that the mini consultations will include work done at the GCEG. Therefore this response only addresses the high level issues raised in this consultation. We will, if appropriate, be responding in detail on the draft text in our responses to the mini consultations.

38. As mentioned previously, where drafting of the GB Grid Code has highlighted errors in the E+W Grid Code text we have or will be taking forward changes to the E+W Grid Code under the existing procedures. A report, H/03 - 'Proposed Grid Code housekeeping changes', was submitted to the Authority on 13 October 2003, this includes many of the errors highlighted in this consultation.

### **Drafting Approach**

39. We would be happy to support any initiatives by Ofgem / DTI to aid Scottish parties who may be unfamiliar with the existing England and Wales Grid Code. The main area where cross-referencing appears to be relevant is in the Connection Conditions. We note the drafting presented in volume 2 of this Consultation Paper already provides considerable references to the Scottish Grid Code. Considering the cross-referencing already provided, we believe that either option proposed by Ofgem / DTI, a seminar or GCEG 'surgery session', would be an appropriate way forward. Although we believe that the latter would be more beneficial.

40. We note the comments on the drafting approach to Grid Code / STC interaction in relation to Health and Safety matters. We are happy to support Ofgem / DTI, along with users and other Transmission Licensees, in working towards a solution based upon the proposals in this Consultation Paper. As with any other User or Transmission Licensee, once the full arrangements are clear and final drafting of all relevant codes is complete, we will need adequate time to consider the impact of the proposals on the area of Health and Safety. It remains the case, however, that satisfactory arrangements to maintain safe operations of their systems is the responsibility of the Transmission Licensees and that such responsibilities are not capable of being devolved through the Grid Code or any other document.

41. The Consultation Paper recognises the need to exchange data between the System Operator and Transmission Owners and suggests that the draft text highlights the data that can be passed to the Transmission Owners. Apart from a few high level comments in some introduction sections this does not appear be

exhaustive in the presented draft text. We suggest that most efficient method of highlighting data flows would be to use a 'marker' in the Data Registration Code.

## **Conclusion**

45. We welcome the opportunity to comment on "The Grid Code under BETTA. Ofgem/DTI conclusions and consultation on the text of a GB Grid Code and consultation on change co-ordination between the STC and user-facing industry codes." Whilst we are undertaking the drafting of the GB Grid Code under the policy direction of Ofgem, and as such the legal text can not be taken to necessarily reflect our views. The issues we have highlighted above are in part informed by our role as drafters of the GB Grid Code.
46. In terms of substance, we broadly agree with the Ofgem/ DTI propositions, and have set out our detailed thoughts in this Consultation response. However, we are concerned at the high level approach to Safety Coordination in this consultation document, and more detailed work remains to be done. There is also a considerable amount of detailed work to 'knit' together the codes in a cohesive manner. Both in relation to the GB Grid Code and also the STC, in order to ensure that the appropriate, fully "backed off" contractual matrix is put in place for BETTA.
47. We look forward to continuing to work constructively with Ofgem/ DTI in helping Ofgem/ DTI to develop the appropriate GB Grid Code. More generally, we will of course be continuing to input constructively into the BETTA Consultation process going forward.