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Our Reference: Your Reference:

Dear Bridget,

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# The Grid Code under BETTA – Second Consultation

Thank you for the opportunity to respond to this consultation on proposals for a GB Grid Code under BETTA.

## **Definition of Large Power Stations**

Our main concerns arising from this consultation are those associated with the change in definition to Large Power Stations, such that regional differences are "retained". Our concerns perhaps stem from a misunderstanding of the intention of the change, and therefore we would as a minimum require clarification of its intent. However, if the intent of the proposals is to capture further generating units as BMU's in Large Power Stations with associated obligations e.g. to submit PNs, be Control Points and have EDL or Telephony installed, then the proposals would be unacceptable.

## Impact on Hydro Generation

We believe the change to the definition of Large Power Station could have the following impact on the operation of our hydro generating units:

- 60, 132kV connected generating units would be required to have individual Control Points
- 60, 132kV connected generating units would be required to have EDL fitted
- 20, embedded generating units would be required to have Telephony fitted
- 20, embedded generating units would be required to become BMUs and submit PNs
- a step change in the obligations on our existing generation
- IT systems for the above changes being put in place for what may only be an interim period

The new definition of Large Power Station would appear to result in all our 132kV connected BMUs having to have separate Control Points (from the new definition of Control point). If

all the 132kV connected units are to provide Mandatory Ancillary Services, then they would be required to have EDL installed for the acceptance of ASB instructions by the individual Control Points (reference BC2 6.1). This would be a significant and expensive change from the current operation of these units, as they are all dispatched from a central generation control point at present. In addition, Large <u>Embedded</u> Power Stations could be required to have Control Telephony installed (and presumably manned) at each (reference CC 6.5.4). These would be significant obligations stemming from the new definition of Large Power Stations.

If it is Ofgem's intention to have embedded generating units greater than 5 MW become BMUs and submit PNs, then this would mean approximately 20 hydro generating unit becoming BMUs. This would be in addition to some 60 of our hydro generating units, which if classified as directly connected having to become BMUs. This in itself would be a significant imposition on the operation of our hydro generation portfolio, but if, as seems the case, it is the intention to review these requirement with experience of operating the transmission, then this could mean an unjustified increase in the installation and operation of new information systems for a short period of time, for them then to be made redundant. This would be unacceptable to us.

#### Justification for 5 MW Level

We do not believe that there is sufficient justification for classifying 5MW Power Stations as Large given the potential impact on existing North of Scotland (NoS) generation. In our view, the 5 MW level is in the Scottish Grid Code for two reasons; to allow the NoS SO to balance the NoS area; and for management of the local NoS Transmission network. Considering the first of these, the resolution required to balance the, significantly smaller, NoS area requires a lower "dispatch" MW level than is in place in E&W. However, in BETTA, NGT will not be balancing to three separate areas, but instead will be operating to maintain a GB balance. If NGT need to have a 5 MW resolution for energy balancing across GB then it should be applied across the whole of GB.

In relation to the operation of the network, the 5 MW level operates alongside other Scottish Grid Code provisions including; those allowing the operation of hydros in Cascade Groups; their dispatch in MW blocks (reference SDC2 4.5); and the discretion to be applied by the SO in requiring information from the User which states that it will be "dependant on the size, location and nature of the User's installation" (reference SGC OC2 4.2). These are all applied in practice at present. The hydros are not dispatched individually, but rather in groups, and the information requirements of the SO are tailored and would appear to be less onerous than those proposed in the GB Grid Code. If the existing transmission system can be operated within the current Scottish Grid Code requirements it is not clear why the designate GBSO should place more onerous obligations on existing generators than exists and presently maintains security of supply.

We also believe that for energy balancing purposes, NGT will want to be able to dispatch in MW blocks of reasonable size. This would replicate the process that is already in place in the NoS for the dispatch of hydros. In addition, we believe that to operate the NoS system NGT will want flexible plant to make itself available for dispatch, rather than simply make information available about proposed running. There is a danger that if there is a step change in the obligations on small generators that the availability of these flexible generators to the GBSO will diminish.

Ofgem put forward in 4.100 of the consultation that by basing the requirements on existing regional variations, that this "....will limit any step change in requirements on users as a result of BETTA, minimise knock-on effects on other codes such as the Distribution Code....". However if the proposed new definition of Large Power Station along with the removal of Cascade Hydros and the removal of the discretion allowed to the Scottish SO in the application of Grid Code requirements are all implemented, then this can <u>only</u> result in a step change in the obligations on users in the North of Scotland. In relation to the existing Distribution Code, it is clear that it only requires information from Scottish embedded generating units to be provided to the SO via the DNO (reference CC 7.3.3 (a)). It is not clear if it is proposed to change the Distribution Code, but nonetheless, if Embedded Large Power Stations are to submit PNs, then this would be a significant increase in the obligations on these embedded generators. In addition, whilst supporting the continuance of regional variations, Ofgem propose not to include the existing treatment of Cascade Hydros in the Scottish Grid Code into the GB Grid Code. We would suggest that this inconsistency of approach is discriminatory and is unacceptable.

Three documents have been published since the publication of the Grid Code consultation; the consultation on non-standard BMU configurations; the mini consultation on GB Grid Code Operating Codes; and the consultation on small generators. The configuration of BMUs may assist in the re-creation of Cascade Hydros and this can only assist in minimising obligations on the operation of those units captured by the new definition of Large Power Stations and the definition of the 132kV network. However, we believe that it would have been simpler to maintain the Cascade Hydro provisions into the GB Grid Code. In addition, we remain concerned that the small generator proposals do not level the playing field between 132kV connected generators connected in Scotland and E&W, nor does it help in our interpretation of the issues raised in the GB Grid Code consultation. We will respond to the small generator consultation separately. Whilst some of the issue we have raised here may be picked up in the mini consultation, we will respond to these separately in due course.

As we have noted above, the North of Scotland network has been operated successfully without incident within the rules of the current Scottish Grid Code. It should be noted that NGT already maintain the frequency of the entire GB system and therefore by extension are operating the GB system off the provisions in the existing Scottish grid Code. We are therefore unclear why there needs to be the changes proposed that could have a significant impact on existing Scottish generation.

We would also be concerned should existing generators find themselves in any way noncompliant with the new GB Grid Code, e.g. in the provision of Mandatory Ancillary Services, particularly from hydro generation. Should this arise, we would expect these generators to be able to get derogations against the GB Grid Code requirements. It would be unacceptable for these existing generators operating within the Scottish Grid Codes and the integrated GB system at present, to have to face an increase in costs to continue operation. We note your comments in 4.99 of the consultation that the user could approach the GBSO or Ofgem with derogation requests, but would ask what processes will be put in place to allow this to happen and when.

In a similar vein, existing plant and apparatus in Scotland should be treated as existing and not new in GB for the purposes of the GB Grid Code, such that the connection conditions applicable will be those reflected in CC 6.2.1.2 (a) (i).

### Conclusion

We believe the changes proposed would result in an unacceptable step-change in the operation of our hydro generating units in moving to a GB Grid Code. We could not accept the need to have embedded generating units in Power Stations down to 5MW capacity having to become BMUs and therefore having to submit PNs. We would also be opposed to the obligation to have Control Telephony installed at all these stations if there is an obligation to have it manned. For our 132kV connected generating units, we could not accept these having to become Control Points nor having to have EDL installed at each location. We also believe that the removal of Cascade Hydros is inconsistent with retaining regional variations, and will restrict the availability of these flexible units to the GBSO.

We would therefore ask that Ofgem provide further clarification on the intent of the new definition of Large Power Stations, particularly with regard to the submission of PNs, the requirements for Control Points and EDL, and the implications for Large <u>Embedded</u> Power Stations.

## Grid Code Governance

Our second major concern is in relation to the role of the TOs in the governance of the enduring GB Grid Code.

Ofgem have concluded that the (Scottish) TOs should have no rights or obligations placed on them under the Grid Code. Ofgem also conclude that representation on the enduring Grid Code Review Panel cannot be decided upon until conclusions have been reached on the most effective change co-ordination between the GB Grid Code and the STC. This is not helpful at this stage, however we are not convinced that the decision to include the TOs cannot be made until then for the following reasons.

There are a number of areas that we believe provide sufficient justification for the TOs, as a minimum, to be members of the Panel. These arise in various parts of the Code, e.g. the Connection Conditions and the Planning Code, where we believe we have relevant expertise and a relevant commercial locus to be involved. Indeed, Ofgem recognise that respondents to the first consultation considered that the TOs would have appropriate experience and <u>should</u> be represented on the GB GCRP.

As we have made known before, we would have significant concerns over the potential commercial impact on our TO of not being represented at the Panel on issues in relation to the connection to and investment in our assets and in ensuring an equivalent treatment between the three TOs. Notwithstanding these commercial concerns, we are not convinced that the issues around safety co-ordination have been considered fully (it is noted that OC 8 has still to be consulted upon) and it is therefore not clear to us that the TOs would not have any obligations on them under the Grid Code and therefore not have any locus.

Ofgem have suggested that various obligations could be discharged through the STC, and that change co-ordination between the Grid Code and the STC would provide an opportunity for the TOs to make representation on changes that would affect them. We do not believe that such change co-ordination provisions provide sufficient protection for the TOs, unless they have a right of veto on changes or a right of appeal, particularly on issues of safety.

On the basis of the above, we firmly believe that the three TOs, as a minimum, should be represented on the enduring Grid Code Review Panel

We have other minor issues of concern, which we will raise for discussion through our continued participation at the Grid Code Expert Group (GCEG), however we note the contrast between our participation in the GCEG and Ofgem's view of our future involvement on the enduring Panel.

Yours sincerely

Rob McDonald Group Regulation Manager