

Bridget Morgan
Technical Directorate
Office of Gas and Electricity Markets (Ofgem)
9 Millbank
London
SW1P 3GE

4 December 2003

0141 568 4469

Dear Bridget,

**GB Grid Code, Operating Codes 1, 2, 6, 7, 9, 10, 12
October 2003**

Thank you for the opportunity to respond to this consultation. This response is submitted on behalf of ScottishPower UK Division, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.

ScottishPower UK Division continues to support the introduction of BETTA on the basis that it includes satisfactory proposals for transmission charging and losses in a GB market and the division of responsibilities between the GBSO and the Transmission Owners (TOs).

We note that the mini-drafting consultations are intended to supplement the September 2003 GB Grid Code consultation and not to consider further the issues raised in that document. Nevertheless, the drafting which is the subject of this consultation is based upon the proposals contained in the earlier document and the current consultation seeks specific views on the same issues, e.g., in relation to regional differences under OC1 (paragraph 4.15). Given our views on your proposals to place different obligations on similar generators in different transmission licence areas we do not wish our position to be misinterpreted due to an absence of comment on the same issues in this consultation. I have therefore included our previous submission on MW levels for data requirements as Part 1 of this response.

I hope that you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely,

Mike Harrison

Commercial Manager, Trading Arrangements
ScottishPower Energy Management Limited

GB GRID CODE, OPERATING CODES 1, 2, 6, 7, 9, 10, 12

SCOTTISHPOWER UK DIVISION RESPONSE

Part 1 – General comments regarding regional differences

This part contains an extract from our response to the September consultation on the Grid code under BETTA.

1 “MW Levels for Data Requirements

- 1.1 “ScottishPower UK Division is disappointed at Ofgem/DTI’s proposals regarding the MW levels for data requirements under BETTA. To apply different definitions of small, medium and large power stations in each transmission licence area is the antithesis of a market with a single set of trading and transmission arrangements, is clearly discriminatory, and is contrary to the opinion expressed to the Trade and Industry Select Committee by DTI that “*where generators are undertaking the same activity, merely in a different part of the country, they should be treated in a non-discriminatory way*¹.” The comprehensive and detailed proposals contained in this paper appeared to pre-empt any further discussion of the treatment of small generators under BETTA in the long awaited consultation paper on that subject. The content of that paper, published shortly before this consultation closed, confirmed our fears that small generators in Scotland will be at a disadvantage under BETTA relative to their competitors in England and Wales. We will of course respond separately to the small generator consultation. For the moment however, we wish to make it clear that our comments on the Grid Code are subject to further consideration of the overall technical and commercial environment which is being proposed.
- 1.2 “The Ofgem/DTI proposals regarding MW levels seem to be based on two premises, that small generators in Scotland are already subject to these arrangements, and that they need to be subject to these arrangements under BETTA. Neither of these arguments withstands scrutiny.
- 1.3 “In the first place, whilst all generators in Scotland are bound in to the Grid Code through either their transmission connection agreements or through the Distribution Code, the provisions of the Grid Code are subject to “as otherwise agreed” clauses such that, in respect of information requirements for instance, “*it may be possible to relax certain requirements on a temporary or permanent basis*².” Appropriate arrangements can therefore be put in place with each individual generator. What is proposed here appears to be a blanket application of the more onerous of either the England and Wales or Scottish Grid Code provisions.
- 1.4 “Secondly, the paper argues that these provisions are required because of the physical characteristics of the transmission network, and especially of the 132kV

¹ Government response to the Trade and Industry Committee’s Fifth Report of Session 2002-3 (HC 468-1)

² Scottish Grid Code, Preface, paragraph 5.1

network, in Scotland. Ofgem/DTI have not acknowledged that one of the main differences between the Scottish networks and the NGC network is their system control strategies. In both the Scottish networks the system operator is required by the British Grid Systems Agreement to control the generation/demand balance to a defined standard of inter-network transfer error, whereas NGC despatches England and Wales generation to minimise system frequency error. Clearly, a finer degree of control is required on a smaller network than a larger one; hence the lower central despatch limits in Scotland. Under BETTA the control strategy for the entire GB network will be to manage system frequency. Under this strategy, the equivalent of the central despatch limit relates to the GB-wide generation/demand balance and can be the same on all parts of the network. The distinctions which Ofgem/DTI seek to maintain are unnecessary.

- 1.5 “In any case, the logical conclusion of Ofgem/DTI’s argument about the physical characteristics of the network would be, as now, the ability of the network operator and the generator to agree which conditions need to be applied in specific circumstances and which need not be. Indeed, this appears to be the view of DTI. When responding to the TISC, DTI stated “*We also believe that the treatment and definition of a particular piece of the network should be based on what that piece of the network is used for*”³. It seems to us to be illogical to conclude, as has been done here, that a blanket geographical definition is the best way to deal with issues associated with local network characteristics. Such a conclusion could result in a 90MW station on a relatively weak section of 132kV distribution network in rural Wales being treated quite differently from, and less onerously than, a 9MW station on a relatively strong section of 132kV transmission network in the north of Scotland. Furthermore, we do not support the continued extension of the reach of the GBSO to smaller and smaller generating plants. Quite apart from the practical difficulties caused by the magnitude of the control task, such an arrangement seems to be inconsistent with a future in which generation will be widely distributed across networks of all voltage levels.
- 1.6 “ScottishPower UK Division supports Ofgem/DTI’s view that it would be simpler to have a single set of MW levels across the whole of GB and would urge Ofgem/DTI to implement such an arrangement, with the possibility of agreement of more onerous arrangements where these are clearly justified, at the start of BETTA. To implement regional blanket arrangements under which, as suggested in paragraph 4.99, the only possible relief will be where this results in “unsurmountable difficulties” rather than, for example, where this results in a potential distortion of competition (and then only for licensed generators) is unsatisfactory. Nor is it satisfactory to impose the conditions and subsequently relax them, as suggested in paragraph 4.100, as any costs of compliance will already have been incurred, unnecessarily, further weakening the Scottish generator relative to England and Wales competitors.
- 1.7 “As for the notification level for consumption BM Units, proposed to be 5MW (paragraph 6.64), this is a particular example of the control strategy/despatch limit arrangements discussed above and was appropriate for the transfer control strategy

³ As footnote 1

between networks which supplied large amounts of dynamically controlled radio teleswitched demand. As the concept of interconnector transfer control will disappear under BETTA there is no reason to retain the 5MW notification level for demand in Scotland; a harmonised level of 50MW across GB will be satisfactory.

- 1.8 “As regards the definitional issues surrounding the introduction of directly connected small and medium power stations, care will be required to ensure that any obligations on gensets are not applied unnecessarily to small generators which are bussed before connecting to the transmission system through a single connection point.”

Part 2 – Further response to the specific issues raised in the October consultation

This part contains our further response to the specific issues raised in this mini-drafting consultation.

2 OC1 – Demand Forecasts

- 2.1 Please see our comments above regarding the proposed regional differences in the obligations on similar users.

3 OC2 – Operational Planning and Data Provision

- 3.1 Please see our comments above regarding the proposed regional differences in the obligations on similar users.
- 3.2 Should Ofgem/DTI persevere with their plans to discriminate between similar size generators in England and Wales and Scotland we would support the proposed drafting of GBGC OC2.1.8 as a means of reducing the administrative burden for Users.
- 3.3 The provisions relating to Interconnector Users in SGC OC2 appear to relate to the activities of Scottish system Users who trade across the Scotland – England Interconnector. As this interconnector will disappear under BETTA and the England and Wales arrangements do not contain any provisions which support its Users’ trading activities on external systems there seems no reason to retain the current Scottish provisions in the GBGC.

4 OC6 – Demand Control

- 4.1 No comment.

5 OC7 – Operational Liaison

- 5.1 No comment.

6 OC9 – Contingency Planning

- 6.1 No comment.

7 OC10 – Event Information Supply

- 7.1 We question why any obligation on Suppliers to provide information on actions relating to Load Management Blocks should be restricted to Suppliers in Scotland.

8 OC12 – System Tests

- 8.1 No comment.