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Ofgem
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Date: 14th June 2004

Dear Bridget,

Response to Third GB Grid Code Consultation

Thank you for the opportunity to comment on the latest version of the GB Grid Code. This response is on behalf of Powergen UK plc, Powergen Retail Ltd and Cottam Development Centre Ltd.

General Comments

Management of the Interface between the STC and the GB Grid Code

In our view, the Grid Code is where the technical requirements for the Transmission System are presented for the Users. The STC may well reflect these requirements, but it should not drive them, since it is a commercial agreement between the SO and the TO. Nor should technical requirements arise in the STC and then be subsequently placed in the Grid Code. Hence, it is not appropriate for NGT to pass information to the Transmission Licensees because it [NGT] "is obliged to disclose it under **STC**." (PC.5.4(e)). This is an example of the driver being in the wrong place, although the specific point will be discussed later. However, we recognise that it is sensible for the Transmission Licensees to be aware of developing technical requirements, since the requirements will impact on the Transmission Licensees' networks, and any subsequent obligations are likely to be placed in the STC. We therefore believe it is appropriate for the Transmission Licensees to be represented at the Grid Code Review Panel, in the interests of efficiency and effectiveness.

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Complexities of Licence Exemption

The use of Mandatory Ancillary Services is facilitated in the Grid Code by reference to Balancing Mechanism Units. Any change to this would lead to different obligations on parties, which is against the spirit of BETTA. However, the possibility of Licence Exemption could lead to Licence Exempt generators being required to have specific capabilities, which cannot then be utilised as “normal” through the Balancing Mechanism. The result can be either stranded assets or less transparent provision of an Ancillary Service. Stranded assets are of course economically undesirable; Mandatory Ancillary Services already suffer from lack of transparency of usage (for example, a Party can only see its own frequency response despatch instructions, it cannot see those in the rest of the market).

The problem is not limited to Scotland – exactly the same issue arises in England and Wales, and the Licence Exempt Embedded Power Stations Working Group is attempting to reconcile these issues, as it tries to develop appropriate governance frameworks. However, the issue in Scotland extends to power stations of lower capacity than in England and Wales. The Small Generator Issues under BETTA Ofgem/DTI conclusions document makes clear that there is no expectation that the situation will be in any way resolved in Scotland until experience has been gained of operating under BETTA. We believe that it would be helpful if there could be an indication of exactly how much experience Ofgem believe is necessary before the whole issue of size definitions in Scotland is reviewed.

The practical issue, which we believe requires resolution, is how to make the requirements on each class of generator transparent. If there are variations contained within existing Connection Agreements which exempt generators from particular requirements at the moment, and there is no intent to increase obligations because of BETTA, then it is necessary to ensure that new generators are treated equitably with existing generators.

Reference to the LEEMPS work is made later in the Consultation Document with regard to CC.6.3.1. We disagree with the decision to discriminate within this clause between England & Wales and Scotland. At the very least, we believe that Small Embedded Power Stations in Scotland should be excluded from the requirements. In particular, Frequency Response and

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Control are national issues, and we do not understand why sub 5 MW plant should be expected to provide the capability. We acknowledge that the LEEMPS work means a probable change to CC.6.3.1 with respect to renewables. This is a separate issue to that of Small Power Stations.

Glossary and Definitions

We agree with the concern raised by one respondent detailed in 6.12 concerning Control Telephony and Operational Switching. It appears from the definitions that operational switching instructions are expected to be issued by NGC, not the Transmission Owner. This approach means that all instructions would come through one channel. Although we believe that this approach is appropriate, switching instructions are likely to come from the Transmission Owner, not the GBSO. A paragraph in OC7 explicitly stating that switching instructions will come from the Transmission Owner would add clarity.

Planning Code

We do not support the respondent who believes that information flows for planning data for Large Embedded Power Stations in Scotland should remain under the Governance of the Distribution Code. We do not understand why a change in the party receiving the information leads to a more onerous obligation. We can understand concerns about differences of treatment across GB, but this arises from the chosen definitions of Large, Medium and Small Power Stations.

Additional Matters Mini Consultation

We are content with the proposed treatment and associated drafting of the definition of “Genset”.

With regard to the Moyle Interconnector, we have no comment.

The requirements for information relating to Load Management Blocks in Scotland seem to us to be similar to the Customer Demand Management provisions in OC1. Given the settings of the Demand Control Notification Levels, we struggle to see what is added by the proposed Load Management Blocks. Teleswitching inherently gives rise to demand changes by its very nature,

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and in Scotland, any planned demand changes at any GSP have to be notified to the GBSO. We note there are timing differences (submission of Demand Control information on a Monday, and teleswitching information on a Wednesday for example), but do not consider that the technical requirements for safe operation of the Transmission System will be significantly undermined by changing either of those timescales. If all the information were to be submitted on a Monday, it is unclear what benefit would be derived from effectively giving the same information twice.

We have no comments on the mini consultation proposals for the DRC.

Detailed Drafting Comments

Glossary and Definitions

Clusters – as we have commented before, we fail to see the need for anemometer readings for Clusters, and so we believe the definition of a Cluster should be removed.

Planning Code

PC.1.1 highlights an issue which we believe is fundamental to the interaction of the Grid Code and the STC. The STC is a commercial agreement between two parties, and Users are not party to it. It is therefore inappropriate for the STC to define User information which may be passed between two parties unrelated to the User. However, the information is obviously required to flow. We would expect to see the obligation on Users to provide information to NGC, and the obligation for NGC to pass that information to Transmission Owners, both within the Grid Code. In that way, Users are party to the agreement which controls where their information is sent. It is likely to be appropriate for there to be confidentiality obligations on the Transmission Owners within the STC, relating to any information passed on by NGC pursuant to their obligations under the Grid Code. This philosophy also affects the drafting of PC.5.4(e).

PC.5.4 contains two (a) and (b) sub clauses.

PC.6.1 insert “and” before “also in Scotland shall procure”

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PC.6.2 states that Transmission Licensees may recover their reasonable costs of providing copies of their Licence. A visit to NGC's website revealed that they refer requests for copies of their Transmission Licence to the Ofgem Website and the Ofgem Library. SSE's website made no reference to their Transmission Licence at all. We believe that there has been an action with Ofgem for some time to publish the Transmission Licences on the Ofgem Website. Once this has been done, there should be no cost to the Licensees, and no need for that particular provision in the Grid Code.

Planning Code Appendix C – delete “SSE's” and insert “SHETL's”.

Connection Conditions

CC.6.3.1 – see comments above

CC.6.5.6 – as we have commented before, we fail to see the need for anemometer readings for Clusters, and so we believe the requirement should be removed.

We note that once the Generic Provisions issues are resolved, there are likely to be changes to the CCs.

Operating Codes

OC1 – see comments above

OC2.1.8 – whilst welcoming the gist of this Clause, it would be helpful if there were a definite level of demand or generation below which no information is required. The current proposal is not transparent. It does not aid a small Supplier or generator to determine the level of administrative burden they are required to bear. The replacement of “small” with “Small” would at least be clear, although of course it would only help Transmission connected generators. If higher levels are envisaged, then we would welcome the use of a defined term, with a hard coded MW figure in the definition such as [50] MW. However, where generators/suppliers are not required to submit information, they should still have access to information related to line outages which are likely to affect them.

OC3 and OC4 – may benefit from a “Not Used” page!

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OC5 – It is not clear whether the Transmission Owners are expected to have any role in co-ordinating or carrying out testing. If they are, then a paragraph to this effect may add clarity.

OC6.6.1 – The difference in percentages of demand which may be disconnected may well be appropriate in the first instance of BETTA. As experience of operating a GB network increases, we would expect to see a review of this difference, and a cost benefit analysis of equalising the percentages across GB.

OC7 – as mentioned earlier, a paragraph explaining who will give what information/instructions would be most helpful. There is no mention of the Transmission Owners as possible sources of information on Events.

OC7.4.5.3(b) implies that switching instructions are most likely to come from NGC. This is not necessarily the case in Scotland, and should be made clear.

OC8 – the separation of Safety Requirements is a sensible approach which we support. Changes to Safety procedures require extensive consultation and communication, with a great deal of attention to detail. Whilst there are so many other aspects of the industry under discussion and consultation, it is appropriate to delay extensive change to OC8.

OC9 may benefit from a paragraph explaining any TO obligations, although we believe such obligations are likely to be dealt with under the Local Joint Restoration Plan.

OC10 – see comment for OC7 above

OC11 – no comments

OC12 – no comments

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Balancing Codes

No comments

Constitution and Rules, General Conditions

C&R – no comments

GC.4.6 – we support the proposed clause, which supports our philosophy of interaction between the STC and the Grid Code.

Transition Issues

We expect to comment more fully on transition issues at a later date. However, there some specific points we would like to raise now.

The England and Wales Grid Code Review Panel maintains a list of issues to be considered, so that items do not get raised and then forgotten. We are keen to see that this list is maintained for review after BETTA, recognising that a review of the items on it is likely to be appropriate. Any such Scottish list should also be maintained.

In the same vein, there are a number of points being made by Ofgem and Consultees on the development of the GB Grid Code. It may be sensible to start a similar list of issues, where for example a point is to be reviewed in the light of operational experience. In this way, identified issues can become the subject of informed challenge and debate, as required under GC.4.2(f).

If you have any queries, please do not hesitate to contact me on 024 7642 5378.

Yours sincerely,

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