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Our Reference:

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Dear Bridget,

The Grid Code under BETTA – Conclusions on Second Consultation

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

Change Management between Core Documents

We welcome Ofgem's initiatives to ensure effective change co-ordination between the STC and the other core industry documents. It seems appropriate to have an obligation on those proposing changes to indicate the impact on other core documents and this would now include the STC. However, we are concerned that the required expertise to judge the impact on other core documents may not be available on each committee/panel. Therefore, we believe that it should be standard practice for a change to any of these documents to include consultation with the other committees. We do not believe that it should be up to each individual committee to take the decision on whether or not to establish a joint working group without consultation with the other committees. Should this consultation indicate an impact on another core document, then it would be appropriate to establish a joint working group to consider the changes. We note Ofgem's view that no new rules would be required to the Grid Code, to allow the establishment of appropriate joint working groups with the STC, BSC and CUSC.

STC Drafting and GCRP Membership

We welcome Ofgem's proposals for the STC drafting, that provisions should not be duplicated in both the STC and GBGC, that instead transmission owners should be obliged under the STC to comply with the relevant text in the GBGC. Given the need for the transmission owners to be involved in discussion of changes to those relevant parts of the GBGC, we welcome the involvement of the transmission owners in the GB Grid Code Review Panel (GCRP). However, we hope that they would be able to contribute to a wider range of discussion than only those areas they are required to comply with via the STC.

MW Levels for Data Requirements

We continue to believe that it is unnecessary to impose the requirements of Large Power Stations on what are relatively small generating units under the proposed GB GC. The desire to do so seems to stem from a lack of experience of operating the Scottish system.

Whilst we welcome Ofgem's support for a review of the MW levels post-BETTA, Ofgem's proposal to carry over the existing MW levels, in conjunction with a blanket application of the E&W GC, ignores a) that the existing levels are only required because of the way the system is operated at present i.e. balanced to a tie-line with E&W, b) that this will impose unnecessary costs on generators in the North of Scotland. We believe that it should be possible to assess the requirements of operating the Scottish system now, rather than waiting until after BETTA Go-live. However, should the GBSO not be able to carry out what is in effect a due diligence of operation of the system, and that a review is indeed required, we believe that the timescale for such a review should be tied down. Given Ofgem believe the MW levels are appropriate not simply for energy balancing, but network management, then the severest test of constraints on the network is likely to be over the summer. Therefore, the review should take place following experience of summer 05.

We note that Ofgem do not favour the current bilateral arrangements with the Scottish SOs under the SGC, and that these should be formalised through derogation requests. However, in relation to clause 6.3.1, we feel that this treatment does not match the treatment given to generators in E&W under the E&W GC. We believe that not applying this clause 6.3.1 in Scotland, but applying it in E&W is discriminatory.

Ofgem's stance on this point is justified on two grounds a) that some of these generators in Scotland currently provide services to the SO and need to continue to do so, and b) that the current Scottish arrangements lack market transparency. In response to Ofgem's justification, for a), this argument is not valid, since if plant is capable of providing these services, then clause 6.3.1 would not apply to them and they would be bound by the rest of clause 6.3. For b), applying the clause in Scotland may well aid transparency, but only in Scotland, it does nothing for the lack of transparency of application of 6.3.1 in E&W. The clause should either fully apply in Scotland and E&W or in neither. To apply in one location but not the other is discriminatory. We strongly believe that either clause 6.3.1 should additionally apply to Scottish generators, (which parallels their current treatment under the SGC) or that generators that currently take advantage of the clause in E&W should be made fully transparent in terms of their generators' capabilities.

We welcome Ofgem's comments that "It is not the intention under BETTA to impose technical requirements that were not necessary prior to BETTA and which are not required as a direct consequence of introducing common market arrangements."

Whilst some of Ofgem's transitional arrangements proposals have come out just before this consultation closed, at a first read through the documents, we are extremely disappointed that there is still no clarity on Ofgem's conclusions on the Elexon consultation on non-standard BM Units. We note that Ofgem propose a further consultation on changes that would be required to the Grid Code and CUSC, however there is no indication at this stage if Ofgem are "minded" to approve these non-standard BM Units. Again we urge Ofgem to formalise their conclusions on these non-standard BM Units as soon as possible.

We note Ofgem's acknowledgement that the issues surrounding Embedded Large Power Stations are more complex than first thought. We believe this stems from the fact that the E&W arrangements are inappropriately being imposed onto significant levels of unlicensed generation, through the misplaced belief that obligations on such low levels of generation are required to maintain the integrity of the integrated GB system. These requirements seem totally at odds with the objectives of the licensing regime.

We have previously provided detail of our views on how this issue should be handled. Embedded generation is not required in order to comply with planning or operational standards on the transmission system, and therefore that the existing system operator does not routinely rely on embedded generation for any ancillary services. Only in exceptional circumstances, i.e. planned or unplanned islands, would contractual arrangements need to be put in place, such as a Scottish embedded generator agreement" (SEGA). In our view, generation that is suitably located and with the required operating parameters is a small subset of all the embedded generation available. If SEGAs are to be established, it would seem sensible to set up site specific SEGAs with this small subset of generators, rather than with all embedded generators. This would minimise the work pre-BETTA and would prevent unnecessary contractual and other obligations on the rest of the embedded generation population. It is also consistent with the principle of minimum change.

Safety co-ordination & STC Back-off

We are content with the process that is being taken forward under the working groups and will ensure our involvement in these. We accept that certain of the matters need further consideration, and we will ensure our involvement in the work groups to advance these. We are content with Ofgem's proposals for GB GC OC8 and the regional separation proposed and that these differences will be minimised. We welcome Ofgem's proposals for STC back-off arrangements, that these should be based on Option 2.

Other Issues

Transitional Arrangements

We continue to have concerns with respect to the transitional arrangements under the Grid Code. It had been anticipated that these would be consulted on in May but they remain to be published. We have commented above on the treatment of non-standard BM Units. In addition, we have concerns with the developing documenting and agreeing capabilities of existing Scottish plant. Our existing plant currently complies with the existing SGC, and is operated on the integrated system with the knowledge of the SOs. The existing SO already holds information on this plant that allows modelling and operation of the interconnected system. Given this, we do not feel that there is much for the generator to do. However, we have still to wait until further transitional arrangements documents come out to understand what obligations are proposed in terms of meeting physical capabilities, providing information on plant, or applying for or getting derogations. The time left to fulfil proposed transitional arrangement requirements is limited and we would reiterate that generation cannot be left unable to operate through failing to meet transitional arrangement obligations placed on them at this stage.

Synchronising Units for Statutory Obligations

One aspect of the existing operation of hydro generation under the Scottish Grid Code is that if a unit that is providing statutory water flow trips, another unit can be synchronised to

maintain that statutory flow. Under the GB Grid Code, this would take place within Gate Closure. Therefore, in order to maintain these statutory obligations, the GB Grid Code needs changed to allow these hydro generation units to synchronise within Gate Closure. The situation cannot be allowed to exist where the generator can be in breach of either its statutory obligations, e.g. drying up a river bed and killing fish, or in breach of the Grid Code and thereby its Licence.

Change Proposals being considered by the Authority

With respect to the consultations Ofgem have asked views on, we do not believe that there are any GB implications of Proposed changes F/03, E/04, A/04, and D/01 (this assumes that there are no Grid Code changes proposed for D/01 as we were unable to locate an archived copy of the consultation paper). In relation to the proposed change to Connection Condition CC 6.3.3, E/03, whilst this change is effectively a relaxation of the existing condition (that is in effect replicated in the SGC), acceptance by Ofgem of the change should not prevent existing Scottish generation plant from seeking (and receiving) a derogation against this or the original clause 6.3.3. We would be very concerned if this relaxed requirement effectively imposed a more onerous obligation on existing Scottish plant than exists under the current bilateral arrangements with the Scottish SO under the SGC.

We will be commenting on NGC's "live" consultations in due course.

Proposed Draft of the GB Grid Code

We welcome Ofgem's comfort in relation to Control Points, that "operational arrangements are not expected to change because of BETTA..." We also note Ofgem's acknowledgement of the continued use of Trading Points.

Planning Code

We continue to believe that it is neither necessary nor viable for details of all interconnected parts of the Sub-transmission System operating at a voltage greater than 30kV to be provided. We do not believe that the provision of such detailed information is necessary for the GBSO to plan and operate the system. A subset of information could be provided, but we do not believe that this would be of any great benefit due to the dynamic and integrated nature of the NoS network. We understand that this is being discussed at STEG DG1 and await their conclusions. However, should it be decided that all information should be provided, we would have concerns with the time and resource required to provide such detailed information.

We previously commented on the provision of Planning Code and Data Registration Code data in the lead up to BETTA, that sufficient information should already be available to the SO and therefore that there should be no requirement for existing generators to re-submit data. We are disappointed that Ofgem's conclusions on this issue are to wait until further transitional arrangements documents are published.

We also previously gave an example of how Planning Code requirements applied in a blanket form to small generators are inappropriate. We note that Ofgem have encountered a similar issue with the provision of Reactive Services. We believe that these and other examples highlight the inappropriateness of applying the Grid Code in this way.

Connection Conditions

CC 6.3.1 The poor drafting of this clause leaves it open to interpretation. However even if it is read in its most benign way, applied to our hydro plant that are “not designed for frequency and voltage control” then, as noted above, Ofgem’s proposed application of it to only E&W does not make sense since if the plant is capable of providing these services, then clause 6.3.1 would not apply to them and they would be bound by the rest of clause 6.3. We strongly believe that either clause 6.3.1 should additionally apply to Scottish generators (which parallels their current treatment under the SGC), or that generators that currently take advantage of the clause in E&W should be made fully transparent in terms of their generators’ capabilities.

Operating Code 1

We welcome Ofgem’s recognition that the requirements of OC1 need not apply to Small Power Stations in Scotland.

On the level of Demand Control Notification Level and Customer Demand Management Notification Level, we believe that as with the MW Level for generation, that this should be reviewed as soon as the GBSO has had operational experience of the GB system, though as noted previously, we are not clear why operation of the Scottish system cannot be fully assessed pre-BETTA.

Operating Code 2

We welcome Ofgem’s proposals to reduce the administrative burden on small generators and introduce a more flexible approach to the provision of data by them to the GBSO. We would suggest that this more flexible approach to these small generators is applied throughout the Grid Code, rather than just in OC2.

Water management of the reservoirs associated with hydro generators connected to single circuit transmission lines require a significant lead time, therefore the generators need to be aware of the outages well in advance. We would like clarification that the information that will be provided to Generators under OPC2.4.1.3, Planning of Transmission System Outages, that “may operationally affect such Generator” will be provided to such a resolution that it will be transparent that the single circuit line is being taken out of service.

Operating Code 6

We previously raised the difficulties of implementing a 20% reduction at the lower level GSPs in Scotland. We welcome Ofgem’s proposals to accommodate this by the inclusion of a new clause in OC6.2.2. However, we are uncomfortable with the use of “certain” in the wording and suggest that this is removed. There is an implication in the use of “certain” that these GSPs will need to be specified beforehand. We do not believe that there is any requirement to do this, rather the arrangement should be operationally fully flexible.

Mini-consultation

Definition of Genset

We welcome Ofgem’s proposals for clarification in connection with the revised definition of Genset. However, we note the proposed revised wording of OC2.4.1.2.1(a)(i) includes obligations on Embedded Large Power Stations. As noted above, we expect that any obligations on Embedded Large Power Stations would be imposed through SEGAs.

Moyle Interconnector

Like Ofgem, we agree that it is preferable that information (e.g. planning information) on the Moyle interconnector should be provided to the GBSO under the Grid Code. We can understand Ofgem's desire that from a BSC perspective, all Interconnector Users are treated in the same way. However, our concern remains the interface between the GB market and the Moyle. From a GB perspective, it is viewed by Ofgem that the arrangements on the Moyle will be subservient to those of the BSC, Grid Code etc. without apparently taking full account of the impact on the Moyle. We would be concerned should this GB centred view reduce trading on the Moyle. Again, we ask that we are involved in the discussion of trading arrangements on the Moyle.

Load Management Blocks

We recognise that there is a need in Scotland for the GBSO to access certain information on teleswitched loads. We believe that it would be appropriate to consider allowing the GBSO access to teleswitch information directly rather than have it provided by Suppliers. Should there be an ongoing obligation on Suppliers, then we believe that as with other MW Levels, the Load Management Block Level should be reviewed following experience of operating the GB system.

Yours sincerely

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