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Dear David,

**Treatment of Embedded Exemptable Large Power Stations under BETTA  
Ofgem conclusions and further consultation on Code changes  
January 2005**

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.

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

## **TREATMENT OF EMBEDDED EXEMPTABLE LARGE POWER STATIONS UNDER BETTA**

### **SCOTTISHPOWER UK DIVISION RESPONSE**

#### **1 General comments**

- 1.1 ScottishPower UK Division welcomes the clarification provided at paragraph 4.10 that *“the principle purpose of the BELLA put forward in these proposals is to require technical compliance of those EELPS who elect not to enter into a BEGA.”* By implication, the principle purpose of the overall EELPS proposals is to ensure technical compliance of EELPS.
- 1.2 We are disappointed therefore by the extent to which the EELPS issue has become entangled with considerations of access rights to the GB transmission system. This is discussed more fully in Section 3 below.
- 1.3 The confusion and anxiety within the industry over transmission access has been caused essentially by Ofgem’s statement<sup>1</sup> that *“the BELLA would not allocate any use of system rights/Transmission Entry Capacity to the EELPS....”* This leads to two concerns. First, that the EELPS will somehow be despatched down if NGC believes that it is in some way using the transmission network; second, that at some time in the future the EELPS will be required to apply for explicit transmission access rights and will be moved to the back of the access queue.
- 1.4 Whilst, as proposed, the BELLA does not allocate explicit transmission use of system rights directly to the EELPS, we believe that the process of application by the EELPS to the DNO for connection to the distribution network, the subsequent contractual arrangements between the DNO and NGC and the completion of any transmission reinforcement before energisation of the EELPS connection mean that rights to use the Total System, and an equivalent TEC, are implicitly allocated to the EELPS through the DNO. It would be helpful if Ofgem could comment clearly on this issue in the conclusions to this consultation as the next opportunity may not be until decisions on CUSC amendments and charging methodology modifications need to be made.

#### **2 Technical compliance and the extent of the EELPS proposals**

- 2.1 We have argued in previous responses that the blanket approach which requires all EELPS to be drawn into the proposed contractual framework is unnecessary. Ofgem itself has noted at paragraph 4.5 that *“Whilst the impact of some EELPS on the transmission system may be considered to be minimal, this is not the case for all EELPS...”*
- 2.2 We are disappointed therefore that Ofgem continues to promote the blanket approach and, furthermore, to insist that these stations should be treated on a generating unit basis. We believe that this approach is disproportionate to the

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<sup>1</sup> Paragraph 2.7

perceived need to ensure that NGC has adequate means at its disposal to control the transmission network.

- 2.3 Ofgem's statement in paragraph 4.5, quoted above, clearly implies that the proposals are intended to address local considerations. It is disappointing to note therefore that NGC seeks to impose the mandatory service of frequency response on EELPS. This obligation is not a response to local issues, is not required from similar sized power stations in England and Wales, and is an unnecessary and discriminatory obligation on Scottish generators which were rarely, if ever, despatched for frequency response under the existing Scottish arrangements.
- 2.4 We believe therefore that the obligation on EELPS to provide mandatory balancing services should be restricted to the reactive power service, and then only where there is a clear need for that service.

### **3 GB transmission access issues**

- 3.1 As noted above, we are disappointed by the extent to which the EELPS issue has become entangled with considerations of access rights to the GB transmission system. We believe that these issues are completely unrelated and should be considered separately and explicitly.
- 3.2 It would have been more helpful to the BETTA implementation process if NGC, rather than seeking to apply an existing form of agreement to EELPS and then having to invent another form of agreement which excludes consideration of this irrelevant issue, had offered the BELLA-type agreement to EELPS as the sole vehicle for ensuring technical compliance. Consideration could then have been given to addressing transmission access rights and embedded generators after the immediate requirements of BETTA have been addressed. The issue of embedded generation spilling on to the transmission network, which is not necessarily due to the presence of a particular, or indeed any, EELPS, is not, after all, a BETTA issue or an EELPS issue, nor will it be fully addressed by the proposed treatment of EELPS under BETTA.
- 3.3 We are also concerned that the proposal that EELPS should be able to switch, once, between a BEGA and a BELLA prior to 1 October 2005 fails to recognise two issues.
- 3.4 First, Ofgem notes<sup>2</sup> that issues of access and charging are to be addressed over the next two years. It is not clear therefore what further information will be available to EELPS by 1 October 2005 to inform their BEGA/BELLA decision.
- 3.5 Second, generation which is already connected as at the BETTA Go-Live date is not part of "*the queue for the purposes of determining any contingent infrastructure under licence condition C18.*"<sup>3</sup> Such generation is part of the Scottish generation background and, provided there is no change to the registered capacity of the EELPS, a change from BEGA to BELLA, or *vice versa*, is merely a change of contract form which makes implicit, or *vice versa*, the explicit rights to

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<sup>2</sup> Paragraph 1.6

<sup>3</sup> Paragraph 4.24(ii)

use the Total System and makes no physical difference to the transmission network. Indeed, all embedded generation should be in this position after it has connected. The provision for EELPS to change from one form of agreement to the other should not be time-limited. Should Ofgem not agree with this analysis it would be helpful if the reasoning could be explained.

#### **4 Drafting comments**

##### *Balancing Code 2*

- 4.1 BC2.6.1(b) needs to be consistent with the use of telephonic communication with Generating Units which is specifically allowed under BC2.6.1(a).
- 4.2 BC2.9.4.2 and BC2.9.4.3 do not distinguish adequately between BM Units and Generating Units and imply that BM Units and Generating Units rank equally for despatch when NGC is seeking to satisfy the required System NRAPM. The text should make clear that these paragraphs relate to differentiating between exporting BM Units initially and between Generating Units subsequently and only when no further movement is possible on BM Units.

##### *Text for Schedule 1 of C18*

- 4.3 The proposed text does not relate to the current process which is being followed by NGC for existing power stations.

##### *Modification application*

- 4.4 There is a reference in paragraph 1 to “*the existing [Bilateral Construction Agreement or...]*” This does not seem to be appropriate in the case of a DNO applying to modify a connection in response to a BELLA application.
- 4.5 Paragraph 11 suggests that only licensed generators will be required to perform Mandatory Ancillary Services.
- 4.6 The wording of the final page of the document (headed “MODIFICATION APPLICATION”) does not appear to be suitable for a BEGA, referring as it does to “*our connection to the GB Transmission System.*”

##### *BELLA application*

- 4.7 Generally, this document has not been adequately stripped down for use as a BELLA application. It still reads as though the applicant is making a connection request to NGC. Paragraphs 8 and 9 are particularly overstated (or unnecessary).
- 4.8 It is not clear why the BELLA application should only be effective when the DNO submits a Modification Application (paragraph 6), particularly since there is no mention in the proposed drafting of CUSC 6.5.1(b) of the need for the DNO to do so.
- 4.9 Paragraphs 11 and 12 are inconsistent as regards the need for Mandatory Ancillary Services.

- 4.10 The content of paragraph 1 of Section B is inconsistent with the section heading. The content of paragraph 2 of Section B is irrelevant to a BELLA application.
- 4.11 It is not clear why NGC should require a copy of the applicant's Safety Rules under Section C.
- 4.12 The phrase "*on the grounds of commercial confidentiality*" in paragraph 3 of the application is incorrect.

*BELLA offer*

- 4.13 Paragraph 3 should make clear that any different technical conditions are in place of, not additional to, the provisions of the Grid Code.
- 4.14 The relevance of paragraph 5 to a BELLA application is not clear.

*CUSC Section 1*

- 4.15 Paragraph 1.5.5 should not apply to EELPS in operation at BETTA Go-Live.
- 4.16 Paragraph 1.6.1 should be linked to paragraph 1.5.3.

*CUSC Section 4*

- 4.17 It is not clear that the proposed change to paragraph 2.8 of Part 1 of Schedule 3 is a BETTA change.

*CUSC Section 6*

- 4.18 It is not clear whether the wording of paragraph 6.5.1 deals adequately with the existing users at BETTA Go-Live.