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Our Reference:

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Dear David,

Treatment of EELPS under BETTA

Thank you for the opportunity to respond to this latest consultation on EELPS under BETTA.

In previous consultations we had proposed that implementation of the proposals would be impractical in the time left available before BETTA. We believed, and continue to do so, that it is inappropriate to impose these obligations in a blanket fashion on all embedded stations of such small capacity, i.e. down to 5MW. Whilst not changing our view on this, it is encouraging to see a more practical solution being put forward, one that recognises the lateness and the difficulties associated with full implementation of the EELPS proposals across all generating units before BETTA. On the basis that only certain of the generating units will have to fully comply with the EELPS requirements, and those not required by NGC to provide Ancillary Services will have 12 months to fully comply, we believe that our generation business can meet the EELPS requirements as now proposed.

The drafting of the additional clause in the Appendix to the Grid Code General Conditions, GC.A2.12 appears to remove the obligation on certain generators to have to comply with the requirements to provide Ancillary Services, without the need to apply for derogations for a year. However, we have some concern with regard to Ofgem's statements that these same generators will have to comply with Grid Code minimum technical design and operational criteria and performance requirements. We take some comfort from Ofgem's statement that they do not anticipate that the proposed arrangements will result in any substantial need for EELPS to comply with technical Grid Code requirements where they have not previously needed to comply under the existing Grid Code. We would anticipate therefore that these generators will not have to demonstrate their compliance, or otherwise. That is, it will be sufficient that they already meet such requirements of the existing SO to operate a safe and secure network. Any other outcome, where these generators have to prove their compliance or otherwise before BETTA would not be achievable. It would be helpful to have this clarified by Ofgem and appropriate Grid Code drafting included for BETTA Go-live.

The other single most significant issue that we continue to have concerns with is the level of access rights that are being presented as associated with a BELLA compared to a BEGA. We understand Ofgem's view that the introduction of a BELLA is simply putting in place technical requirements for generating units, rather than some change to access rights. However, the way that the difference in access rights has been highlighted in the consultation simply raises questions and concerns related to an existing embedded generating unit's rights to generate onto the distribution system. We note the statements in paragraph 4.11 of the conclusions document, and take some comfort from them with regard to existing access rights. We believe that BETTA and the EELPS proposals do not introduce a lowering of rights to generate associated with existing embedded generation and that this has never been part of BETTA or the intention of the EELPS proposals. We would ask Ofgem to clarify that there is no lowering of an embedded generating unit's rights to generate onto the distribution system as a result of signing a BELLA.

With regard to the ability to change from a BELLA to a BEGA, we welcome Ofgem's proposals that there will be six-month period after BETTA Go-live in which this change can be made once. We welcome this as a practical solution that removes the imminent problem of having to make a choice between these agreements before the EELPS consultation and drafting is finalised and before BETTA. However, we do not believe that there needs to be any time restriction on when it should be possible to make such a change.

It has been suggested that applying for a change from a BELLA to a BEGA may require a physical assessment of the network, in case construction works are required. The significant implication of this is that should there be a requirement for construction works (though we cannot see how this could be the case), then the generator would go to the back of the transmission access queue to get a BEGA. This could have not only commercial implications for the generator e.g. in being able to access finance, but also implications with regard to statutory water management obligations.

We do not believe that a change from a BELLA to a BEGA (and vice versa) is anything other than a contractual arrangement, since there is no change to the physical network. Not only does this apply to generation connected at present, but it could be argued should also apply to all new connecting generation, since they will have had to wait for appropriate infrastructure reinforcements to have been completed before being able to connect. There can at that point be no suggestion that the network would be anything other than fully capable of the generator making a change from a BELLA to a BEGA without further physical work being required.

We do not believe therefore that there needs to be any time limit on the period when a generator (existing or newly connected) can make a contractual change from a BELLA to a BEGA or vice versa, since it is purely contractual, and there can be no physical change required on the network. We believe the opportunity should be taken to amend this in the current drafting of the EELPS requirements.

We continue to believe that a "best endeavours" obligation on DNOs and TOs to have existing unlicensed EELPS accede to the CUSC is unworkable. Rather, the obligation should be based on a "reasonable endeavours" requirement. We do not believe that the DNOs or TOs have any route, within the existing contractual framework, to ensure that these existing generators comply and there is therefore a risk that they fail to meet this obligation through no fault of their own. In these cases, it is not clear what this means to the DNO or TO. If Ofgem continue to insist on a "best endeavours" obligation, then perhaps Ofgem could outline how they think this will operate.

Yours sincerely

Rob McDonald
Director of Regulation