



The National Grid Company

*Promoting choice and  
value for all customers*

Your Ref:  
Our Ref: Grid Code – BETTA Go-Live cutover decision  
Direct Dial: 020 7901 7017  
Email: [david.halldearn@ofgem.gov.uk](mailto:david.halldearn@ofgem.gov.uk)

11 March 2005

Dear Colleague,

**Grid Code - Decision in relation to 'Grid Code – BETTA Grid Code Go-Live cutover'**

On 28 February 2005, Ofgem received a report from the National Grid Company ('NGC') entitled 'A Report to the Authority, Pursuant to Paragraph 7(d) of Condition 14 of the Transmission Licence. Transitional consultation, Grid Code – BETTA Go-Live cutover requirements'<sup>1</sup> ('NGC's report') which proposed a revision to the Grid Code.

NGC's report sets out the outcome of a consultation conducted by NGC<sup>2</sup> ('NGC's consultation') in accordance with the General Condition GCA1.10 of the Grid Code, on 'obligations needed to manage implementation in the period up to the BETTA go-live date<sup>3</sup> to achieve the change to operation under the GB Grid Code', in specific respect of matters relating to cutover to the GB arrangements, as referred to in GC.A.1.11(a).

This letter provides the decision of the Authority in response to NGC's proposal and directs a revision to the Grid Code in accordance with standard licence condition C14 (7) (d) of NGC's transmission licence.

**Background**

At BETTA go-live the Grid Code will have general effect across GB. NGC's consultation was in relation to which parts of the Grid Code may need to have effect in Scotland immediately prior to go-live to enable a smooth transition to go-live.

Matters relating to the obligations needed to manage implementation had been listed in the General Conditions (GC.A1.11(a)) of the Grid Code revision designated by the Secretary of State

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<sup>1</sup> See [www.nationalgridinfo.co.uk/grid\\_code/mn\\_consultation\\_papers.html](http://www.nationalgridinfo.co.uk/grid_code/mn_consultation_papers.html).

<sup>2</sup> 'Grid Code. Transitional Consultation Document. Grid Code – BETTA go-live cut-over requirements', T02/04, 24 December 2004.

<sup>3</sup> On 8 March 2005, the Minister for Energy and E-commerce directed on behalf of the Secretary of State that, unless the Secretary of State revokes the direction before 1 April 2005, the BETTA go-live date shall be 1 April 2005.

in September 2004 as being matters which may require amendment during the Transition Period and in respect of which the Authority may exercise its powers to direct such amendments pursuant to standard licence condition C14(7)(d).

### **NGC's consultation on Grid Code go-live cutover requirements**

NGC's consultation considered the cutover process for three main areas: Energy Balancing (frequency control), Transmission Despatch (switching) and market reporting. In NGC's view, in terms of the Grid Code, only Energy Balancing (i.e. Balancing Codes BC1 and BC2) and provisions pertaining to NGC System Warnings (Operating Code 7 - Operational Liaison) required explicit provision for cutover arrangements. Although not pertinent to the proposed Grid Code changes, NGC also considered the IT system outages that would be required to enable the expansion of their IT systems to incorporate GB data and the effect that this would have on a participant's ability to input data.

NGC proposed changes to the appendix of the General Conditions of the Grid Code to bring the relevant clauses in these areas of the code (BC1, BC2 and OC7) into effect before Go-Live.

The proposals in outline were:

- to enable participants to submit Balancing Mechanism data for go-live, Balancing Code No. 1 (Pre Gate Closure Process) would be activated at 11:00 31 March 2005
- to enable NGC to accept balancing mechanism bids and offers for Settlement Periods from BETTA go-live, Balancing Code No. 2 (Post Gate Closure Process) would be activated at 23:00 31 March 2005, and
- to enable NGC to issue any system warnings to Scottish Users, OC.7.4.8 (GB Transmission System Warnings) would be activated at 11:00 31 March 2005.

The consultation also described IT outages of NGC systems which would affect users and the availability of systems for users to input data in the days preceding BETTA go-live.

### **Responses to NGC's consultation and NGC's views**

NGC issued their consultation on 24 December 2004 and requested responses by 31 January 2005. NGC received three responses to the consultation. These responses and NGC's replies to the responses were included in NGC's report.

One respondent broadly supported the proposals and noted that there would be a need for close co-operation and communication between the three transmission licensees prior to the point of cutover and also suggested that the proposed drafting would sit better in GC.A3. The second respondent stated that the proposals seemed sensible and made a query specific to their participation in the arrangements.

The third respondent considered that in general the proposed arrangements were pragmatic but had two main concerns and proposed changes to NGC's proposals.

The third respondent's first concern was that Scottish generators and suppliers may be out of balance at go-live due to instructions from Scottish system operators between 23.00 and 00.00 either to increase or reduce load or to provide ancillary services. The respondent compared the proposed arrangements with those that applied at NETA (New Electricity Trading Arrangements) go-live in England and Wales in March 2001. This respondent proposed changes to the transitional arrangements such that any change to a Scottish generator's output instructed by a Scottish system operator prior to go-live should be a deemed balancing mechanism instruction.

NGC did not believe it was appropriate to change the approach for the following reasons:

- at the start of NETA, gate closure was 4 hours which provided a greatly increased risk of being in imbalance to generators than the 1 hour it currently is
- the transition from central despatch to self despatch in England and Wales which NETA made was not comparable to the change in despatch which BETTA would bring to Scotland
- the three major participants with flexible plant in Scotland that could be affected in the manner suggested by the respondent were all familiar with NETA through their participation in the England and Wales market
- NGC does not have the ability to manage actions taken in the Scottish market pre go-live as it did at the introduction of NETA in England and Wales.

NGC also provided in its reply to the respondent details of how best a participant could manage its risk across the transition to go-live.

This respondent's second concern was over the IT proposals to limit Scottish participants' ability to input data prior to go-live to 3 days from the more usual 5 days and also that the proposed outage of the IT systems planned for 31 March would further reduce participants' ability to prepare for go-live.

NGC noted that their proposals on IT outages were designed to produce the optimum result from balancing a number of risks. NGC explained that the coincidence of Easter Sunday, as a period of anticipated low demand, which could give rise to stress on a network, and the clock change, which has significant IT ramifications on its own account, were pertinent in this respect. NGC approached their information service providers to reconsider the timetable but it has not proved possible to change the plan at this late stage. NGC has assured the respondent that in respect of the outage on 31 March they will be doing their utmost to reduce the outage time and the impact on participants.

### **Changes to the proposals as a consequence of NGC's consultation**

Further to the consultation NGC have made two changes to the proposed drafting. Firstly they have accepted the first respondent's suggestion that the drafting would be better placed in GC.A.3. Secondly, in response to the third respondent's comments, they propose to clarify the position for the provision of ancillary services immediately following go-live and have included further drafting in GC.A3.2(g).

NGC's report asked the Authority to direct it to revise the Grid Code as included in NGC's report.

### **Ofgem's view**

Ofgem have considered NGC's report, the responses to its consultation and NGC's replies to these responses. Ofgem note that considerable discussion and planning on these proposals and their practical ramifications have taken place in particular directly with users through the relevant operational forum's hosted by NGC and ELEXON and between the transmission licensees and ELEXON through the Transition and Implementation Group where the detailed cutover plan has been discussed and developed over the past few months. Ofgem do not consider the alternative proposals put forward by the third respondent to be practicable and are satisfied with NGC's response on this matter. Ofgem consider that the changes proposed by NGC to the Grid Code, together with the close co-operation of NGC, Scottish system operators and participants particularly in the detail of the implementation in the days preceding go-live represent the best approach for a successful transition to BETTA.

Ofgem has examined the addition to the drafting which NGC made following NGC's consultation and which NGC has proposed in GC.A3.2(g) concerning ancillary services. Ofgem consider that the intent of the drafting would be clearer if the final reference to 'BC2' was replaced by a reference to 'BC2.A.2.6' which specifically describes that no action should be taken by a Generator following a MVar output instruction without prior consultation with and the agreement of NGC. Ofgem has discussed this clarification with NGC and they are in agreement with this. Ofgem also note that there are two typographic errors, one in GC.A.3.2(f) in the first line which should read 'cut-over' and one GC.A.3.2(c) which should read GC.A.3.2(d). All three of these changes have been incorporated in the amended text shown in Annex 1 to this letter. Ofgem considers that these changes are minor and clarificatory and that therefore it is not necessary to consult on these small changes.

Ofgem therefore considers that the proposed amendments to the Grid Code attached as Annex 1 to this letter are within the scope of arrangements anticipated in GC.A1.11(a).

### **The Authority's decision**

For the reasons set out above, the Authority has decided that it shall exercise the power conferred upon it by paragraph 7(d) of standard licence condition C14 of the transmission licence to direct NGC to revise the Grid Code in accordance with the changes set out in Annex 1 of this document.

### **The Authority's direction**

Having regard to the above, the Authority, in accordance with standard licence condition C14 (7) (d) of the electricity transmission licence granted to NGC under Section 6 of the Electricity Act 1989 ('NGC's Transmission Licence'), hereby directs NGC to modify the Grid Code as set out in Annex 1 to this letter with effect on and from 16 March 2005.

NGC shall comply with standard licence condition C14 (8) of NGC's Transmission Licence with respect to this direction.

If you have any questions, please contact me on the above number.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Halldearn', with a long horizontal flourish extending to the right.

**David Halldearn**

**Director, Scotland and Europe**

Signed on behalf of the Authority and authorised for that purpose by the Authority