

Information exchange under the STC – The development of Schedule 3 and associated STC and Grid Code changes An Ofgem consultation

Introduction

1. We welcome the opportunity to comment on the consultation, 'Information exchange under the STC – The development of Schedule 3 and associated STC and Grid Code changes' published on 2nd March 2005 (the consultation).
2. We support the view that Schedule 3 should be consistent with all the agreed procedures and STC arrangements. We believe that the provisions relating to written permission from the Authority each time investment planning data is exchanged are not consistent with the agreed procedures. This requirement should be removed otherwise there is no certainty that exchanges required will be allowed, or that the time taken to receive approvals will allow the time scales in the procedures to be complied with. We are also concerned that some aspects of Schedule 3 are time limited whilst the equivalent procedures are not, in this respect schedule 3 is not consistent with the agreed procedures.
3. Our response is set out in four parts. The first part expresses our concerns over the consequential changes to Appendix F and G of the STC. In parts two and three, we provide comments on the proposed Schedule 3 text and associated Grid Code amendments respectively. In part four we express our support for the proposed derogation permitting transmission owners to receive the information set out in Appendix 3 of the consultation.

Comments on the proposed consequential changes to the STC

Scope of Schedule 3

4. We believe that a regulated Code can only cover issues within its scope. The scope of a regulated code can be determined from the documents that establish the Code or from the issues covered in the code. By both of these measures we believe that STC does not cover the entirety of the relationship between Transmission Owners and other Transmission Licensees. Hence we believe that the changes to the STC to extend the scope of Schedule 3 to the entirety of the relationship between transmission owners and other transmission licensees are inappropriate and the original text should be retained without the changes.
5. We note that, as set out in paragraph 2.10 of the consultation, Schedule 3 sets out the overarching principle that;
“a party shall only disclose User Data or Transmission Information which, in its reasonable opinion is necessary for the receiving Transmission Owner to comply with its code or a construction agreement” (including the STC procedures).

6. We support this principle but do not support the proposed change to STC Section F so as to cover the disclosure of “any information to a Transmission Owner under this Code or otherwise...” as the proposal goes beyond the scope of the subjects covered in the STC pursuant to Transmission Licence Condition B12.
7. Licence Condition B12 requires the STC to:
 - 1(a) “set out the terms as between transmission licensees whereby the GB transmission system and each licensee’s transmission system forming part thereof, is planned, developed or operated and transmission services are to provided together with any associated arrangements”
 - and that those terms and arrangements
 - 2(a) “are requisite for the enjoyment and discharge of the rights and obligations of transmission licensees which arise under:
 - (i) their transmission licences on and from the BETTA go-live date (together with such of the rights and obligations of transmission licensees which arise under their transmission licences during the transition period which relate to BETTA or the transition to or implementation of BETTA); etc.
8. NGC has other wider relationships to which STC parties are also participants. Examples of such are the Energy Networks Association, European Transmission System Operators (ETSO) forum, various collaborative research project etc. These are outside of the scope of BETTA, in that they are not covered by the STC, hence depending on the interpretation of Transmission Information, may still be captured by Schedule 3 under the proposed STC text.
9. We believe that it is inappropriate for the scope of the STC to be extended at this late stage to aspects of the relationship between licensees that are not explicitly included as part of the STC nor requisite to BETTA go-live.
10. If the view in the consultation is maintained that the STC covers relationships beyond our current understanding of B12, then there is a misalignment, as the actual STC content does not cover the entirety of the relationship between Transmission Licensees. Given the wider issues that this raises, we may need to review the interaction between the STC and Schedule 3. Until such a review is complete we may find it necessary to seek derogation or clarification from Ofgem relating to uncertainties created by these important issues.

Role of Other Code Parties in the STC

11. In respect of the consequential change to Section G, we support the principle that Other Code Parties should expect STC parties to comply with the STC. We will be working to the STC and code procedures in the belief that they will be consistent with each other including Schedule 3.

12. We believe that issues arising from the STC as with other regulatory codes, are best managed under the regulatory framework rather than third party enforcement as suggested by this change. This is particularly relevant given that there are likely to be some issues surrounding the general terminology and definitions of Transmission Information and User Data as used within the STC and other regulated codes. It is also unclear to us how this additional provision would be applied and why these paragraphs of Schedule 3 require different provisions to other parts of the STC and all other regulated codes. Consequently, we do not believe that this change to the STC text is necessary.

Comments on the proposed STC Schedule 3 text

Requirement for written permission from the Authority prior to exchange

13. We are concerned that the requirement within sub section 2.4.3 to obtain the Authority's permission for each and every exchange related to investment planning will prove to be impractical and will place an onerous burden on both NGC and the Authority. Such provision are not consistent with ensuring that Schedule 3 is consistent with the STC and procedures, as the procedures rely on these data exchanges happening within set time scales. Hence, uncertainty as to whether they will be allowed, and the time taken to approve such exchanges is not consistent unless permission is granted in a timely manner in all cases.

Exchanges with materially impact neighbouring Transmission Owners

14. Regarding clause 2.3.2(b) of Schedule 3, that limits Transmission Information on "current or future configuration" to only those circuits that directly connected, we believe that there may be some other circuits that will impact on a neighbouring Transmission Owner. In order to address this, a register of such circuits could be referred to within Schedule 3 that is maintained and updated periodically by NGC. Alternatively, given that there is also the obligation "only to pass that information necessary", re-phrase the clause to include only those parts "where there is a material impact on a neighbouring Transmission Owner".

Inconsistent Schedule 3 and STCP expiry dates

15. We support the principle behind clause 2.4.3 that permits NGC to disclose, for the period of one year, those categories of information required for system wide stability studies. NGC will undertake a review with the other STC parties as to the appropriateness of those processes during that time. We note however that this provision is time limited whereas the Code procedures are not. It is therefore more appropriate to link this provision with any determinations forthcoming from the conclusions of that review rather than having them fall away automatically.

Terminology issues relating to "ranking order" and "generation background"

16. Various terms such as "Ranking Order" and "generation background" are used in Schedule 3 and the STCPs used for investment planning. Whilst the terms may vary depending on the circumstances, our understanding is that the definitions mean that the documents are consistent regarding this generation information.

Consultation issues relating to “equivalent network models”

17. To the points raised in paragraph 2.15 of the consultation regarding the use of equivalence models for stability studies, our current view remains that given the current framework, the use of equivalence models for this work is highly problematic. Hence full network models may need to be used in studies.

User Data and Transmission Information within the boundary of influence

18. Our understanding is that both user data and transmission information may be made available to neighbouring transmission owners where it falls within the boundary of influence. We believe that Paragraph 2.12 with the consultation support this, but that further consideration of the words in 2.3 and 2.4 of Schedule 3 is needed. An example is that section 2.4 covers user data but within it sub-section 2.4.8 covers transmission information for connected circuits.

Comments on the proposed changes to the Grid Code

19. Regarding the proposed changes to the Grid Code, we support this approach however observe an inconsistency between the proposed text for PC1.1 and GC12.2, the latter omitting the reference to Section F of the STC.

Comments on the appropriateness of derogation permitting Transmission Owners to receive the information set out in Appendix 3 of the consultation.

20. We support the derogation permitting Transmission Owners to receive the information set out in Appendix 3 of the consultation.