

SP Transmission Ltd

Response to the Ofgem paper “Information exchange under the STC”

SP Transmission Ltd (SPT) welcomes Ofgem’s consultation on information exchange under the STC. Information exchange between the transmission licensees has formed a crucial part of Ofgem’s design for BETTA.

Together, Section F and Schedule 3 of the STC codify the permitted exchanges of information between the licensees under the STC and its subsidiary processes. It is essential that this codification is comprehensive. Unless it is correct, the licensees, and in particular the Transmission Owners, would be unable to carry out their statutory, licence and STC obligations.

Creating a comprehensive schedule is a difficult task. SPT welcomes the significant dialogue with Ofgem personnel during this exercise. SPT expects that, despite the best efforts employed in creating the proposed schedule, Schedule 3 will nonetheless have to be revised. Indeed any modification may have to be carried out urgently if the amendment is to facilitate the transfer of information so that the licensees can carry out their licence or STC obligations.

Scope of Schedule 3

SPT accept the argument that it would not make sense to restrict information transfer between the licensees under the STC if these restrictions could be readily circumvented by entering into another agreement outside the scope of the STC. However, in accepting this restriction, SPT would re-emphasise the need for Schedule 3 to be comprehensive. Some further comments on additional data exchanges needed are included below.

Sunset Clause

SPT notes Ofgem's concerns regarding the transfer of information required for the Transmission Owners to carry out their licence and STC obligations in respect of investment planning, connections and the seven year statement. To allay these concerns, Ofgem propose that the proposals would last for only one year, and that within that first year, the three licensees carry out a review of the arrangements. This review would consider whether it would be more appropriate for NGC to carry out some of the investment planning functions currently allocated to the Transmission Owners and to propose an STC amendment to facilitate the ongoing arrangements.

It must be appreciated that Investment Planning has always been seen as a core TO responsibility under the BETTA structure. The current proposals enshrined in the licence, the STC and its subsidiary procedures are the outcome of over three years of detailed development, public consultations and negotiations. SPT do not consider that re-examination of the proposals in the timescales given is practicable for a number of reasons.

SPT has significant concerns that changing the allocation of responsibilities and/or the data transfer proposals could lead to the Transmission Owners being unable to properly carry out their statutory, licence and STC obligations. Requiring NGC to carry out system stability studies would severely limit SPT's ability to optimally plan network investment where a scheme is in some way affected or constrained by transient stability issues. In such a case, a large number of stability studies are usually required to identify and design an SQSS compliant, optimal and least-cost solution to the problem. If the generation background to such studies and the study results were to be partially hidden from SPT (either because NGC are carrying out the studies or because an equivalent is used), this

- could lead to all possible solutions not being identified, resulting in either over-investment or connections being delayed,
- could lead to an inadequate solution being implemented, with a consequential negative impact on system security, and

- would severely impact on the efficiency and timescales of the proposed processes resulting in a need to re-examine the proposals.

Furthermore, SPT notes that the data which is being exchanged is planning data, comprised mostly of submissions made pursuant the Planning Code of the Grid Code. As such, it does not reveal the day to day intentions of the market participants and should give little grounds for concern in respect of the Ofgem criterion (1b) in respect of the allocation of functions between NGC and the TOs.

Should, however, Ofgem conclude that a review of the arrangements is necessary, then SPT proposes that both the timescales and the content of the review should be reconsidered. To adequately inform the review, it is essential that there should be at least a full year's experience of the planning cycle. At the present time, the relevant STCPs are only just being finalised, and will only be available in draft for BETTA Go-Live. They therefore will only fully come into operation after BETTA Go-Live. The process of review itself, which may include bringing forward any changes to the Licence, the STC and STC procedures, and ensuring that they are implemented before the expiry of the sunset clause may be a lengthy process. Given the timescales for the development of the existing BETTA proposals, and the process of change envisaged within the STC, a minimum of 6 months would be necessary to ensure that no gap should develop in the arrangements.

Furthermore, as Ofgem notes in the consultation paper, Ofgem had previously envisaged that information would have to be made available to the TOs in relation to the areas inside the boundary of influence and that this concept had been incorporated in the STC designated in September 2004. There should therefore be no need to re-examine the basis of data transfer within the boundary of influence within the review.

Taking together the above points, SPT conclude both that

- it would be imprudent to draft any such sunset clause to take effect until after 1st April 2007, and that

- that any review would match the above timescale, and
- that clause 2.4.3 should be redrafted such that any sunset clause applies only to data outwith the boundary of influence.

NSLPA

SP Transmission notes Ofgem’s comments regarding the Scottish Nuclear Site Licence Provisions Agreement between SPT and British Energy (BE). Together with the equivalent arrangements in respect of Chapelcross these are the “Scottish NSLPAs”. Ofgem comments that it would be necessary for any such exchange of information to be sent by NGC to SPT for such purposes to be set out in Schedule 3. Ofgem’s proposed drafting in the STC in respect of the Scottish NSLPAs includes the clause:

G3.6 Where requested by SP Transmission Limited upon reasonable notice, NGC shall provide such information and advice as shall be reasonable to enable SP Transmission Limited to comply with the Scottish NSLPAs.

Thus (i) to enable SPT to comply with the relevant paragraphs of section G3 in respect of Nuclear Installations and (ii) to secure that the arrangements can deliver all the requirements (required by the relevant nuclear legislation) of the nuclear generators, it is therefore essential that Schedule 3 explicitly allows NGC to pass information to SPT to secure compliance with section G3 of the STC.

Other Transmission Information Required

Creating a comprehensive list of required information is difficult. We note however the following areas where it would be prudent to extend the current proposed Schedule 3.

Planning Information

- The GB SQSS requires that various studies are conducted against a background of “typical outage patterns” (compare, for example, paragraph 2.11 in the GB

SQSS). For the TOs to properly meet the standards in either planning their network or designing connections will require NGC to pass “typical outage patterns” to the TOs.

- There are number matters which prudent transmission licensees exchange between themselves in respect of assets in respect planning and developing their networks. This is typically done either bi-laterally or via “benchmarking” clubs. Information exchanged can include asset specification, performance and standards. While such matters are not codified under the STC, exchange of such data should be permitted between the licensees to facilitate the economic and efficient development of their networks.

Operational Information

While Schedule 3 allows for some information to be passed by NGC to the TOs in respect of outages of Directly Connected Units, the style in which it is done (naming explicit Grid Code clauses) allows that certain relevant clauses can be accidentally omitted. For example the Generation Outage Programme for Years 3-5 and Years 1-2 is included, but not the updates during the current year pursuant to section OC2.4.1.2.3. Similarly exchange of “Network Operator” outages for Years 3-5 under OC2.4.1.3.2 are facilitated, but not the updates of Years 1-2 (under OC2.4.1.3.3), or for the current year under OC2.4.1.3.4. It might be prudent to write this section more generically.

We notice under “General Transmission Information”, 2.2.1(f) “numbering and nomenclature information” and 2.2.1(g) “information for the purposes of safety including Safety Rules, Site Responsibility Schedules and Local Safety Instructions...”. Such matters affect Users as much as they affect the Transmission System, and should therefore be included under the heading of “User Information” as well as “Transmission Information”

Proposed Grid Code changes set out

SPT support the proposed changes to the Grid Code as set out in Appendix 1. Given then interest of the TOs in Appendix A of the Planning Code (and noting that “Standard

Planning Data” is also referenced in the STC in an NGC Connection Application), we propose that this section of the GB Grid Code is formally added to the list of items which are of interest to the TOs in the Grid Code. The relevant drafting is in the General Conditions, GC4.2(b).

Derogation in Appendix 3

SPT broadly supports the granting of this derogation. However, we would comment that SPT is in the middle of a SCADA replacement exercise. The new SCADA is due to be commissioned by December 2005. It would be most practical if the derogation could endure until this time.