



Promoting choice and value for all customers

Nigel Williams
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Your Ref:
Our Ref: KM/S3
Direct Dial: 020 7901 7017
Email: David.Halldearn@ofgem.gov.uk

31 March 2005

Dear Nigel,

Paragraph 9 of Standard Condition B12 of the Transmission Licence

On 24th March 2005, Ofgem¹ published its conclusions² (the “March conclusions document”) following the earlier March Ofgem consultation³ on proposed changes to the STC and Grid Code required in relation to information exchange.

The March conclusions document concluded that derogations should be granted in order to permit exchange of the information set out in Appendix 3 of the March conclusions document, data currently exchanged via the Inter-Utility Data Exchange (IUDE) link under the aegis of the British Grid Systems Agreement (BGSA), British Grid Systems Code No.16 (BGSC16), until 31st December 2005.

As described in the March conclusions document the following factors have been taken into consideration by the Authority in reaching its decision on whether to grant this derogation:

- Ofgem has noted that the existing IUDE links carry some information that will be permitted to be exchanged under the STC and some that will not
- Ofgem has recognised that it would be necessary for the transmission licensees to either decommission the links or change the content of the data flowing over them
- Ofgem understood that the data from the IUDE links feed into a number of control room applications

¹ Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem’s aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority’s powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000. The terms “Ofgem” and “the Authority” are used interchangeably in this document.

² Information Exchange under the STC. The development of Schedule 3 and associated STC and Grid Code changes. Ofgem conclusions, 24/03/05. Ofgem#93/05.

³ Information exchange under the STC – The development of Schedule 3 and associated STC and Grid Code Changes. Ofgem consultation document, 02/03/05. Ofgem#67/05.

- Ofgem recognised that the substantial activity of the transmission licensees in the run-up to BETTA go-live has meant that there has been insufficient time to ensure that the IUDE link could be decommissioned without an adverse impact on enduring control room systems

The Authority's Decision

In accordance with its principle objective and duties, the Authority has considered the derogation and in particular those factors set out in the Guidance Note 'Derogation from codes and standards in electricity generation, supply, distribution and transmission licences'⁴ and:

- notes the justification for the derogation requirement
- has not identified any significant risks associated with the non-compliance to other relevant licensees or connected customers in the short term, and
- notes that there has been insufficient time to ensure that the IUDE link could be decommissioned without an adverse impact on enduring control room systems.

For these reasons, the Authority has decided to grant NGC a derogation relieving it from the obligations under paragraph 9 of Standard Condition B12 of the Transmission Licence to comply with the provisions of paragraph 3.3 of Section F, taking effect from the date directed by the Secretary of State to be the BETTA go-live date, which is currently 1 April 2005. This derogation will terminate automatically without further action on the part of the Gas and Electricity Markets Authority on 31 December 2005.

Attached to this letter is a copy of the Direction for the purposes of the derogation.

This letter constitutes notice for the purposes of section 49A of the Electricity Act 1989 in relation to the Direction.

Yours sincerely



David Halldearn
Director, Scotland and Europe
Signed on behalf of the Authority and authorised for that purpose

⁴ http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/4888_Derogation_Guidance_Note_21oct03.pdf



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National Grid Company

31 March 2005

Dear Colleague,

Direction to the National Grid Company Limited by the Gas and Electricity Markets Authority under paragraph 17 during the period between 1 September 2004 and BETTA go-live, and paragraph 15 thereafter of Electricity Transmission Licence Standard Condition B12

1. This Direction is issued by the Gas and Electricity Markets Authority (the “Authority”) under paragraph 17 during the period between 1 September 2004 and the BETTA go-live date (being the date specified by the Secretary of State in a direction as the BETTA go-live date, currently 1 April 2005), and on and from the BETTA go-live date, paragraph 15 of Standard Condition B12 of the Electricity Transmission Licence granted or treated as granted to National Grid Company plc (“NGC”) under s 6(1)(a) of the Electricity Act 1989 (as amended) (the “Licence”).
2. Paragraph 17 during the period between 1 September 2004 and the BETTA go-live date, and on and from the BETTA go-live date, paragraph 15 of Standard Condition B12 of the Licence provides that the Authority may issue directions relieving NGC of its obligation under paragraph 9 of Standard Condition B12 to implement or comply with the SO-TO Code (“STC”) in respect of such parts of the licensee’s transmission system or the GB transmission system and/or to such extent as may be specified in the direction.
3. The Authority hereby directs that NGC is relieved from the obligations under paragraph 9 of Standard Condition B12 of the Transmission Licence to comply with the provisions of paragraph 3.3 of Section F to the extent set out in paragraph 4 below.
4. NGC is permitted to send the data set out in Appendix 1 to Scottish Power Transmission Limited (SPT) and Scottish Hydro-Electric Transmission Limited (SHETL) until midnight on 31st December 2005.
5. This Direction shall take effect on and from the the BETTA go-live date, being the date upon which the relevant obligations would otherwise take effect, and shall remain in effect until

midnight on 31 December 2005 or such time as the Authority shall revoke or vary it in accordance with powers conferred on it by s 107 Electricity Act 1989.

Dated: 31 March 2005

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

SIGNED on behalf of the Authority by
David Haldearn
Authorised for that purpose by the Authority

Appendix 1

REAL TIME DATA TO BE TRANSMITTED BY NGC TO SPT IN RESPECT OF THE FOLLOWING

NGC 400kV Substations:

Daines, Harker, Hawthorn Pit, Heysham, Hutton, Lackenby, Norton, Osbaldwick, Padiham, Penwortham, Thornton and Stannah.

NGC 275kV Substations:

Blyth, Harker, Hartlepool, Hart Moor, Hawthorne Pit, Kirkby, Lackenby, Norton, Offerton, Penwortham, Saltholm, South Shields, Spennymoor, Stella West, Tod Point, Tynemouth, West Boldon and Washway Farm.

NGC 132kV Substations:

Harker.

NGC 132kV Equipment:

Stannah and Washway Farm.

NGC Circuits:

Blyth - Harker 1; Blyth - Harker 2; Blyth - South Shields; Blyth - Stella West 1 / SGT3; Blyth - Stella West 2; Blyth – Tynemouth; Daines – Penwortham; Harker - Hutton 1; Harker - Hutton 2; Hartlepool – Hartmoor; Hartlepool – Saltholm; Hartlepool - Tod Point; Hartlepool - West Boldon; Hartmoor - Hawthorne Pit; Hawthorne Pit - Norton 400kV; Hawthorne Pit - Norton 275kV; Hawthorne Pit – Offerton; Heysham - Hutton - Penwortham 1; Heysham - Hutton - Penwortham 2; Heysham - Stannah -Penwortham 1; Heysham - Stannah -Penwortham 2; Kirkby - Washway Farm - Penwortham 1; Kirkby - Washway Farm - Penwortham 2; Lackenby - Norton 400kV; Lackenby - Norton 1; Lackenby - Norton 2; Lackenby - Tod Point; Norton –Osbalwick; Norton – Thornton; Norton – Saltholm; Norton - Spennymoor 1; Norton - Spennymoor 2; Offerton - West Boldon; Padiham – Penwortham; South Shields - West Boldon; Spennymoor - Stella West 1; Spennymoor - Stella West 2; Tynemouth - West Boldon.

InterBus Transformers:

Lackenby SGT 5; Norton SGT 4 and SGT 6; Penwortham SGT 5, SGT 6 and SGT 7; Harker SGT5A, 5B, 6A, 6B.

REAL TIME DATA TO BE TRANSMITTED BY NGC TO SHETL IN RESPECT OF THE FOLLOWING

General Information:

Net Transfer NGC/Scotland