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value for all customers*

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Date: 28 June 2007

Dear Duncan

REVIEW OF THE GRID CODE : DECISION AND NOTICE IN RELATION TO CONSULTATION A/07 – MANAGEMENT OF NO SYSTEM CONNECTION

We¹ have carefully considered the changes that NGET² has proposed to its Grid Code as set out in the report to the Authority arising from consultation A/07 (Management of No System Connection)³. That report has been submitted to us for approval.

We have decided to approve the proposed changes to the Licensee's Grid Code (the "Grid Code") as set out in the Appendix A of the report to the Authority arising out of Consultation A/07.

This document explains the background to the proposals and sets out the reasons for our decision to approve these changes to the Grid Code. This letter constitutes notice by the Authority under Section 49A of the Electricity Act 1989 in relation to this decision.

Background to the proposed changes to NGET's Grid Code

NGET has explained that during construction there can be circumstances where safety precautions need to be applied, which the safety coordination procedures defined in Grid code OC8 do not specifically cater for. This issue arises when there is no physical connection between the transmission system and a User system.

NGET is proposing changes to the Grid Code which would extend the existing arrangements to cater for a "No System Connection" type of isolation point. The intention of this change proposal is to formalise the current ad-hoc arrangements.

¹ Ofgem is the office of the Authority. The terms "we", "Ofgem" and "the Authority" are used interchangeably in this letter.

² National Grid Electricity Transmission plc

³ Report from NGET – Consultation Reference A/07, Issue 1, Date of Issue 31 May 2007
http://www.nationalgrid.com/NR/rdonlyres/B92216F9-ECB3-4112-A568-468F1FDCA85A/17489/ReporttotheAuthorityA07No_System_Mgt_issued.pdf.

NGET received eight responses to Consultation A/07 from authorised electricity operators. NGET reported that:

- The majority of respondents supported the proposed Grid code changes which would standardise arrangements and provide additional clarity.
- Two respondents queried the need for the proposed Grid Code changes.
- Four respondents highlighted typographical errors.

We note that respondents made the following points:

- One respondent queried the need for a formalised process for assets which do not exist.
- One respondent queried the interaction between the proposed 'No System Connection' process and existing Permit for Work processes.
- One respondent observed that the proposed 'No System Connection' procedure could also be applicable during decommissioning of a site.
- One respondent was concerned that the proposed change would introduce additional complexity to Grid Code OC8.

NGET noted in its report to the Authority that it had amended the drafting of the proposed Grid Code changes to take account of the comments received from respondents relating to the accuracy of the drafting.

NGET's recommendation

In its report⁴ to the Authority on Consultation A/07, NGET set out the drafting for proposed changes to the Grid Code. It recommended that the Authority approved the proposed changes.

Ofgem's view

Our approval of these changes is required by standard condition C14(3). Having carefully considered NGET's report on the proposed changes and having had regard to the licensee's obligations⁵ set out in condition C14(1)(b) of the Transmission Licence ("the obligations") and our wider statutory duties⁶, we consider that the proposed changes to the Grid Code should be approved by the Authority. Our reasons for reaching this decision are outlined below.

We consider that it is important to have a clearly defined framework for safety coordination which is standardised wherever practicable to mitigate the risks associated with working on a User System and/or on or near to the GB Transmission System. We also note that a robust safety framework mitigates the risk of accidental damage to electrical plant, which will promote the security of the system as a whole.

We note the concerns about additional complexity and the introduction of a formalised process in respect of assets which have not been built. However we note reports that there have been occasions during construction, where circumstances have arisen that do not fall within the scope of current Grid Code OC8 procedures. We also note that on these

⁴ As required by C14.2.a

⁵ The licensee's transmission licence defines the Grid Code objectives as follows:

- (i) to permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity;
- (ii) to facilitate competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the GB transmission system being made available to persons authorised to supply or generate electricity on terms which neither prevent nor restrict competition in the supply or generation of electricity); and
- (iii) subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in Great Britain taken as a whole.

⁶ Ofgem's statutory duties are wider than the matters that the NGET has to take into consideration and include amongst other things a duty to have regard to social and environmental guidance provided by Ofgem to the government.

occasions, arrangements that are consistent with the proposed Grid Code changes have been implemented on a site specific basis.

We also acknowledge that SP Transmission Limited ("SPTL") and Scottish Hydro Electric Transmission Limited ("SHETL") have an STC obligation to comply with Grid Code OC8B⁷. Both SPTL and SHETL have confirmed that they were involved in the development of these proposed Grid Code changes.

We have consulted with the Health and Safety Executive ("HSE"). HSE advised that they considered the proposal to modify existing Grid code OC8 processes to cater for circumstances where safety precautions (caution notices and/or earthing) cannot be applied due to physical constraints is reasonable. HSE observed that similar physical constraint could also arise when decommissioning connections to the transmission system. HSE also suggested that OC8A.1.6.2(2) and OC8B1.7.2(2) could be clarified by replacing the word "either" with "one". We do not consider that these changes are within the scope of the A/07 consultation. We recommend that NGET considers HSE's suggestion as part of any future review of Grid Code OC8.

The Authority's decision

Based on the reasons set out above the Authority has therefore decided to approve the Grid Code changes set out in Appendix A of the report submitted to the Authority arising from Consultation A/07 (Management of No System Connection).

The implementation date for these Grid Code changes is 16 July 2007.

Please do not hesitate to contact me on the above number if you have any queries in relation to the issues raised in this letter or alternatively contact Bridget Morgan on 020 7901 7080.

Yours sincerely



John Scott

Technical Director

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

cc: Lillian MacLeod, NGET

⁷ STC Section G, paragraph 2.2.1.1.