

# Terms of Reference for Embedded Transmission Working Group

## Background

1. The Ofgem/BERR July 2007 policy statement set out our view that arrangements for embedded transmission connections should be based on current onshore arrangements for large embedded power station connections.
2. We have decided to establish a working group (the "Embedded Transmission working group") to assist Ofgem and BERR in developing the detailed arrangements for embedded transmission connections. This review work should take account of all current offshore transmission proposals and in particular the recommendations from the Grid Code sub group<sup>1</sup>.
3. We require the Embedded Transmission working group to consider:
  - How the current arrangements for large embedded power stations should apply to embedded transmission connections.
  - If additional provisions are required (e.g. to reflect that an embedded transmission connection is a connection between two licensed networks).
4. We will chair and have asked NGET to provide a technical secretary for the Embedded Transmission working group. The first meeting scheduled for the Embedded Transmission working group is 11am on 14 January 2008. We propose to hold this meeting at our Millbank office.
5. We are seeking representatives for this new Embedded Transmission working group. Please provide nominations to Bridget Morgan ([bridget.morgan@ofgem.gov.uk](mailto:bridget.morgan@ofgem.gov.uk)) by close of play on 19 December 2007.

## Structure of Embedded Transmission Working Group

6. Ofgem/BERR's Offshore Project Board (the "Project Board") considers that the Embedded Transmission working group requires a focussed membership reflecting the complex technical nature of the issues that need to be considered. We consider that members of the Embedded Transmission working group should include:
  - Parties who are, or will soon be, directly and significantly involved and experienced in the development of imminent offshore transmission networks.
  - GB system operator
  - Distribution Code Review Panel ("DCRP") members or parties nominated by DCRP members.
  - DCUSA Panel members or parties nominated by DCUSA Panel members.
  - Grid Code Review Panel ("GCRP") members or parties nominated by GCRP members.
  - Parties who are familiar with obligations within other industry codes<sup>2</sup>.
7. Ofgem/BERR will have the right to invite other representatives to participate should the Embedded Transmission working group recommend that additional expert knowledge is required.

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<sup>1</sup> The Grid Code sub group's recommendations are available from Ofgem's website at:  
<http://www.ofgem.gov.uk/Networks/Trans/Offshore/GridCode/Documents1/69E0B4EE.pdf>  
<http://www.ofgem.gov.uk/Networks/Trans/Offshore/GridCode/Documents1/Grid%20Code%20final%20reportV3.pdf>.

<sup>2</sup> Changes identified as necessary for Embedded Transmission may have consequential impacts on other industry codes.

8. The number of representatives from each invited party will be limited to one (other than NGET who will be limited to one representative of its GBSO activity and one representative of its TO activity). Each representative will be able to invite an additional technical advisor to working group meetings as required. We propose to chair this working group. We have also asked NGET to provide a technical secretary.
9. Representatives from Ofgem and BERR will also be invited to the working group meetings. The frequency, timing and location of the meetings will be agreed at the first meeting.

### **Purpose**

10. The Embedded Transmission working group is an advisory body, not a decision making body. The purpose of the Embedded Transmission working group is to assist the Project Board by completing a review of how the current arrangements for large embedded power stations should apply to embedded transmission connections. The Embedded Transmission working group is required to consider the impact of any recommendations on current DNO processes. The purpose of this review is to:
  - Review current arrangements relevant to large embedded power station connections (and applications for such connections) and identify applicable obligations within the Distribution Code, DCUSA, Grid Code, other industry codes, distribution and transmission charging methodologies and other contractual agreements.
  - Assess how these arrangements can be applied to embedded transmission connections (and applications for such connections).
  - Review existing arrangements for operational interfaces between NGET and DNOs (particularly arrangements relating to arrangements for Grid Supply Points set out in Grid Code Operating Codes and Balancing Codes).
  - Identify if any additional requirements are needed for connections between two licensed networks.
  - Develop proposals to change the relevant industry codes to accommodate the new type of network connection.
11. The Embedded Transmission working group should assume for the purposes of this review work that changes will be made to the industry codes to introduce offshore transmission arrangements. The Embedded Transmission working group should be aware that change proposals for industry codes are currently being developed for other parts of the offshore transmission project. Ofgem will be co-ordinating code change development work for all parts of the offshore transmission project.
12. In conducting the above review, the Embedded Transmission working group will need to take account of the need (these are listed in no particular weighting or order):
  - To ensure the safe, secure and economic operation of all transmission systems, distribution systems and offshore generation;
  - To clearly and robustly define all recommended changes to minimise the risk of misinterpretation;
  - To avoid undue discrimination on a geographic basis;
  - To ensure consistency and compatibility with the onshore framework and industry structure, and
  - To promote equality of treatment in respect of both owners and/or operators and Users of transmission and distribution systems.
13. The review work requested of the Embedded Transmission working group:
  - Does not constitute a fundamental review of existing obligations within the industry codes. The Embedded Transmission working group is asked only to consider changes required to the existing arrangements for large embedded power stations defined in existing industry codes for application offshore, and whether any new provisions are required.
  - Should not result in any unjustified additional capital investment in the onshore transmission or distribution network.

- Should not result in any unjustified capital investment for offshore transmission networks.
- Should not result in any unjustified costs (capital and operational) for offshore generators.
- Should not lead to any significant change to the existing security and quality of supply delivered to onshore customers.
- Should not result in any unjustified increase in the system operation costs associated with the onshore transmission and distribution network, and
- Does not constitute a review of the current transmission charging methodology.

### **Participation**

14. Participants at any working group acknowledge and agree that any draft text disclosed to them is confidential and must not be disclosed to any other person, business or undertaking other than the participants in the working group meeting, their employees directly involved with this work and their advisors directly involved with this work or as the participants in the working group may agree.
15. While the active participation of participants in any working group is sought with the evaluation of technical, commercial and operational rules, all participants acknowledge and agree that Ofgem/BERR are ultimately responsible for determining the form and content of the code change proposals relating to offshore transmission and any discussion in meetings and views expressed or implied in such discussion or document are entirely without prejudice to and shall not limit the discretion of Ofgem/BERR with regard to the final form and content of the document.
16. The participants also acknowledge and agree that the participation (including any discussion in meetings and views expressed or implied in such discussion or papers) in meetings, is entirely without prejudice and shall not limit the discretion of any party to comment during any future consultation of any Ofgem/BERR proposals published concerning arrangements for embedded transmission connections.

### **Deliverables**

17. The chair of the Embedded Transmission working group will be required to provide a report to the Project Board:
  - Detailing the findings of the working group's review of the existing arrangements of large embedded power station connection.
  - Detailing the findings of the working group's review of the existing arrangements for managing the operational interface between NGET and each DNO.
  - Presenting the options considered by the Embedded Transmission working group as part of its review, clearly identifying any additional requirements that are recommended to reflect this new type of connection between licensed networks.
  - Recommending proposed changes to the relevant industry codes and other DNO based arrangements.
18. Whilst it is desirable for recommendations to be a working group consensus position, it is acknowledged that this may not be possible in the timescales proposed for this working group. In the absence of a consensus position, the chair of the working group is required to ensure that the working group report presents:
  - A recommendation based on a majority view of changes needed to facilitate offshore transmission arrangements.
  - A full description of the alternative views of all other working group members.
19. The Embedded Transmission working group may also be required to provide responses to queries that are raised by the Project Board.
20. It is expected that upon receipt of the submitted report Ofgem and BERR will carry out a full industry wide consultation on the Embedded Transmission working group's recommendations.

21. The Embedded Transmission working group will not be required to provide Ofgem/BERR with draft legal text for any changes to industry codes that it may recommend. Final arrangements for drafting responsibility for legal text that would implement code changes that are needed for offshore transmission are being agreed with relevant code owners. The Embedded Transmission working group will be invited to review draft legal text to assist relevant code owners in developing code change proposals.
22. At the present time it is expected that any decision to make changes to the industry codes to implement offshore transmission arrangements will be made by the Secretary of State.

### **Accountability**

23. The Embedded Transmission working group will report to the Project Board. This reporting will be routed through the chair of the Embedded Transmission working group who may also be required to provide reports to the Project Board in person. The chair of the Embedded Transmission working group will ensure that work is progressed by the Embedded Transmission working group in accordance with the Project Board's instructions.

### **Timescales**

24. The Embedded Transmission working group is required to complete its review of the existing arrangements for large embedded power station connections and recommend any proposed changes to industry codes and/or other DNO agreements by 5 February 2008. The chair of the Embedded Transmission working group should submit this report to Colin Green ([colin.green@ofgem.gov.uk](mailto:colin.green@ofgem.gov.uk)) by 5 February 2008. Ofgem will submit this report to the Project Board meeting on 12 February 2008.

Appendix 1 – Embedded Transmission Working Group Members

<b>Name</b>	<b>Company</b>
John Lucas	Elexon
Craig Neill	SSE
Peter Waymont	EDF Energy Networks
Matthew Hays Stimson	EDF Energy Networks
Will Clements	SSE
Dragana Popovic	Energy Networks Association
Paul Ward	Electricity North West Limited <sup>3</sup>
Cornel Brozio	ScottishPower Energy Networks
Tony Berndes	Western Power Distribution
Laura Jeffs	Centrica
Graeme Cooper	BWEA
Goran Strbac/Charlotte Ramsay	SEDG <sup>4</sup>
Robert Longden	Airtricity
Paul Jones	EON
Brian Taylor	NGET
Mark Duffield	NGET
Neil Sutton (Technical Secretary)	NGET
Bridget Morgan (Chair)	Ofgem
Samantha McEwen	Ofgem

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<sup>3</sup> Previously United Utilities Electricity plc

<sup>4</sup> Centre for Sustainable Electricity and Distributed Generation