Notes from the Offshore Transmission Embedded Transmission Working Group (OTETWG)

28th January 2008
Ofgem, 9 Millbank

Present

Bridget Morgan		Ofgem (Chair)
Nicola Cocks		Ofgem
Richard Clay		Ofgem
Samantha McEwen		Ofgem
Paul Ward	(PWd)	UU
Dragana Popovic		Energy Networks Association
Tony Berndes		Western Power Distribution
Cornel Brozio		Scottish Power Energy Networks
Paul Jones		E.ON
Claire Maxim		E.ON
Matthew Hays-Stimson		EDF Energy Networks
Peter Waymont	(PW)	EDF Energy Networks
John Lucas		Elexon
Laura Jeffs		Centrica
Will Clements		SSE
Craig Neill		SSE
Brian Taylor		National Grid
Mark Duffield		National Grid
Neil Sutton		National Grid (Technical Secretary)

Apologies

Robert Longdon	Airtricity
Graeme Cooper	BWEA
Charlotte Ramsay	SEDG
Cherie Davis	Ofgem
Anthony Mungall	Ofgem

1. Minutes of the last meeting

OTETWG members provided comments on the draft minutes and the revised minutes were agreed. The agreed minutes will be posted on Ofgem's website.

Actions from previous meetings:

Action	Status
SMcE to arrange for the agreed terms of reference for OTETWG to be published on Ofgem's website.	Not complete – agreed minutes still to be published.
PWd to provide information about the content of operational agreements (and provide copies if available).	PWd has sent copy to BM. BM to circulate to OTETWG.
MD to consider what information will be required by NGET for future SYS publications in respect of embedded transmission connections.	Complete – No plans to publish more information for embedded transmission connections than currently provided in respect of large embedded power stations.
BT to provide information on the data	Complete – BT circulated high level

provided under the Grid Code on distribution licensee networks.	note.
CM to provide further information about the timing of BELLA/BEGA and distribution licensee connection application.	CM provided clarification that applications are submitted in similar timescales. BM to circulate to WG.
MD to consider if NGET has sufficient information about Competition in Connections.	Complete – Comprehensive information is available but NGET may require additional information in the future depending on the outcome of this working group.
BM to look at procurement competition guidelines.	Complete – Issue is relevant to embedded transmission connection options and the Procurement Directive requirements will be considered in more detail.
BM to develop process options for identifying embedded transmission connection options as part of the CUSC connection application/offer process.	Complete – High level options paper circulated to group for discussion at this meeting.
ALL to provide views on offer contents	Not complete – views still sought
MD to compare the terms of the EDF standard major construction offer with the TO Construction Offer under the STC.	Complete – MD has compared the two documents, and while there are some differences they contain broadly similar clauses. MD has also requested a legal opinion.

2. Process options for identifying embedded transmission options

BM circulated a paper with a number of high level process options for discussion. OTETWG discussed the merits of each option:

- Option 1a

Options 1a / b / c are broadly similar, the only difference being how NGET collects information from the distribution licensee to assess the viability of an embedded transmission connection offer. In option 1a the information is collected from the LTDS of the relevant distribution licensee.

Pros	Cons
• Simple process. • Generator included in decision making process. • Avoids the need to prepare 2 formal offers. • Lack of direct contact with any distribution licensee at the initial stage does not provide any possible distribution service provider with a competitive advantage.	• Lack of direct communication with distribution licensee by GBSO. • The LTDS data in isolation is probably insufficient to judge the feasibility of embedded transmission connection options. • Appears to ignore any earlier feasibility work (pre-application). • Possible competition issues if NGET only approaches a limited number of possible distribution service providers.

- Option 1b

Under this option NGET submit a formal request to the distribution licensee for information under SLC 4B of the electricity distribution licence.

Pros	Cons
• Generator included in decision making process. • Avoids the need to prepare 2 formal offers. • Information may be more up to date than given in last LTDS. • Information would be provided by the distribution licensee within 28 days.	• Potentially insufficient information for NGET or the generator to judge the feasibility of an embedded transmission connection option. • Appears to ignore any earlier feasibility work (pre-application). • Possible competition issues if NGET only approaches a limited number of possible distribution service providers.

- Option 1c

Under this option NGET submit a formal request to the distribution licensee for a feasibility study following receipt of an application for connection from an offshore generator.

Pros	Cons
• Generator included in decision making process. • Feasibility study results will help define if an embedded connection is feasible. • Promotes discussion between GBSO, distribution licensee and generator before formal offer is prepared.	• No defined timescales for a feasibility study. • No minimum scope is defined for a feasibility study. • If developer prefers a direct transmission connection, the feasibility study is wasted. • Confidentiality issues associated with any requirement for NGET to disclose offshore generator before the offer has been accepted. • Appears to ignore any earlier feasibility work (pre-application). • Possible competition issues if NGET only approaches a limited number of possible distribution service providers.

- Option 2

Under this option NGET makes a formal offer for a direct transmission connection and provides a view on the viability of an embedded transmission connection.

Pros	Cons
• Generator included in decision making process. • NGET should be able to make formal offer within 3 month timescales. • Confidentiality maintained.	• Inefficient flow of information about embedded transmission connection option. • Lack of distribution licensee involvement at initial stage may not lead to most efficient solution. • Direct transmission offer always made, even if not the most viable option.

	• No formal distribution licensee connection application made could delay offer of connection to the offshore generator by a further 3 months. • Appears to ignore any earlier feasibility work (pre-application).

- Option 3

Under this option NGET makes a formal connection application to the distribution licensee (following receipt of a connection application from an offshore generator) which is progressed in parallel with the direct transmission connection assessment.

Pros	Cons
• Generator included in decision making process. • Distribution licensee directly involved in process. • Information about each type of transmission connection option available at an earlier stage. • NGET and distribution licensee working in parallel increases likelihood of offers for both types of transmission connection being made within or close to 3 months.	• Embedded transmission offer always requested even if not viable. • Procurement rules could be an issue. • Ability to extend offer period may mean missing tender windows. • Confidentiality issues associated with any requirement for NGET to disclose offshore generator before the offer has been accepted. • Appears to ignore any earlier feasibility work (pre-application). • Possible competition issues if NGET only approaches a limited number of possible distribution service providers.

- Option 4

Under this option the generator specifies as part of the connection application made to NGET the type(s) of offshore transmission connection for which they are seeking offers.

Pros	Cons
• Generator more in control of the options for which formal offers are provided. • Encourages generator to carry out pre-application work.	• Forces choice of connection option at an early stage which may lead to a sub-optimal decision. • Restricts options available to NGET (and/or other transmission or distribution licensees).

ACTION: ALL to consider options and provide views.

3. Finalised offer for offshore transmission connection

BM asked what information NGET needs to make the final offer to an offshore generator once an OFTO had been identified by the tender process. MD explained that NGET would require a construction offer from the distribution licensee for the indicative connection offer if they are required to be involved. MD noted that NGET may need to request a modification to the offer made a distribution licensee if changes to the onshore connection are needed as a consequence of the design of the offshore transmission system. MHS noted that there is a general clause in

their connection offers that allow a customer to request a variation to the terms of the offer.

CM noted that once an OFTO is appointed this could significantly affect the connection application, such as a change of onshore landing point. BM questioned whether it was therefore necessary to get the distribution licensee involved at an early stage as this could lead to increased costs when agreements have to be terminated. CM agreed that reasonable costs for expenditure to date could be charged if any agreement had to be terminated. MHS noted that these costs could be significant depending on what stage the application was at, for example if staff had to be demobilised or if materials had already been ordered.

BM noted that some agreements would need to be signed before the OFTO has been appointed and the design of the offshore transmission system finalised. BM also noted that the design of the offshore transmission system may require a change to the onshore connection requirements identified at the indicative connection offer stage. MD suggested that there needed to be a trigger in the process at this point to examine whether any changes were required.

CM noted that this was essentially a two stage process, one in the initial scoping of connection a final decision by the offshore generator would be required.

MHS explained that there could be inefficiencies in the process if the distribution licensee is required to make an offer that has no realistic chance of being accepted and additional expenditure especially if there is then a request for a variation to the terms of the distribution licensee's offer once the OFTO has been appointed.

4. Construction and commissioning phase

BM noted that at this stage there will be signed construction agreements. BM further noted that construction agreements generally include obligations for relevant parties to develop details work programmes.

MD suggested a similar process to that in the current STC construction process, such as quarterly updates on progress and 6-monthly final sums estimates.

CM suggested developing a process to ensure all the interested parties communicate progress on various milestones and whether they are going to be met.

MHS highlighted the current process for embedded medium power stations where the supply point CUSC agreement is modified and additional technical requirements placed on the distribution licensee by the GBSO are then passed on to the generator. MHS noted with concern that if a similar process applied to embedded transmission this could lead to NGET making requests to the distribution licensee which were then passed back to NGET.

BM asked about changes to the Distribution Code and DCUSA that embedded transmission would require. BM noted that the definition of User in the Distribution Code excludes transmission licensees.

PW noted that under the current DCUSA there was no class of user for 'System Operator' hence there would need to either one set up a new class or for the role of System Operator to be merged into another class. PW noted that the proposed changes to DCUSA to incorporate contractual arrangements between Distributors are currently out to vote with a closing date of 22nd February 2008.

MD expressed that there may be DCUSA changes that directly impact the GBSO's ability to discharge its licence obligations and if such changes only affect the GBSO then the GBSO's views should be distinct from other stakeholders. MD also noted that a separate voting class for the GBSO could be useful. MD noted that the DCUSA panel had the right to stop votes from users on changes that had no

effect on them so there is a reduced likelihood that any distinct GBSO voting class could effectively "veto" DCUSA amendments that do not impact up the GBSO.

JL highlighted the current obligations relating to a Systems Connection Point between a Transmission System and Distribution System as noted in his paper circulated to the group.

BM noted the differences in where the BSC obligations lay depending on the size and connection point of the generator. CM highlighted that metering location was also important as it could lead to Elexon Technical Assurance Agents having to inspect meters that are located offshore. PWd noted that for their current connections the metering is located onshore. CM and JL agreed that there is a current mechanism for the BSC Panel to grant metering dispensations that could apply offshore.

JL noted that the current process for Transmission Losses is defined under the BSC and that they are shared among users. JL noted that this may not work for offshore transmission and that there may be a need for a separate process for dealing with those.

5. Enduring operation of embedded transmission connections

BT highlighted the revised note on GBSO data requirements circulated to the WG. BT stated that the intention was only to have to receive data where a restriction exists and the obligation was to inform GBSO as soon as the distribution licensee becomes aware of any restriction.

MHS noted that currently many restrictions are handled automatically by the network in real-time. PWd agreed but there was an opportunity to notify GBSO if any intertrip was going to be armed.

BT explained that a minimum of 20 minutes notice would be required if any restrictions were notified to the GBSO to allow time for them to act on the restrictions. PWd stated that this could lead to running the system less efficiently than they do currently.

BT also noted that if there was to be electronic signals passed between GBSO and distribution licensee there would need to be an interface agreed between the two operational systems in question.

ACTION: MHS to send BT high level information on current generator control schemes.

BT asked how restrictions would be applied if there was two BMUs connected offshore. MD explained that with the proposal for no compensation for restrictions that if an additional BMU was added it would be necessary for them to upgrade the network to ensure there was no increase in restrictions as otherwise there was the potential for a new generator to cause an additional restriction on the existing BMU.

6. OTETWG report

BM highlighted the topics that are to be covered in the OTETWG report.

ACTION: ALL to provide views on the list of topic areas.

BM noted that the report would be presented at the project board meeting. The next meeting has been postponed until 21st February 2008. BM advised that she intended to seek an extension to the deadline for the submission of the OTETWG report.

7. Any other business

None