



*Bringing choice and
value to customers*

Mr Duncan Burt
GCRP Chairman
National Grid Electricity Transmission plc
National Grid Transco House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Your Ref:
Our Ref: blm / I08 022
Direct Dial: 020 7901 7009
Email: stuart.cook@ofgem.gov.uk

18 September 2008

Dear Duncan

REVIEW OF THE GRID CODE : DECISION AND NOTICE IN RELATION TO CONSULTATION B/07 (IMPROVED PLANNING CODE DATA EXCHANGE FOR COMPLIANCE ASSESSMENTS)

The Gas and Electricity Markets Authority (the "Authority")¹ has carefully considered the changes that NGET² has proposed to its Grid Code as set out in the report to the Authority arising from consultation B/07 (Improved Planning Code Data Exchange for Compliance Assessments)³ that has been submitted to it for approval.

The Authority has decided to approve the proposed changes to the Licensee's Grid Code (the "Grid Code") as set out in Annex 3 of the report to the Authority arising out of Consultation B/07. In conjunction the Authority has decided to direct the amendments to the Grid Code⁴ as set out in Appendix 1 of this letter.

This document explains the background to the proposals and sets out the Authority's reasons for its decision to approve these changes to the Grid Code and direct the amendments set out in Appendix 1. This letter constitutes notice by the Authority under Section 49A of the Electricity Act 1989 in relation to these decisions.

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 B/07, Issue 1, Date of Issue 28 September 2007.
<http://www.nationalgrid.com/NR/rdonlyres/OEB8B905-6FDD-412A-96DD-F4225D41BA6B/20296/B07ReporttotheAuthorityIssued.pdf>.

⁴ As permitted in C14.4

Background to the proposed changes to NGET's Grid Code

This review of the Grid Code considered information exchange provisions defined in the Planning Code and Data Registration Code that are relevant to Users in respect of demand connections to the GB transmission system ("Network Operators"). NGET initiated this review to address concerns that we had raised in respect of the clarity of arrangements in relation to security standard compliance at boundaries between the GB transmission system and distribution systems. The review work was carried out with the assistance of a Grid Code Review Panel ("GCRP") working group.

The B/07 Grid Code change proposal would introduce new information provision obligations for Network Operators and NGET in respect of network information for use in planning timescales. The proposed changes would:

- Require Network Operators to provide NGET with data about demand (actual and forecast) on the Network Operator's User System during the typical maintenance period (generally aligned with British Summer Time) in addition to the data already provided in respect of winter peak and summer minimum demand conditions.
- Require Network Operators to provide NGET with additional information about the interconnection between Grid Supply Points on the Network Operator's User System and the circumstances where such interconnection can be used.
- Formalise the existing planning liaison arrangements between NGET and each Network Operator.
- Extend the scope of information about the GB transmission system that a Network Operator can require NGET to provide.

NGET consider that additional information is required from Network Operators to enable NGET to monitor that transmission security criteria can be met during transmission system outages. NGET considers that the increased scope of information exchange will facilitate better understanding of network infrastructure either side of interfaces between a Network Operator's User System and the GB transmission system.

NGET carried out two consultations on the B/07 change proposals and also held an Industry Seminar to discuss issues raised in response to the first consultation. NGET received ten responses from authorised electricity operators to its initial B/07 consultation and seven responses from authorised electricity operators to its second B/07 consultation. NGET reported that:

- There were no sustained objections to the B/07 change proposal.
- There was a consensus view that the package of changes properly implemented would be of benefit to the industry as a whole.
- The proposed new processes will require additional resources for NGET and Network Operators.

We note that respondents made the following points in response to NGET's initial consultation:

- The proposed changes would be beneficial by improving clarity.
- The proposed Grid Code changes would not assist distribution licensees in demonstrating distribution system compliance with Engineering Recommendation P2/6 ("P2/6").
- Ofgem should provide clarification about the application of P2/6 at Grid Supply Points to allow licensees to avoid unnecessary duplication.
- Information provision obligations proposed for NGET are not equivalent to the proposed changes to Network Operator information provision obligations.

- The proposed processes are resource intensive and will require additional resources.
- There is a need to confirm that the proposed changes only apply to Network Operators.
- A more flexible process is needed that provides for two way information exchange between NGET and Network Operators.
- The proposed process requires a trial period before it is implemented.
- There may be a need to align the requirements of P2/6 and the GBSQSS in respect of Grid Supply Points.

We note that respondents made the following points in response to NGET's second consultation:

- The proposals had been improved and mainly address comments made in response to the initial consultation.
- Proposed changes remain resource intensive.
- Full implementation of the proposed changes before 2010 is not practicable.
- Proposed changes should be subject to review following implementation.
- Proposed changes do not apply to Generators or Suppliers.

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 at each stage of the B/07 consultation process.

NGET's recommendation

In its report⁵ to the Authority on Consultation B/07 NGET set out the drafting for proposed changes to the Grid Code. It recommended that the Authority approved the proposed changes.

NGET considers that the B/07 changes to the Grid Code would:

- Improve the clarity and scope of data transfer across the planning interface between NGET and each Network Operator.
- Ensure that relevant parties can assess accurately their compliance against the applicable security standard.
- Facilitate the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity by reducing the ambiguity at the NGET/Network Operator interface regarding their respective roles and responsibilities.

Ofgem's view

Grid Code changes require Authority approval under standard condition C14(3) of the Transmission Licence. Having carefully considered the NGET's report on the proposed changes, Ofgem considers that, having had regard to the licensee's obligations⁶ set out in

⁵ As required by C14.2.a

⁶ 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.

condition C14(1)(b) of the Transmission Licence ("the obligations") and Ofgem's wider statutory duties⁷, that the proposed changes to the Grid Code should be approved by the Authority. Ofgem's reasons for reaching this decision are outlined below.

We note the general support for this proposal to introduce more rigorous arrangements for the exchange of data between NGET and Network Operators. We share the general view that the proposed changes will better facilitate the development, maintenance and operation of an efficient system for the transmission of electricity.

We were concerned by the resource implications of these proposed Grid Code changes and sought additional information from NGET and Network Operator respondents to the B/07 consultations. From this additional information we established that the estimates for the additional resource requirements to assess network conditions during the typical maintenance period were consistent with the resource required to comply with existing Grid Code Planning Code obligations relevant to the collection of information for winter maximum and summer minimum demand conditions. Given the increasing constraints on system outage availability due to increasing summer demand conditions, we consider that the proposed Grid Code changes are proportionate.

We note the comments of the respondents to the B/07 consultations that the resource requirements would be most onerous in the initial year of implementation. We also note the views that the resource requirement is expected to reduce significantly in later reporting periods. We acknowledge the concerns raised about the general availability of suitable resource. We recognise that the proposed change would introduce new process requirements and note the requests from some Network Operators for a trial period and/or review before implementation of the proposed Grid Code changes.

We consider that it would be appropriate to allow for the phased implementation of the B/07 Grid Code change proposals and therefore have decided to direct further changes to the B/07 change proposal. We consider that new processes should not be fully implemented until 2011. We consider that this additional time will allow for the initial resource requirement to be smoothed over two years. We also consider that it is appropriate to require Network Operators to agree with NGET a plan by 31 March 2009 for achieving full compliance when the Grid Code obligations are fully implemented. We note that NGET has a licence obligation to keep the Grid Code under review and is able to initiate Grid Code change proposals.

We note the comments in respect of the overlap between distribution licence and transmission licence security standards at Grid Supply Points and the possible need for the requirements of these standards to be aligned. In general we agree that consistency, where practicable, is beneficial. We observe that there are governance arrangements for each of these security standards and that relevant parties are able to request specific reviews.

We asked NGET to review the draft legal text for the B/07 change proposal and provide further drafting that would:

- allow for the phased implementation of the new Grid Code process, and
- introduce an obligation on each Network Operator to agree a programme with NGET for achieving full compliance.

⁷

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 to Ofgem by the government.

We also asked NGET to review the draft legal text for the B/07 change proposal in light of the changes made to the Grid Code as a result of consultation G/07 (Black Start). These amendments are included in Appendix 1 to this letter.

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 Annex 3 of the report submitted to the Authority arising from consultation B/07 (Improved Planning Code Data Exchange for Compliance Assessments). In conjunction it has decided to direct the amendments set out in Appendix 1 that reflect changes to the Grid Code that resulted from consultation G/07 and provide for the phased implementation of the B/07 changes.

The implementation date for these Grid Code changes is 1 October 2008.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stuart Cook', is written over a solid black horizontal line.

Stuart Cook
Director, Transmission

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

cc: Richard Dunn, GCRP Secretary

Appendix 1 – Amendment to Changes Proposed in the Report to the Authority Arising from Consultation B/07 (Improved Planning Code Data Exchange for Compliance Assessments)

Amendments to Glossary and Definitions

“Access Group”

A group of **Connection Points** within which a **User** declares under the **Planning Code**

- i) an interconnection and/or,
- ii) a need to redistribute Demand between those Connection Points either pre-fault or post-fault

Where a single **Connection Point** does not form part of an **Access Group** in accordance with the above, that single **Connection Point** shall be considered to be an **Access Group** in its own right.

Amendments to Planning Code

PC.7 PLANNING LIAISON

PC.7.1 This PC.7 applies to **NGET** and **Users**, which in PC.7 means:

- (a) **Network Operators**
- (b) **Non-Embedded Customers**

PC.7.2 As described in PC.2.1 (b) an objective of the **PC** is to provide for the supply of information to **NGET** from **Users** in order that planning and development of the **GB Transmission System** can be undertaken in accordance with the relevant **Licence Standards**.

PC.7.3 **Grid Code** amendment B/07 (“Amendment B/07”) implemented changes to the **Grid Code** which included amendments to the datasets provided by both **NGET** and **Users** to inform the planning and development of the **GB Transmission System**. The **Authority** has determined that these changes are to have a phased implementation. Consequently the provisions of Appendix A to the **PC** include specific years (ranging from 2009 to 2011) with effect from which certain of the specific additional obligations brought about by Amendment B/07 on **NGET** and **Users** are to take effect. Where specific provisions of paragraphs PC.A.4.1.4, PC.A.4.2.2 and PC.A.4.3.1 make reference to a year, then the obligation on **NGET** and the **Users** shall be required to be met by the relevant calendar week (as specified within such provision) in such year.

In addition to the phased implementation of aspects of Amendment B/07, **Users** must discuss and agree with **NGET** by no later than 31 March 2009 a more detailed implementation programme to facilitate the implementation of **Grid Code** amendment B/07.

It shall also be noted by **NGET** and **Users** that the dates set out in PC.A.4 are intended to be minimum requirements and are not intended to restrict a **User** and **NGET** from the earlier fulfilment of the new requirements prior to the specified years. Where **NGET** and a **User** wish to follow the new requirements from earlier dates than those specified, this will be set out in the more detailed implementation programme agreed between **NGET** and the **User**.

The following provisions of PC.7 shall only apply with effect from 1 January 2011.

- PC.7.~~34~~ Following the submission of data by a **User** in or after week 24 of each year **NGET** will provide information to **Users** by calendar week 6 of the following year regarding the results of any relevant assessment that has been made by **NGET** based upon such data submissions to verify whether **Connection Points** are compliant with the relevant **Licence Standards**.
- PC.7.~~45~~ Where the result of any assessment identifies possible future non-compliance with the relevant **Licence Standards** **NGET** shall notify relevant **User(s)** of this fact as soon as reasonably practicable and shall agree with **Users** any opportunity to resubmit data to allow for a reassessment in accordance with PC.7.5.
- PC.7.~~56~~ Following any notification by **NGET** to a **User** pursuant to PC.7.4 and following any further discussions held between the **User** and **NGET**:
- (i) **NGET** and the **User** may agree revisions to the **Access Periods** for relevant **Transmission Interface Circuits**, such revisions shall not however permit an **Access Period** to be less than 4 continuous weeks in duration or to occur other than between calendar weeks 10 and 43 (inclusive); and/or
 - (ii) The **User** shall as soon as reasonable practicable
 - a) submit further relevant data to **NGET** that is to **NGET's** reasonable satisfaction; and/or,
 - b) modify data previously submitted pursuant to this **PC**, such modified data to be to **NGET's** reasonable satisfaction; and/or
 - c) notify **NGET** that it is the intention of the **User** to leave the data as originally submitted to **NGET** to stand as its submission.
- PC.7.~~67~~ Where an **Access Period** is amended pursuant to PC.7.5 (i) **NGET** shall notify **The Authority** that it has been necessary to do so.
- PC.7.~~78~~ When it is agreed that any resubmission of data is unlikely to confirm future compliance with the relevant **Licence Standards** the **Modification** process in the **CUSC** may apply.

PC.7.89

A **User** may at any time, in writing, request further specified **GB Transmission System** network data in order to provide **NGET** with viable **User** network data (as required under this **PC**). Upon receipt of such request **NGET** shall consider, and where appropriate provide such **GB Transmission System** network data to the **User** as soon as reasonably practicable following the request.

PC.A.4.1.4 **Access Periods and Access Groups**

PC.A.4.1.4.1 Each **Connection Point** must belong to one, and only one, **Access Group**.

PC.A.4.1.4.2 Each **Transmission Interface Circuit** must have an **Access Period**.

PC.A.4.1.4.3 The **Access Period** shall

- (a) normally be a minimum of 8 continuous weeks and can occur in any one of three maintenance years during the period from calendar week 13 to calendar week 43 (inclusive) in each year; or,
- (b) exceptionally and provided that agreement is reached between **NGET** and the relevant **User(s)**, such agreement to be sought in accordance with PC.7, the **Access Period** may be of a period not less than 4 continuous weeks and can occur in any one of three maintenance years during the period from calendar week 10 to calendar week 43 (inclusive) in each year.

PC.A.4.1.4.4 **NGET** shall submit in writing no later than calendar week 6 in each year:

- (a) the calendar weeks defining the proposed start and finish of each **Access Period** for each **Transmission Interface Circuit**; and
- (b) the **Connection Points** in each **Access Group**.

The submission by **NGET** under PC.A.4.1.4.4 (a) above shall commence in 2010 and shall then continue each year thereafter. The submission by **NGET** under PC.A.4.1.4.4 (b) above shall commence in 2009 shall then continue each year thereafter.

PC.A.4.1.4.5 It is permitted for **Access Periods** to overlap in the same **Access Group** and in the same maintenance year. However, where possible **Access Periods** will be sought by **NGET** that do not overlap with any other **Access Period** within that **Access Group** for each maintenance year. Where it is not possible to avoid overlapping **Access Periods**, **NGET** will indicate to **Users** by calendar week 6 its initial view of which **Transmission Interface Circuits** will need to be considered out of service concurrently for the purpose of assessing compliance to **Licence Standards**. The obligation on **NGET** to indicate which **Transmission Interface Circuits** will need to be considered out of service concurrently for the purpose of assessing compliance to **Licence Standards** shall commence in 2010 and shall continue each year thereafter.

PC.A.4.1.4.6 Following the submission(s) by **NGET** by week 6 in each year and where required by either party, both **NGET** and the relevant **User(s)** shall use their reasonable endeavours to agree the appropriate **Access Group(s)** and **Access Period** for each **Transmission Interface Circuit** prior to week 17 in each year. The requirement on **NGET** and the relevant **User(s)** to agree, shall commence in respect of **Access Groups** only in 2010. This paragraph PC.A.4.1.4.6 shall apply in its entirety in 2011 and shall then continue each year thereafter.

PC.A.4.1.4.7 In exceptional circumstances, and with the agreement of all parties concerned, where a **Connection Point** is specified for the purpose of the **Planning Code** as electrically independent **Subtransmission Systems**, then data submissions can be on the basis of two (or more) individual **Connection Points**.

PC.A.4.2 **User's User System Demand (Active Power) and Active Energy Data**

PC.A.4.2.2 No later than calendar week 17 each year **NGET** shall notify each **Network Operator** and **Non-Embedded Customer** in writing of the following, for the current **Financial Year** and for each of the following seven **Financial Years**, which in respect of a) and b) below will, until replaced by the following year's notification, be regarded as the relevant specified days and times under PC.A.4.2.1.

- a) the date and time of the annual peak of the **GB Transmission System Demand**; and
- b) the date and time of the annual minimum of the **GB Transmission System Demand**;
- c) the relevant **Access Period** for each **Transmission Interface Circuit**; and
- d) Concurrent **Access Periods** of two or more **Transmission Interface Circuits** (if any) that are situated in the same **Access Group**.

The submissions by **NGET** made under PC.A.4.2.1 (c) and PC.A.4.2.1 (d) above shall commence in 2010 and shall the continue in respect of each year thereafter.

PC.A.4.3 **Connection Point Demand (Active and Reactive Power)**

PC.A.4.3.1 Forecast **Demand** (values of the **Power Factor** at maximum and minimum continuous excitation may be given instead of **Reactive Power** data where more than 95% of the total **Demand** at a **Connection Point** is taken by synchronous motors) to be met at each **Connection Point** within each **Access Group** is required for:

- (a) the time of the maximum **Demand (Apparent Power)** at the **Connection Point** (as determined by the **User**);

- (b) the time of peak **GB Transmission System Demand** as provided by **NGET** under PC.A.4.2.2;
- (c) the time of minimum **GB Transmission System Demand** as provided by **NGET** under PC.A.4.2.2~~;~~;
- (d) the time of the maximum **Demand (Apparent Power)** at the **Connection Point** (as determined by the **User**) during the **Access Period** of each **Transmission Interface Circuit**;
- (e) at a time specified by either **NGET** or a **User** insofar as such a request is reasonable.

Instead of such forecast **Demand** to be met at each **Connection Point** within each **Access Group** the **User** may (subject to PC.A.4.3.4) submit such **Demand** at each node on the **Single Line Diagram**.

In addition, the **Demand** in respect of each of the time periods referred to in PC.A.4.3.1 (a) to (e) in the preceding **Financial Year** in respect of each **Connection Point** within each **Access Group** both outturn and weather corrected shall be supplied. The "weather correction" shall normalise outturn figures to **Annual ACS Conditions** for times that occur during calendar week 44 through to calendar week 12 (inclusive) or **Average Conditions** for the period calendar weeks 13 to calendar week 43 (inclusive) and shall be performed by the relevant **User** on a best endeavours basis.

The submission by a **User** pursuant to PC.A.4.3.1 (d) shall commence in 2011 and shall then continue each year thereafter.

Amendments to Data Registration Code

DRC.6.1.16 SCHEDULE ~~16-17~~ – **ACCESS PERIOD** SCHEDULE

Comprising **Access Period** information for **Transmission Interface Circuits** within an **Access Group**.

DRC.6.2 The **Schedules** applicable to each class of **User** are as follows:

...
All **Users** connected directly to the **GB Transmission System** other than **Generators**

Sched 10,11,13,~~16~~17

