

Change proposal:	Grid Code F/09: Grid Code changes relating to BSC proposal P243: Extension of OC2 obligations to include Interconnector Owners (F/09)		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	National Grid Electricity Transmission Plc (NGET), Grid Code users and other interested parties		
Date of publication:	20 January 2010	Implementation Date:	To be confirmed by NGET

Background to the change proposal

Generators which connect to and export electricity onto the National Electricity Transmission System (NETS) are required by Operating Code 2 (OC2) of the Grid Code to provide data to NGET on their forecasts of maximum export capability (known as Output Useable) over different time horizons. NGET uses this data to plan system operation and system outages.

An increasing number of external interconnectors, in addition to existing external interconnectors, are expected to connect to the NETS in future. The impact that these interconnectors may have on system planning and outages is expected to be significant. Currently, interconnector owners are not required to provide Output Useable data to NGET under the Grid Code.

NGET raised a modification under the Balancing and Settlement Code (BSC) - P243 - in July 2009 which seeks to publish forecast availability data of generation (including from external interconnectors) by fuel type³. This data requirement would have an equivalent scope to the Output Useable data provided under OC2 by generators.

NGET considers that external interconnectors should also submit Output Useable data in the same manner as generators, to assist it in operating an efficient and economic transmission system. NGET also considers that improving information about forecast availability provided to the market would help to improve the decision-making of Users when planning their output.

In view of the changes proposed in P243, NGET considered it appropriate to make changes to OC2 that ensure consistency between its obligation to provide data to the market under the BSC (should P243 be approved) and the obligations of Users to provide NGET with information under the Grid Code. Aligning the obligation between these codes would require changes to OC2 to place the same requirement to provide Output Useable data on external interconnectors (existing and future) as already exists for generators.

The change proposal

Grid Code change F/09 was raised in October 2009. F/09 seeks to amend OC2 to widen its scope to include external interconnector owners. The effect of this change would be to require external interconnector owners to submit Output Useable data to NGET under the Grid Code. As interconnector flows are bi-directional, the proposal includes a

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ Details of P243 can be found on the Elexon website: <http://www.elexon.co.uk/default.aspx>

requirement for external interconnectors to also provide data in respect of available interconnector import capacity. It is envisaged that data would be exchanged between NGET and external interconnector owners using existing systems, keeping the cost of the change to a minimum.

The proposer (NGET) considered that F/09 would better meet Grid Code objectives by ensuring that OC2 reporting requirements are consistent with requirements under the BSC (should P243 be approved) and clear for all Grid Code users. NGET considers that the consistent application of reporting requirements would permit the development, maintenance and operation of an efficient, coordinated and economic transmission system, while the provision of data by external interconnector owners would allow NGET to enhance the scope of market information (through data published under the BSC) thereby facilitating competition in generation and supply.

NGET's⁴ recommendation

NGET submitted a final report to the Authority with a recommendation that change proposal F/09 is implemented. NGET also recommended that F/09 be implemented at the same time as BSC modification P243 (if approved) to ensure that changes required to NGET's systems for both proposals are implemented together in an efficient manner.

The Authority's decision

The Authority has considered the issues raised by the change proposal and the final Report dated 11 December 2009. The Authority has considered and taken into account the responses to NGET's consultation on the change proposal which are attached to the final Report⁵. **The Authority has concluded that:**

- 1. implementation of the change proposal will better facilitate the achievement of the objectives of the Grid Code⁶; and**
- 2. directing that the change be made is consistent with the Authority's principal objective and statutory duties⁷.**

Reasons for the Authority's decision

We note that the changes in proposal F/09 are intended to ensure that consistent information is available under the Grid Code and as a consequence of approving BSC modification P243, and that NGET has sought a decision on both proposals at the same time for reasons of efficient implementation if both proposals are approved. We have issued a separate decision letter setting out the reasons why we have decided to approve P243⁸ to coincide with this decision. Our reasons for approving this change proposal are set out below by reference to the Grid Code objectives.

⁴ Standard Condition C14(2) of NGET's Transmission Licence requires NGET to review the Grid Code from time to time and, after consultation, report the outcome of the review to the Authority including a recommendation on any proposed changes.

⁵ Grid Code proposals, final reports and representations can be viewed on NGET's website at:

<http://www.nationalgrid.com/uk/Electricity/Codes/gridcode/consultationpapers/>

⁶ As set out in Standard Condition C14(1)(b) of NGET's Transmission Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=14343

⁷The Authority's statutory duties are wider than matters which NGET must take into consideration and are detailed mainly in the Electricity Act 1989.

⁸ The P243 decision letter is available on the Elexon website: <http://www.elexon.co.uk/>.

Permitting development, maintenance and operation of an efficient, coordinated and economical transmission system

We agree with NGET that Grid Code change proposal F/09 would enhance the scope of information available to NGET about forecast availability for external interconnectors. We consider that improved alignment of information required from generators and external interconnector owners will improve consistency and would assist NGET in its operational and outage planning. We also note that NGET would require information about availability of external interconnectors to provide forecast availability data to the market should P243 be approved.

We therefore agree that this Grid Code objective is better met by approving F/09.

Facilitate competition in generation and supply of electricity (by making the transmission system available so that it does not prevent competition)

We agree that external interconnectors will have an increasing impact on the NETS as the number of connections increases. We recognise that NGET will need data to ensure that it is able to plan for efficient and economic use of the NETS. We consider that the definition of standard information requirements in public documents has the potential to enhance transparency and hence, in conjunction with the implementation of the P243 changes, facilitates competition in electricity generation and supply.

We therefore agree that this Grid Code objective is also better met by approving F/09.

Other issues

One respondent was concerned that Users providing Output Useable data under OC2 do so on the understanding that it is aggregated and individual Users are not identified. The effect of implementing P243 and F/09 may be to remove anonymity, thereby affecting the confidentiality of the data Users provide. We note that NGET is restricted by its licence and relevant industry codes in respect of the use that it makes of User data submitted to it. We would expect NGET to ensure that it has appropriate permission from Users (on a collective or specific basis) before it publishes availability information in a format that removes anonymity.

Another respondent was concerned that F/09 places reporting requirements on it as an external interconnector, in terms of the frequency with which data must be submitted and the format for submission, which cause some practical difficulty. We note, after further enquiries by us, that NGET is discussing with this User how best to implement the obligation to report Output Useable data should F/09 be approved. We do not regard this issue as having a material impact on the approval of F/09.

Decision notice

In accordance with Standard Condition C14 of NGET's Transmission Licence, the Authority, hereby approves change proposal Grid Code F/09: "Grid Code changes relating to BSC proposal P243: Extension of OC2 obligations to include Interconnector Owners".

**Stuart Cook
Acting Senior Partner, Transmission and Governance**

Signed on behalf of the Authority and authorised for that purpose