

Amendment proposal:	System Operator ("SO") – Transmission Owner ("TO") Code ("STC") CA042: Offshore Transmission System Compliance and Testing		
Decision:	The Authority ¹ has decided to approve this proposal ²		
Target audience:	National Grid Electricity Transmission PLC (NGET), Parties to the STC, Bidders and prospective bidders to the offshore tender process and other interested parties		
Date of publication:	16 August 2011	Implementation Date:	23 August 2011

Background to the amendment proposal

At Go Active³, the Secretary of State introduced changes to the STC to define the minimum technical, design and operational performance criteria for offshore transmission at the interface point between an offshore transmission system and an onshore system.

On the recommendation of the Offshore Transmission Grid Code subgroup⁴, the requirements set out in Section K of the STC were designed to reflect the requirements defined in the Connection Conditions (CC) in the Grid Code , including:

- Reactive power capability to be delivered
- Performance requirements for voltage control
- Fault ride through capability
- Management of system frequency, and
- Power quality requirements.

Section K of the STC places an obligation on an Offshore Transmission Owner (OFTO) to ensure their transmission system meets the requirements set out in Section K.

The proposed Amendment

The proposer (NGET) raised CA042 in September 2010.

The proposed amendment would amend the STC to require an OFTO to demonstrate compliance with Section K of the STC and provide for parties to co-operate in assessing that compliance. The proposed amendment to the STC does not address the detail of the process that will apply to the parties but rather sets out the high level requirements to facilitate the assessment of compliance.

The proposed amendment would also amend the STC to allow the disclosure of technical information to a Transmission Owner. This information is a subgroup of 'Transmission Information'.

To ensure the National Electricity Transmission System Operator NETSO applies the Grid Code requirements equally to all power stations, generators are required to

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 Go Active; the Commencement of Sections 90 and 91 of the Energy Act 2004. Commencement occurred on 24 June 2009.

⁴ A group formed of industry participants to review the Grid Code for application to offshore transmission. Further information can be found at <http://www.ofgem.gov.uk/Networks/offtrans/sf/gc/Pages/Gc.aspx>

demonstrate compliance with the requirements of the CC in the Grid Code. We note that this requirement is set out in a procedure that sits outside the Grid Code⁵. The proposer considers that the proposed amendment ensures continued consistency between the obligations whether placed on a generator, under the Grid Code and associated documents or an OFTO, under the STC.

In the proposer's view, CA042 would better meet a number of the STC Applicable Objectives, namely:

1. the efficient discharge of their licence obligations by transmission licensees (Applicable Objective (a))
2. development, maintenance and operation of an efficient and economical transmission system (Applicable Objective (b)) and
3. protection of security and quality of supply standards and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees (Applicable Objective (d))

Responses to the STC Committee consultation

The STC Committee undertook an Assessment and Report consultation on CA042. All the existing STC Parties responded indicating that there would be no impact on their systems and no cost would be involved in implementing CA042.

A number of OFTOs/prospective OFTOs raised initial concerns with the proposed amendment through their consultation responses. We note from the OFTOs' view, set out in the final Amendment Report that the OFTOs are now supportive of the proposed amendment.

There was some concern raised by an OFTO in its consultation response that the process for the development of the proposed amendment began before the OFTO Parties had acceded to the STC and that the concerns of OFTOs had not been considered. The OFTOs' view as set out in the final Amendment Report reflects that the process and rationale for the development of CA042 has been explained and is now fully understood by the OFTOs and that the detail within STC procedure (STCP) 19-5 will provide visibility of the requirements upon OFTOs.

Concerns were also raised as to the inequitable treatment between Offshore and Onshore Transmission Owners but that respondents (OFTOs) intend to raise this issue in a separate forum. We note that the changes to the STC made at Go Active, including the inclusion of the requirements set out in Section K of the STC, were fully consulted on before the change was made by the Secretary of State.

STC Committee⁶ recommendation

The STC Committee considered the draft final Amendment Report at its meeting in June 2011. The STC Committee recommended that CA042 should be implemented with an implementation date five business days after the Authority's decision. The Committee agreed with the proposer that CA042 would better facilitate STC Applicable Objectives (a), (b) and (d).

⁵ Grid Code amendment A/10 proposes to incorporate this assessment into the Grid Code.

⁶ The STC Committee is established and constituted from time to time pursuant to and in accordance with section B6 of the STC.

The Authority's decision

The Authority has considered the final Amendment Report for CA042, including the proposed legal text, submitted on 21 July 2011 and the responses to the CA042 consultation. The Authority has concluded that:

1. implementation of the amendment proposal would better facilitate the achievement of the applicable objectives of the STC;⁷ and
2. directing that the amendment be made is consistent with the Authority's principal objectives and statutory duties.⁸

Reasons for the Authority's decision

Having considered the Amendment Report in the context of the applicable STC Objectives and our statutory duties, the Authority considers that CA042 would better facilitate the achievement of the following applicable STC objectives:

Applicable Objective a (efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act)

Putting an obligation on the relevant parties to work together and provide clarity on the assessment requirements to demonstrate compliance with the technical performance requirements of the offshore transmission system, it should help to facilitate efficient discharge of obligations on transmission licensees.

Applicable Objective b (development, maintenance and operation of an efficient and economical transmission system)

Section K of the STC requires that the offshore transmission assets meet minimum technical, design and operational performance criteria for an offshore transmission system at the interface point. By sharing additional technical information related to these assets and by setting out a process to demonstrate compliance with these technical requirements it should support the process of developing an efficient and economical transmission system.

Applicable Objective d (protection of security and quality of supply standards and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees)

Allowing NETSO to have oversight and evidence of the assessment of compliance as to whether the offshore transmission assets satisfy the criteria set out in section K of the STC, will give further assurance that the transmission assets are fit for purpose as part of the national electricity transmission system (NETS).

We note the concerns raised in the initial stages of the development of the proposed amendment. We note that a number of OFTOs have acceded to the STC since CA042 was proposed and that the STC Committee now includes OFTO Representatives, nominated under the STC governance procedures, and who are representative of OFTOs

⁷ As set out in Standard Condition B12(3) of NGET's Transmission Licence, see: <http://epr.ofgem.gov.uk/index.php?pk=doc176694>

⁸ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

collectively. We also note the further work the STC Committee has undertaken in hosting an informal meeting to explain the proposed amendment. We consider that OFTOs have been consulted on the development of the proposed amendment as reflected in the consultation responses and the final Amendment Report.

We note that this proposal does not have an impact on the requirements for an offshore transmission system set out in section K of the STC but rather places an obligation on an OFTO to demonstrate compliance with those requirements.

We note that the NETSO assesses compliance with the Grid Code requirements of generators with which it has contracts, both during the commissioning of new plant and throughout the operational life of existing plant. We consider that the obligation on the OFTO to demonstrate compliance with Section K of the STC should take account of any generator assessment of the same technical requirements and not result, unnecessarily, in OFTO/NETSO undertaking an assessment that has already been undertaken by NETSO/an offshore generator.

Legal text

We note the legal text provided in the final Amendment Report to reflect the changes to be made to Section K of the STC. We note a minor discrepancy in the text provided, which amounts to a housekeeping error, in K1.1⁹. We do not regard this discrepancy as significant enough to prevent the approval of the proposed Amendment but would advise NGET to address this matter as soon as possible after implementation of the Amendment.

Decision notice

The Authority has decided to direct that Proposed Amendment STC CA042 'Offshore Transmission System Compliance and Testing' should be approved.

Mark Cox
Associate Director, Offshore Transmission

Signed on behalf of the Authority and authorised for that purpose

⁹ The use of 'and' should occur after K1.1.7, and there should be a full stop after K1.1.8.