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Dear Sheona

Impact Assessment and Consultation on GSR009 'Minimum transmission capacity requirements in the SQSS'

Thank you for the opportunity to respond to this impact assessment. This response is provided on behalf of National Grid Electricity Transmission plc (NGET). NGET owns the electricity transmission system in England and Wales and is the National Electricity Transmission System Operator. We will provide a summary of the key points of our response in the main body of this letter, whilst detailed answers to the questions posed in the consultation have been included in Appendix 1.

We are pleased that you recognise the advantages of the proposed assessment methodology developed under GSR009. A large degree of effort and analysis went into developing a process which addresses diverse and emerging requirements into a security standard. We agree that codifying the Security and Economy approaches within the SQSS has significant advantages in clarifying the economic treatment of intermittent generation within Chapter 4 of the SQSS in a more transparent manner. As such, this methodology provides a clear 'first pass' analysis of transmission requirements.

We note that, whilst the proposed approach could appear simplistic to some, it has been established on the basis of detailed robust cost benefit analysis. We believe that presenting this approach in a transparent and simple manner is an improvement over the current arrangements by providing greater visibility of internal process, whilst still maintaining flexibility for transmission operators to optimise significant investments based on more detailed analysis.

In conclusion, we look forward to working with the new proposals subject to their endorsement following the outcome of this impact assessment and consultation.

If you would like to discuss any of these points further, please do not hesitate to contact me or Paul Plumptre (phone 01926 653424).

Yours sincerely

[By e-mail]

Paul Whittaker
UK Director of Regulation

Appendix 1 - Detailed Responses

Question 3.1: “Do respondents support the proposed dual criteria approach?”

National Grid is fully supportive of this proposal. In general, we feel this proposal treats intermittent renewable generation investment such as wind in an effective manner, through the provision of an optimisation mechanism to identify the appropriate timing and location for network reinforcement.

National Grid agrees that the proposed approach is a more proportionate methodology developed to establish a solution closer to the optimum design, allowing for more detailed analysis of significant system developments.

Question 4.1: “Do respondents consider that we have identified, and where appropriate, quantified the impacts of the GSR009 proposal?”

National Grid is confident that the SQSS working group responsible for developing GSR009 carried out a comprehensive and robust evaluation around these proposals. The proposals in GSR009 may have some material effect on the network design process, however we feel the major impacts have been largely evaluated and outlined in the RIA.

Question 4.2: “Do respondents consider that there are any additional impacts that we have not fully considered?”

Whilst National Grid has analysed this proposal against the typical scenarios, we recognise that this is a developing area and the proposed approach will allow future refinement of plans as evidence emerges. As the volume of intermittent generation becomes significant, it is likely to present some complex design and operational issues overtime, which may have an impact on investment and operational costs in the longer term.

We recognise the parallel development of charging arrangements under the TransmiT SCR. The charging model developed by National Grid to better reflect the characteristics of users under an improved ICRP methodology is consistent with the proposed GSR009 methodology.

Question 4.3: “Do respondents wish to present any additional analysis that they consider would be relevant to our assessment of the GSR009 proposal?”

The proposal provides, in addition to the security criterion, an economic perspective for the assessment of future transmission design. We believe that this needs to be established for a period of time before any further changes or revisions are made. As the industry gains experience of applying these new proposed minimum standards, the need for further developments can then be considered. It would be reasonable to expect that transparency and flexibility will be a prerequisite for future power system design.