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Your Ref:

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Date: 2nd Aug 2013
Contact: Alan Kelly
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Dear James,

Open Letter: Proposed Income Adjusting Events submitted by National Grid Electricity Transmission in relation to the 2011-13 Electricity System Operator Incentive Scheme – Smeaton and Strathaven FMJL works

This response is from SP Transmission Ltd ("SPT") the onshore Transmission Owner ("TO") for the South of Scotland. As a TO we are required under our transmission licence to comply with the System Operation – Transmission Owner Code ("STC") and to make available our transmission assets to National Grid Electricity Transmission ("NGET"), the System Operator (SO). We also must ensure that we develop an economic, efficient and coordinated onshore transmission system. We welcome the opportunity to respond to this consultation in which we have specifically focussed on the background relating to the outages at Smeaton and Strathaven. **These outages were essential to resolve the significant safety issues for staff and the general public posed by the risk of failure of FMJL current transformers at Smeaton.**

SP Transmission Ltd responded to the disruptive failure of a number of FMJL type current transformers (CT's) in 2009/10 by identifying where we had such assets connected to our system and applying an SOP (Suspension of Operational Practice) accordingly. Appropriate plans were developed and agreed with the SO to facilitate the removal of all FMJL CT's from our network, on a risk based programme with those identified as being at highest risk to be removed first. The assessment of risk was developed with NGET and the Energy Networks Association (ENA) using a moisture identification methodology. These plans were including in the year ahead outage plans agreed with the SO. However, a catastrophic failure of a customer's FMJL CT in early 2012 demonstrated that the initial safety assessment and replacement programme was no longer adequate. The ENA report on the latest failure stated "All units of this design are therefore considered to be at serious risk of failure without any warning signs." Accordingly, SPEN issued an updated SOP on all affected FMJL current transformer prioritising their replacement due to safety and security implications. The presence of FMJL CTs at Smeaton presented an unacceptable risk to public safety given the location of the site. This required a number of units to be switched out of service until replacement could be carried out.

The progress of the work to complete the revised replacement programme was also impacted by the nature of the safety mitigation measures. Detailed onsite assessment was not possible due to the conditions of the SOP which limited access for inspection. In respect of the FMJL CT's at Smeaton,

close inspection of the concrete foundations and steel structures supporting the CT's once the outage was taken highlighted these were unsuitable for mounting the replacement units. This was, and could only be, identified once the assets themselves were switched out. The consequence of this was to extend the anticipated outage period.

SPT worked effectively with the SO during the outage programme to identify and implement mitigating actions to limit the impact of these outages in attracting constraint costs. This included, for example, the early return of the Smeaton bypass route.

SPT agree that the nature and timing of the actions required to manage the safety and operational risk posed by the CT's at Smeaton and Strathaven have resulted in an income adjusting event for NGET as SO. We agree with NGET that these can be considered as one event as it was a common issue at multiple sites that resulted in the remedial work becoming urgent and interactive. SPT had no choice but to take these outages due to the safety risk to both public and staff.

The outages associated with resolving the FMJL issue cannot be looked at in isolation. This work has to be taken in context with the large capital programmes being delivered by the two Scottish transmission owners and the changing generation profile on the Scottish network. Delays to these wider works will delay the increased capability they provide the SO to manage constraint costs.

SPT are fully committed to supporting the SO to deliver effective system management and consider the RIIO-T1 Network Access Policy, jointly developed between the Scottish TO's and NGET, will help ensure the right processes are in place to fulfil this commitment. Indeed the management of the outages at Smeaton and Strathaven were used to trial the processes documented in the NAP.

I hope that this is helpful, but please contact me if you would like to discuss any of the points made.

Yours sincerely,

Alan Kelly
Transmission Policy Manager