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Dear Catherine

OFFSHORE ELECTRICITY TRANSMISSION: CONSULTATION ON IMPLEMENTATION OF THE GENERATOR COMMISSIONING CLAUSE IN THE ENERGY BILL 2012-13

National Grid Electricity Transmission plc (NGET) welcomes the opportunity to respond to the above Consultation. Under its Transmission Licence NGET has responsibility as the National Electricity Transmission System Operator (NETSO) in GB and as the transmission owner (TO) onshore in England and Wales.

As NETSO we have a crucial role in providing the interface between offshore transmission owners (OFTOs), onshore TOs and offshore generators. Also we are affected, as the TO in England and Wales, by the offshore transmission networks developed under the OFTO regime that interface with our transmission system. As such, NGET has supported Ofgem in some detail in the development of the proposals within this consultation, and is supportive of the positions reached to date.

We have specific responses in relation to the questions that Ofgem has raised in the consultation which we have set out in the appendix to this letter. This response is on behalf of NGET and is not confidential.

If you would like to discuss any of the points we have raised or have any questions regarding them, then in the first instance please contact Jackie Mesnard (jackie.mesnard@uk.ngrid.com or 01926 656297).

Yours Sincerely,



MATT GOLDING
Head of Commercial Frameworks - Electricity

**FOR AND ON BEHALF OF
NATIONAL GRID ELECTRICITY TRANSMISSION PLC**

APPENDIX 1

CHAPTER 2

Question 2.1: Do you agree with our proposal to split the ION into an ION Part A and ION Part B? Please provide reasons to support your answer

We agree. Splitting the current Interim Operational Notification (ION) into Part A and Part B for offshore Generator Build projects, has the advantage of building on the established process for NGET when issuing an 'ION with no TEC' (ie, in situations where onshore reactive compensation assets are ready to be commissioned ahead of the offshore assets), and aligning this into the full governance of the Grid Code. This proposal provides a clear distinction of the compliance activities in respect of the offshore generation assets at the Connection Site (ie, ION B) and the offshore transmission assets between the Connection Site and the Interface Point (ie, ION A)

In addition, this approach provides a Preferred Bidder with greater transparency, as the ION Part A would convert to an ISKN (Interim Section K Notification) in accordance with the System Owner-Transmission Owner Code (STC) once an OFTO is appointed.

Question 2.2: Do you agree with our assessment of the options for the completion notice trigger point? Please provide reasons to support your answer

We agree that the four options presented in the consultation are all viable points at which NGET could issue a formal instrument to the developer, and we agree with the assessment of each of these options.

Question 2.3: Do you agree that ION Part B represents the best trigger point for the completion notice? Please provide reasons to support your answer.

We agree. The chosen option must be clear and unambiguous for both the developer and NGET, and be able to be applied irrespective of project type, scale or technology. As such, the trigger point needs to be event based, and the basis for such event must be accessible by NGET on an indisputable, independent basis. This will enable NGET to be in a position to ensure equitable treatment to each developer/project.

ION Part B applies to all projects, is event based, and is the last point in the commissioning process at which NGET issues an instrument before any power can flow over the offshore transmission system onto the NETS; and can be considered the first point when the offshore system is technically ready and available for use as defined in the Generator Commissioning Clause.

Please note that we do not believe Option 3 (the lifting of the 20% restriction in ION Part 3) is an appropriate trigger point for the completion notice. Our reasoning is that the voltage control test required for the lifting of the 20% restriction may be carried out before an ION Part B is issued (after an ION Part A is issued), when all the reactive control assets are available onshore, i.e. when ION Part B is issued the 20% restriction may already be removed.

Question 2.4: Are there any other points in the commissioning process that you feel we haven't considered in the options above that would be a more appropriate point for triggering the completion notice? Please provide reasons to support your answer.

As noted in the consultation, an Energisation Operational Notification (EON) and ION are issued by NGET at the beginning of the process when the developer has demonstrated 'offline' compliance with the next stage of commissioning. Currently, there is no certification besides a Final Operational Notification (FON), for demonstration of compliance at the completion of a particular stage. We recognise that developers may wish to have greater flexibility to respond to issues that arise in the commissioning process before the trigger of the completion notice. This point was discussed in the consultation when assessing Option 3, but for the reasons given previously we do not believe Option 3 would achieve this flexibility.

However, developers who have more experience of these types of issues may be in a position to provide an alternative to Option 2 or Option 3, and we would welcome the opportunity to understand these in more detail. As already noted in Question 2.3, when considering any alternative options, NGET has the following key considerations that should be taken into account when deciding on a trigger point; it should be:

- a) tied to a specific event within the project development that is accessible to NGET,
- b) able to be applied to each project in a consistent way, and
- c) consistent with and aligned as far as possible with existing onshore commissioning process

CHAPTER 3

Question 3.1: Do you agree that the proposed approach, that projects in flight be issued a completion notice when the code and licence modifications take effect and full commencement has occurred, is the most appropriate approach for such projects? Please provide reasons to support your answer.

We agree. The issue of a Completion Notice at the pre-defined single point proposed within the consultation, for those projects in flight, will provide a transparent timescale for the commissioning period. This aligns with the intent of the clause and will apply to projects that will have already passed the point at which they are available for use, ie already exporting MW. This is consistent with the treatment of all other projects that will be subject to the Energy Bill clause, and provides no less time than that given to these projects.

Question 3.2: Do you consider any other possible approaches we have not outlined would be a more suitable solution for projects in flight? It should be noted that options are limited by the scope of the Clause.

We have no further comments to add.

CHAPTER 4

Question 4.1: We invite comments on all aspects of the proposed drafting provided in Annex 1. In particular, do you agree that the proposed licence modifications adequately implement the provisions in the Clause and our proposals set out in this document? Please provide reasons to support your answer.

We consider that the drafting to be inserted in paragraph 8 of Condition C25 achieves the aim of triggering the obligation on the licensee to issue a completion notice when the generator connected to

the offshore transmission system in question is permitted to generate under the Grid Code and that this is the correct approach for commencing the exception.

However, we do have concerns about: (i) placing of the associated definition of "completion notice" in Condition A1 (Definitions and interpretation) as we consider that this would better be placed in a new paragraph 12 of Condition C25 since this definition is only used in that condition; and (ii) we are concerned that the changes to the definition of "offshore transmission system" in Condition A1 may have unforeseen/unintended consequences in other conditions where that defined term is used and therefore we consider that this definition should also be placed in a new paragraph 12 in Condition C25 and amended to read "'offshore transmission system" means, for the purpose of this condition only....".

Question 4.2: Do you consider there are other licence modifications that are needed to implement the Clause? If so, please provide details.

See comments above.

CHAPTER 5

Question 5.1: In addition to the specific questions in Chapter 2 of this document, we invite comments on all aspects of the proposed drafting provided in Annexes 2 and 3. In particular, do you agree that the proposed code modifications adequately implement the provisions in the Clause and our proposals set out in this document? Please provide reasons to support your answer.

We agree. As noted in the consultation document, the proposed changes have been deliberately limited to those that are considered appropriate for the implementation of the Clause.

Question 5.2: Do you consider there are other code modifications that are needed to implement the Clause? Please provide evidence to support your answer

See comments above.