

## Regulation and Policy

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## Offshore Electricity Transmission: Consultation on implementation of the Generator Commissioning Clause in the Energy Bill 2012-13

Dear Catherine,

Thank you for the opportunity to comment on your consultation in relation to implementation of the Generator Commissioning Clause in the Energy Bill 2012-13. We are very pleased to be able to provide our perspective on the commercial as well as the technical implications of the proposed solution. This response is provided on behalf of RWE Renewables Limited a fully owned subsidiary of RWE Innogy GmbH.

We believe that an 18 month period which is triggered on the issue of an ION part B and associated completion notice, may not provide sufficient time to prove the assets and complete the transfer to the incoming OFTO. We recognise that the 18 month commissioning period cannot be varied now that it is imminently due to be enshrined into primary legislation. However, we do believe that safeguards should be put in place to ensure that assets are not left stranded if they should encounter insurmountable issues during the commissioning period.

We believe that this issue should be considered in parallel with improvements to the overall tender process. We believe that the tender process should be as efficient and commercially balanced as possible in order to alleviate some of the risks associated with a firm transfer date. One way of doing this may be to adopt a competitive dialogue type process (please see appendix to Renewable UK response for more details). This would help to reduce the time taken from the appointment of the preferred bidder to asset transfer and in turn help to address some of the commercial risks associated with protracted commercial negotiations in conjunction with a firm transfer date. As a generator, we feel that the risks sit heavily with the generator because we would not be able to transmit power without a licence and would be unable to recover our costs if we could not reach agreement with the OFTO. This may compromise our ability to negotiate in the later stages of the commercial negotiations.

Many of the round one projects have taken considerably longer to reach asset transfer than 18 months from what would have been the ION B issue date. It is worth noting that for round three projects, any technical issues which do occur are likely to be more challenging to resolve. We believe that any significant failure or performance issues for such projects are unlikely to be resolved in 18 months given recent examples of projects on a similar scale. This risk is very significant

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for offshore wind developments and without suitable mitigation, could be prohibitive to achieving investment decisions for future projects.

We believe that a later trigger point would help to reduce the risks associated with a firm long stop date for asset transfer but this would not remove the risk altogether. We therefore suggest that alternative models are considered which allow further flexibility in relation to the implementation of the generator commissioning clause. We believe that a balance needs to be struck between the underlying drivers of the third package and the need to implement these measures in a balanced way. As a generator, we are strongly incentivised to transfer our assets as soon as possible to the OFTO in order to recover our upfront costs. However we believe that to compromise our commercial ability to negotiate would jeopardise the underlying commercial drivers of the whole regime.

We agree with Ofgem that where there is more than one stage, the completion notice should be issued when the last stage reaches the proposed completion notice trigger point. Our preferred solution would be for the trigger point to begin from the stage at which the GEP begins generation at greater than 20% output. This would ensure that a reasonable load level can be demonstrated in relation to protection system stability, control system stability, voltage control scheme performance, tap change operation etc. 18 months from this point onwards would ensure that technical issues were not insurmountable and commercial negotiations could then take place in a reasonable timescale without undue commercial disadvantage to either party.

Whilst our proposed trigger point is not currently linked to ION 'A' or ION 'B', we would like to suggest changes to the proposed Grid Code text, which we believe will fulfil three useful purposes:

1. Reasonably link the need to issue ION 'B' to the point at which a PPM would wish to increase output above 20%
2. Remove the inference that the issue of the ION 'A' does not allow the plant to be 'Operational' yet requires the plant to be capable of (and even provide) voltage control; the latter of which is not a Grid Code obligation below 20% Active Power output.
3. Maintain the necessary hold point for NGET to obtain surety that plant performance is adequate

We do not believe this proposal provides a full and complete solution to the linking of the ION 'B' to the completion notice, alone. However, if the ION 'B' was further issued on a per PPM basis, the final ION 'B' for the last PPM could be utilised to trigger the completion notice. We believe this 'splitting' of the ION 'B' in this manner, would also match seamlessly the proposals made for the treatment of stages.

We include the suggested changes to Grid Code text in Appendix 'A'

Please do not hesitate to contact me if you require any further information in relation to our response.

Yours sincerely

Jeremy Gummow  
Grid Regulation Manager  
RWE npower renewables

## **RWE responses to individual questions**

### **Chapter: Two**

#### **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 that flexibility should be applied in the implementation process to ensure that the 18 month implementation period does not commence too soon and we recognise that the distinction between the provision of reactive and active power that the introduction of an ION B makes to try to address this issue. However, we believe that the best way to address this issue would be to issue the Completion Notice once the final GEP associated with a qualifying project reaches 20% output for the reasons set out below.

#### **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 do not believe that Ofgem has adequately considered all of the options for the completion notice trigger point. We propose a solution below which we believe best meets the issues surrounding the appropriate trigger point.

#### **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 do not believe that the ION part B provides the best trigger point because we believe that this would not provide sufficient process flexibility and may jeopardise our commercial ability to negotiate if there are technical or commercial issues still outstanding at the end of the 18 commissioning period.

#### **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.**

Our preferred solution would be for the trigger point to occur once the final GEP associated with a qualifying project reaches 20% output This would provide a reasonable load level to provide a meaningful test of the transmission assets in relation to protection system stability, control system stability, voltage control scheme performance, tap change operation etc.

Ofgem's alternative option (option 3), to issue the Completion Notice on completion of the pre-20% voltage control test does not offer any additional comfort to the generator verses issuing the Completion Notice at ION B. It has been necessary on many sites to date to undertake the pre 20% voltage control tests in advance of ION B, i.e. in order to facilitate compliance with the grid code once the highly capacitive export circuits are switched into service. It is in all parties interest to do this test early to facilitate the immediate use of the voltage control system & to prove the assets at the earliest opportunity.

### **CHAPTER: Three**

#### **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 that completion notices should be issued for all projects in flight on a common basis to ensure certainty and proportionate treatment of such projects (once code and licence modifications have come into force and full commencement has occurred so that all completion notices are issued at the same time). We also agree that it would not be appropriate to retrospectively apply the process in any way.

**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.**

No - we are happy with the approach proposed by Ofgem. However, we would note that the same concerns would apply to such projects where insurmountable issues occur during the commissioning period as set out above.

#### **CHAPTER: Four**

**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 would like to see our preferred solution set out above reflected in revised drafting of the transmission licence, the CUSC and the Grid code. We have set out below how the grid code could be amended to reflect our proposal.

It is very important that the drafting of the codes fully reflects policy intent. The current drafting of the transmission licence set out in annex 1 seems ambiguous because it relies on the CUSC to fully explain the intent of the proposal.

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

We believe that the completion notice should be issued once the final GEP associated with a qualifying project reaches 20% output for the reasons set out above. This should be clearly stated as the trigger point for the completion notice in the transmission licence.

#### **CHAPTER: Five**

**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.**

No response

**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.**

## Appendix A: Amendment to proposed Grid Code wording

CP.6.6.3 The Interim Operational Notification will include the following limitations:

- (a) In the case of OTSUA, the Interim Operational Notification Part A permits Synchronisation of the dynamically controlled OTSUA to the Total System initially only for the purposes of control of **Reactive Power** and not for the purpose of exporting **Active Power**. The restriction on **Active Power** export will apply until the dynamically controlled OTSUA has demonstrated to the reasonable satisfaction of **NGET** the capability to maintain the **Reactive Power** at the **Interface Point** to within 5% of **Interface Point Capacity**, in accordance with CC.6.3.2(c).
- (b) In the case of a Power Park Module the Interim Operational Notification (and where OTSDUW Arrangements apply, this reference will be to the Interim Operational Notification Part A) will limit the proportion of the Power Park Module which can be simultaneously Synchronised to the Total System such that neither of the following figures is exceeded:
  - (i) 20% of the Registered Capacity of the Power Park Module (or the output of a single Power Park Unit where this exceeds 20% of the Power Station's Registered Capacity); nor
  - (ii) 50MWuntil the Generator has completed the voltage control tests (detailed in OC5.A.3.2) (including in respect of any dynamically controlled OTSUA, which did not conduct voltage control tests under part a) above) to NGET's reasonable satisfaction. Following successful completion of this test each additional Power Park Unit should be included in the voltage control scheme as soon as is technically possible (unless NGET agrees otherwise).
- (c) In the case of a Power Park Module with a Registered Capacity greater or equal to 100MW, the Interim Operational Notification (and where OTSDUW Arrangements apply, this reference will be to the Interim Operational Notification Part B) will limit the proportion of the Power Park Module which can be simultaneously Synchronised to the Total System to 70% of Registered Capacity until the Generator has completed the Limited Frequency Sensitive Mode control tests with at least 50% of the Registered Capacity of the Power Park Module in service (detailed in OC5.A.3.3) to NGET's reasonable satisfaction.
- (d) In the case of a Synchronous Generating Unit employing a static Excitation System the Interim Operational Notification (and where OTSDUW Arrangements apply, this reference will be to the Interim Operational Notification Part B) may if applicable limit the maximum Active Power output and reactive power output of the Synchronous Generating Unit or CCGT module prior to the successful commissioning of the Power System Stabiliser to NGET's satisfaction.