

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

Annex 1

Statutory consultation on the proposed modifications to the electricity transmission licence

24 January 2014

NOTICE UNDER SECTION 11A OF THE ELECTRICITY ACT 1989

The Gas and Electricity Markets Authority (the "Authority") hereby gives notice pursuant to section 11A(1)(b) of the Electricity Act 1989 ("the Act") as follows:

1. The Authority proposes to modify all electricity transmission licences ("the licence"), granted or treated as granted under section 6(1)(b) of the Act, by amending Standard Condition A1 (Definitions and interpretation) and Standard Condition C25 (Provision of information and assistance to the Authority in relation to applications requiring the appointment of an offshore transmission owner) as set out in the Schedule to this notice.
2. In summary, the effect of the licence modifications is:
 - a) To amend standard condition C25 to implement an obligation on National Grid Electricity Transmission plc ("NGET"), the National Electricity Transmission System Operator ("NETSO"), consistent with section 6G of the Act, to require NETSO to issue the Authority with a completion notice, in respect of a generator build offshore transmission system stating that it would be possible to transmit electricity over that system by making it available for use, on the date that export of power from the generating station connected to that offshore transmission system onto the national electricity transmission system ("NETS") is permitted by the NETSO, in accordance with the Connection and Use of System Code ("CUSC") (consistent with our minded to position that the trigger for the completion notice is ION B, issued in accordance with the commissioning process to be set out in the Grid Code);
 - b) To amend standard condition C25 that, if any electricity generated by the relevant generating station connected to that offshore transmission system has already been permitted to be transmitted over that offshore transmission system to onshore, implement an obligation on NETSO, consistent with section 6G of the Act, to require NETSO to issue the Authority with a completion notice notifying it that such as system is available for use within 10 working days of this modification coming into effect, and
 - c) To amend standard condition A1 to clarify that the offshore transmission assets built by the developer are not treated as forming part of the NETS until that system transfers to the relevant OFTO. This is consistent with our intention that such developers should not be exposed to all the obligations that would otherwise apply to an Offshore Transmission Owner ("OFTO") or Transmission Owner ("TO") carrying out the same activities. Once the offshore transmission system is owned or operated by an OFTO it will form part of the NETS.
3. The reasons why the Authority proposes these modifications is to implement the Generator Commissioning Clause in the current Energy Bill. Sections 6F and section 6G of the Electricity Act 1989 provide that generator developers can lawfully commission an offshore transmission system during a 'commissioning period' prior to transferring these assets to an offshore transmission licensee. The final 18 months of the commissioning period are triggered by NGET issuing a 'completion notice' to the developer in respect of an offshore transmission system. Detailed reasons are set out in our consultation "Offshore Electricity Transmission: Final consultation on the implementation of the generator commissioning clause in the Energy Bill 2012-13, published on our website today.
4. The relevant licence holder for the purposes of the modifications referred to in paragraphs 2(a) and 2(b) is National Grid Electricity Transmission plc.

5. Relevant licence holders for the purposes of the modifications referred to in paragraph 1 (c) are all holders of an electricity transmission licence with standard condition A1 in effect in their licence.
6. A copy of the proposed modification and other documents referred to in this notice are available on the Ofgem website (www.ofgem.gov.uk).
7. Any representations or objections to the proposed licence modifications must be made in writing on or before 21 February 2014 and sent in writing to:

Catherine McArthur
Office of Gas and Electricity Markets
3rd Floor
107 West Regent Street
Glasgow
G2 2BA

and by email to offshore.enduring@ofgem.gov.uk

8. All responses will normally be published on the Ofgem website and retained in the Ofgem Research and Information Centre. However, if a respondent does not wish its response or parts of its response to be published, it should clearly mark the response or the relevant parts 'not for publication'. Ofgem prefers to receive responses in an electronic format so they can be placed easily on the Ofgem website.
9. If the Authority decides to make the proposed modification it will take effect not less than 56 days after the decision is published

Min Zhu
Associate Director, Offshore Transmission
Authorised on behalf of the Authority
24 January 2014

Section A, standard condition A1: Definitions and interpretation

We propose to amend paragraph 1 of standard condition A1 for the purposes of implementing our preferred option as follows:

“offshore transmission system” means a ~~part of the national electricity~~ transmission system that is used for ~~the~~ purposes ~~connected with~~ ~~of~~ offshore transmission.

We propose to amend paragraph 8 of standard condition C25 to implement our preferred option as follows:

Condition C25: Provision of information and assistance to the Authority in relation to applications requiring the appointment of an offshore transmission owner

1. The licensee shall furnish to the Authority information relating to
 - (a) any application made under standard condition C8 (Requirement to offer terms) that would require the appointment of an offshore transmission owner;
 - (b) any agreement entered into under standard condition C8 (Requirement to offer terms) that requires the appointment of an offshore transmission owner, and
 - (c) any agreed variation to the contractual terms entered into under standard condition C8 (Requirement to offer terms) that requires the appointment of an offshore transmission owner.
2. The licensee shall submit to the Authority information equivalent to an application in accordance with the STC, made by the licensee to another licensee under paragraph 1 or of standard condition D4A, in respect of an application made under standard condition C8 (Requirement to offer terms) that requires the appointment of an offshore transmission owner.
3. The licensee shall provide to the Authority computer file(s) produced by the licensee that the licensee considers provides an appropriate representation of the national electricity transmission system, for the conditions on the national electricity transmission system relevant to each agreement notified pursuant to paragraph 1(b) and in sufficient detail to enable other parties to undertake offshore transmission system design work.
4. The licensee shall provide to the Authority information describing any other design options considered by the licensee that are relevant to each agreement notified pursuant to paragraph 1(b).
5. The licensee shall provide the information required under paragraphs 1, 2, 3 and 4 without specific request from the Authority and within 10 business days of the date of the application made or agreement entered into, under standard condition C8 (Requirement to offer terms).
6. The Authority may require the licensee to provide additional information as the Authority may reasonably require or as may be necessary, for the purposes of appointing an offshore transmission owner. The licensee shall agree with the

Authority an indicative timetable for additional information provision during a tender exercise.

7. The licensee shall provide the Authority with assistance in assessing offshore transmission system designs proposed during a tender exercise, equivalent to that provided to other STC parties in respect of an application in accordance with the STC. Such assistance may include (but is not limited to) the licensee:
 - (a) Carrying out an economic impact assessment of proposed offshore transmission designs;
 - (b) Assessing the impact of proposed offshore transmission designs that require a change to the assumptions made by the licensee in preparing the offer made under standard condition C8 (Requirement to offer terms); and
 - (c) Advising on any constraints relevant to the carrying out of the works necessary to connect proposed offshore transmission system designs to the national electricity transmission system.
8. (a) Where an offshore transmission system has not been constructed or installed by an offshore transmission owner:
 - (i) the licensee shall provide a completion notice to the Authority in respect of that offshore transmission system on the same date that any electricity generated by the relevant generating station connected to that offshore transmission system is permitted to be transmitted over that offshore transmission system onto the total system in accordance with the Grid Code; or
 - (ii) where, on or before [date the code and licence changes come into effect], any electricity generated by the relevant generating station connected to that offshore transmission system has already been permitted to be transmitted over that offshore transmission system onto the total system, the licensee shall provide a completion notice to the Authority in respect of that offshore transmission system within 10 business days from that date and the completion notice shall be issued by the licensee with effect from the same date for all such offshore transmission systems.
- (b) In all other cases, the licensee shall notify the Authority within 10 business days of the completion of any new offshore transmission system.
9. The licensee shall not be required by the Authority to furnish it under this condition with information for the purpose of the exercise of its functions under section 47 of the Act.
10. This condition shall not require the licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before a court.

11. The power of the Authority to call for information under this condition is in addition to the power of the Authority to call for information under or pursuant to any other condition. There shall be a presumption that the provision of information in accordance with any other condition is sufficient for the purposes of that condition, but that presumption shall be rebutted, if the Authority states in writing that in its opinion such further information is, or is likely to be, necessary to enable it to exercise functions under the condition in question.

“completion notice”

means a notice given by the licensee to the Authority in relation to an offshore transmission system stating that it would be possible to carry on an activity to which section 4(1)(b) of the Act applies by making available for use that system.