

Catherine McArthur
Enduring Regime Implementation
Ofgem
9 Millbank
London,
SW1P 3GE

24 February 2014

Dear Catherine,

Offshore Electricity Transmission: Consultation on implementation of the Generator Commissioning Clause in the Energy Act 2013

Thank you for the opportunity to respond to the above consultation of 24 January 2014.

We welcome the improved certainty around OFTO arrangements provided by the provisions in the Generator Commissioning Clause of the Energy Act 2013 and we are broadly comfortable with Ofgem's proposed approach to implementation.

Our answers to the specific consultation questions are set out in the attached annex. Our key points are as follows:

- We believe further analysis should be completed by Ofgem to fully investigate whether Option 1: ION Part B is indeed the best point at which to issue a completion notice. We continue to believe that it is too early – a point made by most developers responding to the earlier consultation – and consider that, given the 18 month commissioning period prior to OFTO transfer, Option 3: Active power export of greater than 20%, would provide a more robust process, avoiding risk and delay.

The 20% threshold is defined by NGET as part of the current grid compliance process and stipulates a requirement for voltage control tests to be completed. We consider it possible to develop solutions that would identify when 20% active power export in relation to the whole system has been reached.

- With regard to staged/phased projects, we would appreciate further clarification of the approach where there may be shared elements such as platforms and how this would be considered. We would also appreciate clarification of how phasing has been defined in order to avoid any confusion with arrangements proposed for the Contracts for Difference.

- We would also reiterate that consideration should be given to the implications of the proposed changes to the existing ION process for other mechanisms and processes that currently use, or will rely on, the existing ION (such as RO accreditation and CfD commissioning evidence) to ensure that there are no unintended consequences.

It is important to take account of risks around this evolving technology, so as to minimise the possibility that generator developers are unable to operate their assets pending resolution of OFTO issues. Such an outcome could have with adverse consequences for investor confidence and the success of OFTO bidding rounds. An appropriate degree of flexibility may therefore be required as the industry moves to Round 3, with appropriate adjustment in arrangements if required.

We would welcome the opportunity to discuss our response more fully with you and if you would like to do so, or if you require any further information from us, please contact me or alternatively Lindsay McQuade, Policy and Innovation Director at ScottishPower Renewables, on 0141 614 3101 (lindsay.mcquade@scottishpower.com).

Yours sincerely,

A handwritten signature in blue ink that reads "Rupert Steele". The signature is written in a cursive style and is positioned above a horizontal line.

Rupert Steele
Director of Regulation

**CONSULTATION ON IMPLEMENTATION OF THE GENERATOR
COMMISSIONING CLAUSE IN THE ENERGY ACT 2013
(OFFSHORE ELECTRICITY TRANSMISSION)**

SCOTTISHPOWER RESPONSE

Chapter 2: The Completion Notice Trigger Point

Question 2.1

Do you consider, based on the analysis presented, that Option 1: ION Part B is the best point at which to issue a completion notice in line with the requirements of the Clause? Please provide evidence in support of any other option.

We disagree with Ofgem's analysis and their view that Option 1: ION Part B is the preferred point at which to issue a completion notice in line with the requirements of the Generator Commissioning Clause. We note that of the seven developer responses on this subject, six considered that Option 1 was too early in the process. We would reiterate our view as stated in our response of 1 November 2013 that Option 3: Active power export of greater than 20%, should be relied on.

We note Ofgem's comment in Para 2.36 that "we have not seen sufficient evidence to indicate that active power export of greater than 20% would provide any additional assurance".

Our understanding is that the system is unable to demonstrate basic grid compliance and operational control until a minimal level of power is exported. The 20% threshold is defined by NGET as part of the current grid compliance process¹ and stipulates a requirement for voltage control tests to be completed. The compliance test also seeks to confirm the capabilities of the OFTO assets. With respect to ION for current offshore projects NGET explicitly link the 20% voltage test to the offshore transmission assets.

With regard to Para 2.37, we disagree with Ofgem's view and would note that the purpose of the voltage stability test is to validate the new grid assets as well as the generation assets; and is required to by NGET.

With regard to phased or stage projects, we appreciate the potential for additional complexity; however, we would consider that it is possible to develop solutions that would identifying when 20% active power export in relation to the whole system has been reached, namely:

1. The 20% export level point could be calculated by the summation of meters of the last stage when they exceed 20% of the TEC capacity limit for time period,
2. The developer advises that total rating plate capacity equivalent to 20% of TEC of the final stage has been connected.
3. National Grid advises that the 20% Voltage Control test is successful. On current projects until we successfully demonstrate voltage control we are prevented from exporting more than 20% of capacity. This test approval and allowance to export above 20% is subsequently given by NGET following satisfaction of relevant tests.

¹ <http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=28808>

We would also emphasise the benefit to both the generator and OFTO of Option 3 in that it provides greater assurance that the grid assets are technically capable prior starting the 18 month process.

Further, we would reiterate that consideration should be given to the implications of the proposed changes to the existing ION process for other mechanisms and processes that currently use, or will rely on, the existing ION (such as RO accreditation and CfD commissioning evidence) to ensure that there are no unintended consequences.

Question 2.2

Do you have any further comments about our minded-to completion notice trigger point?

We have no further comment regarding Ofgem's minded to position about the trigger point but remain concerned that it may pre-date when the OFTO assets have been fully tested to verify the necessary standard of reliability, particularly as developers move to Round 3 locations, further from shore and in deeper water, with projects increasing in size, complexity and innovation.

The generator developer will be sufficiently incentivised to complete the transfer to the OFTO as soon as possible given the considerable capital outlay that will have been made and the associated cost of capital charges. He will therefore seek to remedy any delay or fault as soon as possibly practicable. The arrangements must therefore allow sufficient time and flexibility to ensure assets are properly tested and transferred under reasonable terms.

We would propose that, should the generator developer be able to demonstrate that he has taken all reasonable and prudent steps to address the delay or fault, a defined remedy period should be provided for with appropriate dispensation from the relevant clause of the Electricity Act for that period, to facilitate the OFTO transfer.

Question 2.3

Do you feel that any further clarification is necessary to aid your understanding of how the Clause will work in practice for phased and /or staged projects? If so, please stipulate which points require further clarification.

Following Ofgem's presentation to support its minded-to position, we do not consider that further clarification is required to aid understanding of how the Clause will work in practice for phased and/or staged projects based on the example given in the consultation document.

We do however have questions on the finer details of how this would operate in practice with regard to any shared assets. In particular clarification of the following would be helpful:

- Can Ofgem advise if an Offshore Hub and Offshore Substation can be deemed as separate if sharing a platform?
- Can 2 offshore substations be located on a single platform?
- How does Ofgem view bridge links between platforms sharing services, would these be deemed as the same stage?

With regard to the terminology used by Ofgem, we would also seek clarification that there is consistency in definition of the terms “phasing” between these arrangements and the Contract for Difference to minimise confusion and ensure no unintended consequences.

Question 2.4

Do you consider that there are WNBI or GFAI projects that would create a need for us to consider further the implementation of the Clause at this stage?

At this stage, and given industry experience to date, we do not believe that further consideration of the implications of WNBI or GFAI is required. However, we would propose that a watching brief is maintained to ensure appropriate changes are made to how the Clause may be implemented as such projects develop.

Chapter 3: Implementation of the Generator Commissioning Clause

Question 3.1

Do you have any comments in relation to our minded-to position for implementation of the Clause in respect of projects in flight?

We agree with Ofgem’s minded-to position for implementation of the Clause in respect of projects in flight.

As previously highlighted in our related response, we believe that the proposed approach of issuing a completion notice when the code and licence modifications take effect and full commencement has occurred is pragmatic and reasonable for projects which have already passed the stage at which the completion notice would have been issued.

Chapter 4: Proposed Modifications to the Electricity Transmission Licence

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 transmission 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 have no comment regarding the proposed drafting

Question 4.2

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

We are not aware of further transmission licence modifications that would require to be considered to implement the Clause.

Chapter 5: Proposed Code Modifications

Question 5.1

We invite comments on all aspects of the proposed drafting provided in Annexes 1 and 2. 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 evidence to support your answer.

We have no comment regarding the proposed drafting.

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.

We are not aware of further code modifications that would require to be considered to implement the Clause.

ScottishPower

24 February 2014