



Making a positive difference  
for energy consumers

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Date: 29 August 2014

Dear Paul,

**Standard Condition 24 (Distribution System planning standard and quality of performance reporting) of Electricity Distribution Licence, P2/6 Derogation for Wigan Bulk Supply Point**

I am writing in response to your request for an extension until February 2015 of the existing derogation from the requirement under Standard Condition 24 of your Electricity Distribution Licence ("the Licence") to comply with Engineering Recommendation (ER) P2/6 for the Wigan Bulk Supply Point (BSP). We granted the initial derogation on 26 June 2009 ("the 2009 derogation") and it was in place until 31 January 2013. We granted an extension to this derogation until 31 August 2014 on 8 February 2013 ("the 2013 derogation").

Your request for a further extension was submitted to us<sup>1</sup> on 4 December 2013, updated by your report of 18 June 2014 and revised by your letter of 11 August 2014.

**Background**

In 2009 Electricity North West Limited (ENWL) identified a long standing issue of non-compliance with ER P2/6 at the Wigan BSP.<sup>2</sup> At the time, you considered that there was a possibility of voltage collapse on the 33kV system supplied from Wigan while the load at Wigan BSP was at or near its maximum. The Wigan BSP supplies approximately 52,800 customers. If voltage collapsed, all customers would lose supply until the load was restored in a staged manner. Some of the customers who could be affected are industrial customers for whom the interruption of their production processes could have a significant financial impact.

At this time you recognised that the delivery of a solution to this issue would take time to complete and applied to us for derogation from ER P2/6 until January 2013. In granting this derogation we required you to provide us with regular progress updates on the delivery of the long term solution.

In order to mitigate the risk of voltage collapse while a long term solution was being completed, you installed an anti-voltage collapse load reduction scheme at the Wigan BSP. This is designed to automatically shed load for specific contingencies. To minimise the

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<sup>1</sup> The term "Authority", "Ofgem" "we" and "us" are used interchangeably in this document.

<sup>2</sup> The maximum load at the Wigan BSP at the time was 105.8MW at 0.95pf. ER P2/6 requires that 90.35MVA should be supplied for a First Circuit Outage (FCO). ENWL estimates that only 72MVA is secure for an FCO resulting in a shortfall from the P2/6 standard of 18.35MVA. According to ENWL, the demand at the Wigan BSP exceeded 72MVA for approximately 35% of the time.

number of customers affected, this load is only disconnected when the voltage falls below a preset level.<sup>3</sup>

The long term solution to restore compliance involved the construction of a new BSP at Orrell and the transfer of load from the Wigan BSP to it via a new 132kV circuit. This new 132kV circuit will be connected at a Grid Supply Point (GSP) at Kirkby, Merseyside. The proposed 132 kV circuit is predominately an overhead line, for which consent by the Secretary of State for Energy and Climate Change is required under section 37 and Schedule 8 of the Electricity Act 1989 (EA). This network reinforcement was due to be completed by January 2013, subject to the granting of the required consents.

You applied to the Department of Energy and Climate Change (DECC) for consent in September 2007<sup>4</sup> and February 2010 and concurrent applications were also made to Knowsley, St Helens and Wigan Councils. Knowsley and Wigan Council Planning Committees had given their approval with no objections to the application by mid-2008, while St Helens Council had given conditional approval to the application subject to DECC's screening report on the impact on population levels of the Pink Footed Goose in the area. DECC published its final report in June 2012.

Your June 2012 progress report noted that the reinforcement project would not be completed by the derogation expiry date due to the time taken to complete the section 37 EA consent process. In December 2012 you therefore applied to extend the derogation until 31 August 2014, which we granted. On 27 March 2013 you received the Secretary of State's consent and compulsory wayleaves.

### **Current application**

On 4 December 2013, you wrote to us requesting a further extension to the derogation until 30 November 2014. You gave the following reasons for not being able to meet the 31 August 2014 deadline:

- the Secretary of State's section 37 EA consent and compulsory wayleaves required you to discharge certain conditions. Discharging these conditions led to delays in the project timelines; and
- you experienced difficulties in reaching agreement with suppliers on contractual assurances, which delayed the start of on-site activities and also affected project timelines.

While considering the request, we received your progress update on 18 June 2014. This confirmed that separate sub-contractors had been appointed to construct the overhead line and underground cable elements of the 132kV circuit from Kirby GSP to the new 132/33kV substation at Orrell and that both contractors had commenced construction. The new 132/33kV substation at Orrell had been substantially completed, including all substation civil works, installation of two grid transformers, installation of the 33kV switchgear, and the diversion of all circuits onto the switchgear. Final commissioning work was expected to be completed when the 132kV circuit is connected.

However, you stated that a routine test of Wigan Grid Transformer 1 (GT1) in April 2014 had identified a fault which led to a decision to replace Wigan GT1 immediately. The outages required to facilitate the replacement of Wigan GT1 would also affect the commissioning of the Orrell substation. A report on 11 August 2014 confirmed that the replacement Wigan GT1 had now been commissioned and the first Orrell GT would now be energised by the end of October 2014. You will then carry out the necessary reconfiguration of the 132kV network and commission the second Orrell GT by mid

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<sup>3</sup> In this case, 85% of nominal voltage.

<sup>4</sup> The project to establish the new Kirkby GSP, the new Orrell BSP and the 132kV overhead line circuit were already at an advanced stage in 2009 due to a previously identified derogation (Washway Farm), which in the interim had become P 2/6 compliant due to reduced load on that network.

December 2014. Final network reconfiguration to complete the overall works will then take place and be completed by February 2015. You have accordingly requested that the derogation be extended until 28 February 2015.

We note that the currently projected completion date is 24 months after the date originally expected. We note that approximately 18 months of this appears to be due to delays in receiving the Secretary of State's consents; four months can be attributed to compliance with the consent conditions, and contractual issues with contractors; and two months can be attributed to unanticipated need to replace Wigan GT1.

### **The Authority's Decision**

We have considered your request for an extension to the existing derogation in accordance with our principal objective and statutory duties and in light of the additional information you provided in December 2013, June 2014 and August 2014. We have considered, in particular, those factors set out in our 'Guidance on licence derogation requests'<sup>5</sup> and note that you are pursuing a long term solution to resolve this non-compliance. We note also that the works required to comply with ER P2/6 are now planned to be completed by February 2015.

For these reasons, we have decided to grant an extension to your existing derogation from complying with Standard Condition 24.1, "Distribution System planning standard and quality of performance reporting" for a limited time-period. This derogation is granted subject to the following condition:

- ENWL shall submit a report to Ofgem (to be received by 15 November 2014) providing updates against the project milestones and evidence that ENWL is using its reasonable endeavours to progress the reinforcement works within a reasonable timescale.

In the event that you fail to comply with the condition set out above, we reserve the right to withdraw this derogation and we will write to you to inform you of our decision.

As stated in our decisions on both the 2009 derogation and the 2013 derogation, we understand that you consider that the impact on customers of a voltage collapse event at the Wigan BSP would be no greater than that of any regular system fault and therefore you do not consider it necessary to inform customers directly of this matter. In the event that you consider that the risk for any individual customer may increase, you should inform us and undertake to inform relevant customers.

We are granting this derogation up to and including 28 February 2015. It will terminate automatically without further action on our part. We expect you to ensure that the remaining work is completed on schedule. Furthermore, should a supply interruption occur, the derogation granted does not provide an exemption from either the Interruptions Incentives or the Guaranteed Standards of Performance incentives.

I attach a copy of the Direction made by the Authority for the purposes of the derogation.

This letter constitutes notice for the purposes of section 49A of the Electricity Act 1989 in relation to the Direction.

Yours sincerely,



Andrew Burgess

**Associate Partner, Transmission and Distribution Policy**

Signed on behalf of the Authority and authorised for that purpose

<sup>5</sup><http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=14&refer=Networks/Techn/TechStandds/Derogtns>