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No.	Condition number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting
1	C11	Production of information about the national electricity transmission system	Page 19, Paragraph 3(e)	<p>Comment 1. The proposed standard licence condition C11, paragraph 3(e) introduces a new requirement upon the licensee to provide “the licensee’s best view of the capacity, location and timing of the connection of new interconnectors that could provide value for GB consumers.” We believe the test “value to GB consumers” is too narrow and instead the test should be consistent with the licensee’s prevailing obligations to promote the development of “an efficient, co-ordinated and economical system of electricity transmission”. This change is necessary because:</p> <ul style="list-style-type: none"> (i) GB consumer welfare is just one element of the correct “total surplus” approach which should be used to properly consider the economic benefit of interconnection. The total surplus approach requires the consideration of producer and consumer surplus (at both ends of the link) together with interconnector congestion rent. Therefore a narrow focus on GB consumer surplus will not lead to the identification of the desired efficient level of interconnection; (ii) As proposed the licence condition would enshrine a fundamental inconsistency between the GB regulatory regime and undertakings that the UK Member State has made in support of European Energy policy objectives such as the Single Electricity Market, and the 20% interconnection target by 2020; 	<p>the licensee’s best view of the capacity, location and timing of the connection of new interconnectors that could provide value for GB consumers <u>to promote the development of an efficient, co-ordinated and economical system of electricity transmission</u>. This should take into account the impact on GB wholesale prices, <u>security of supply</u>, the provision of ancillary services, constraint management and other operational considerations</p>

				<p>(iii) It should be recognised that most interconnector projects either already are denoted as Projects of Common Interest (PCI) or are likely to become designated as such pursuant to regulation 347/2013 EC. The tests for PCI candidacy are based on the results of ENTSO-E harmonised energy system-wide cost-benefit analysis at Union level (ref Article 11) and to the extent PCI project promoters incur higher risks in relation to these projects then the Member States and national regulatory authorities shall ensure that appropriate incentives are granted (ref Article 13). It would be highly inappropriate to instigate any elements of domestic regulation that create GB misalignment with the pan-European business drivers for interconnector development;</p> <p>(iv) A narrow focus on value for GB consumers would be incompatible with pan-European transmission system development practices as co-ordinated through ENTSO-E's Ten Year Network Development Plan (TYNDP) process (a process which itself has the endorsement of ACER and OFGEM). The whole point of the TYNDP is to promote the identification of an economic level of European transmission capacity anchored on principles (and detailed methodologies) of pan-European socio-economic cost benefit analysis. The SO would be placed in the awkward position of preparing analysis on one basis for OFGEM (ETYS) and</p>	
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				<p>another basis for ENTSOE (TYNDP);</p> <p>(v) Adopting our suggested change will improve consistency with other new conditions elsewhere in the suite of licence modifications which already point to language of “efficient, coordinated and economical system of electricity transmission”. See for example C27, Paras 1, 4, 8, 14, 15 & 16.</p> <p>Comment 2. The benefits of increased levels of interconnection upon Security of Supply have been recognised by OFGEM and DECC through recent developments in relation to cap and floor and the participation of interconnectors in the capacity mechanism. It is therefore reasonable to add a reference to security of supply in the (non-exhaustive) list of factors that should be taken into account in considering what constitutes an efficient level of interconnection capacity.</p>	
2	C11	Production of information about the national electricity transmission system	Page 21, Paragraph 13(aa)	Comment 3. The rationale for our proposed changes is the same as described in our Comment 1.	the capacity, location and timing of the connection of new interconnectors, having regard to the <u>efficient</u> level of interconnection between the national electricity transmission system and transmission systems in other jurisdictions that could provide value for GB consumers.
3	C27	The Network Options Assessment process and reporting	Part A, Paragraph 8, Page 32	Comment 4. In the context of (c)(ii) the word “inputs” is too narrow a term so we suggest it is widened by adoption of the word “impacts”. When interconnectors are modelled inputs such as the power transfer capability of the interconnector in question will be relevant but so will	(c)(ii) the approach used for modelling boundary capacity, offshore transmission capacity and interconnection inputs <u>impacts</u> along with assumptions

		requirements		<p>outputs which can be much more far reaching than just the advent of additional transmission capacity. This is because the interconnector also behaves like an additional source of generation or demand. Unlike transmission-only reinforcement schemes, the effect of additional interconnection may include for example the security of supply benefits of access to new & diverse sources of generation to meet demand, and new opportunities for sharing ancillary services across borders.</p> <p>Comment 5. In the context of (d) we suggest the addition of the reference to benefits because the benefit modelling is equally important to the cost modelling. In the interests of transparency it is important that data sources and assumptions are also clearly identified. This should allow independent transmission developers to fully understand the basis of the modelling, reproduce similar results and undertake their own analysis against alternative assumptions.</p> <p>Comment 6. Running throughout the suite of proposed licence modifications there is a general lack of clear intent to harmonise and streamline GB and European processes. Lack of continuity should be avoided because it acts as a barrier to the developer led regulatory model for interconnector development. For example developers' attempts to identify the need for future interconnection are not assisted if GB planning assumptions such as Future Energy Scenarios are not consistent with European planning assumptions such as ENTSO-E Visions. We have therefore proposed certain changes / additions such as this para 8(g) to strengthen the vision for closer alignment between European and GB processes.</p>	<p>and assessment criteria used;</p> <p>(d) The basis for the cost <u>and benefit</u> estimates provided for each option <u>and the identification of data sources and assumptions</u></p> <p><u>(g) how the NOA process will have regard to the need case for interconnection in the most recent ten year network development plan</u></p>
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4	C27	The Network Options Assessment process and reporting requirements	Page 34, Part B, Paragraphs 14(a)(i) & 14(b) and Part C, Paragraph 15(a)	Comment 7. These additional references to TYNDP (as with comment 6) help to ensure the relevance of the NOA report in the context of pan-European co-ordinated electricity network development.	<p>14 (a) (i) The licensee’s best view of the options for Major National Electricity Transmission System Reinforcements (including any Non Developer-Associated Offshore Wider Works that the licensee is undertaking early development work for under Part D), and additional interconnector capacity that could meet the needs identified in both the ten year network development plan and the electricity ten year statement (ETYS) and facilitate the development of an efficient, co-ordinated and economical system of electricity transmission.</p> <p>14 (b) be consistent with both the ten year network development plan and the ETYS;</p> <p>15 (a) with information and analysis to support them in their decision-making and development of options to meet system needs as identified in both the ten year network development plan and the ETYS. This must include..”</p>
5	C27	The Network Options Assessment	Page 37, Part C, Paragraph 17(b)	Comment 8. The additional reference to security of supply is for the same reasons as cited in Comment 2.	the licensee’s assessment of the impact of new interconnectors on system operation. This should

		process and reporting requirements		Comment 9. The additional reference to producers and interconnector operators is intended because of the need to consider the “total surplus” approach to economic modelling as described more fully in our Comment 1.	include costs and benefits relating to <u>security of supply</u> , provision of ancillary services, constraint management and other operational factors which may accrue to the licensee and to , <u>producers, consumers and interconnector operators</u> ; and

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