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Renewables Obligation

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Response to call for evidence on industry standards and practices for commissioning fuel burning generating stations

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Overview

This document summarises the responses we received following our call for evidence on the industry standards and practices that currently apply for commissioning fuel burning generating stations in the UK. Based on the responses to the call for evidence, we will not change the way in which we assess the commissioning dates of fuel burning generating stations.

The purpose of this document is not to provide a definitive set of procedures and tests that need to be completed for a station to be 'commissioned', rather it will discuss the key issues raised by respondents. Please also note this document is not a definitive legal guide.

Associated Documents

The following documents support this publication:

Legislation

All documents are available at www.legislation.gov.uk:

- The Renewables Obligation Order 2015
- The Renewables Obligation (Scotland) Order 2009 (as amended)
- The Renewables Obligation Order (Northern Ireland) 2009 (as amended)
- The Renewables Obligation Closure Order 2014 (as amended)
- The Renewables Obligation Closure Order (Northern Ireland) 2015

Guidance

All documents are available at www.ofgem.gov.uk/ro:

- Renewables Obligation: Guidance for Generators
- Renewables Obligation: Essential Guide to Commissioning
- Renewables Obligation: Guidance on the transition period and the closure of the RO

Contents

1. Introduction

What is the RO?

1.1. The Renewables Obligation (RO), the Renewables Obligation (Scotland) (ROS) and the Northern Ireland Renewables Obligation (NIRO) are designed to incentivise large-scale renewable electricity generation in the UK. The Renewables Obligation Orders[1], the legislation underpinning the RO, ROS and NIRO, place an obligation on licensed UK electricity suppliers to source an increasing proportion of electricity from renewable sources.

1.2. The Department of Business, Energy and Industrial Strategy (BEIS), the Scottish Government and the Department for the Economy (DfE) are responsible for developing the policy underpinning the RO, ROS and NIRO respectively including setting support levels, establishing the legislative framework and making amendments to the legislation.

What is Ofgem's role?

1.3. Ofgem administers the respective schemes and its day-to-day functions on behalf of the Gas and Electricity Markets Authority (the Authority). We do this according to the legislation, ie the RO Order in England and Wales and the ROS Orders in Scotland.

1.4. Ofgem administers the NIRO in accordance with the NIRO Orders on behalf of the Utility Regulator Northern Ireland (UREGNI), also known as Northern Ireland Authority for Utility Regulation (NIAUR), under an Agency Services Agreement. However, UREGNI continues to retain responsibility under the legislation for administering the NIRO.

1.5. We carry out our functions as efficiently and effectively as possible, according to the provisions of the Orders. We cannot act beyond the scope of the powers laid down in the Orders.

This document

1.6. The date a generating station commissioned is important as it is used, in part, to determine a station's accreditation date. The accreditation date is significant as it is the point at which RO support starts, and determines the level of support available to that generating station.

1.7. In light of scheme closure on 31 March 2017 and the introduction of various grace periods, the commissioning date will become even more significant. As there remains a continued interest in fuel burning generating stations, we considered it prudent to review the usual industry standards and practices that currently apply to commissioning such stations. This will allow us to take a consistent and robust approach to what is a broad definition.

1.8. Our Industry standards and practices for commissioning fuel burning generating stations: a call for evidence invited views on the industry standards and practices for commissioning fuel burning generating stations.

[1] The Renewables Obligation Order 2015, The Renewables Obligation (Scotland) Order 2009 (as amended), and The Renewables Obligation Order (Northern Ireland) 2009 (as amended).

1.9. The consultation was open for 11 weeks between 13 June 2016 and 26 August 2016. Overall, we received nine responses from various stakeholders. This document summarises them.

1.10. This document does not provide a definitive set of procedures and tests that need to be completed for a station to be 'commissioned', rather it will discuss the key issues raised by respondents.

2. Responses

Chapter Summary

This chapter outlines the opinions of those who responded to the call for evidence and our comments.

2.1. We asked two main questions:

1) What do you believe are the current:
   a) ***procedures and tests*** which need to be completed for these types of generating stations to be considered capable of commercial operation?

   b) ***usual industry standards and practices*** which define the procedures and tests?

2) Are there any documents, such as formal standards, which support your views?

General views

2.2. Respondents made it clear that, due to the varied nature of fuel burning stations, the procedures and tests required for a station to be deemed capable of commercial operation will vary case by case. We anticipated that this was the case and there was little presented by way of formal industry standards which underpin the relevant procedures and tests.

2.3. It was suggested instead that the relevant procedures and tests, for larger stations, should be defined by the project, ie what the contractor, as the industry expert, deems relevant for that station, particularly in relation to hot commissioning as this tends to focus on the commissioning of the generating equipment rather than the wider takeover arrangements. Table 1 sets out a brief explanation of what we understand hot commissioning to usually entail. This was also the case for smaller-scale stations, where respondents agreed that it was appropriate for the installer or manufacturer to declare when the station was commissioned through a commissioning certificate or equivalent.

2.4. It is difficult to define a set of procedures and tests, or identify an industry-wide standard or practice, for a given type of generating station. There was general agreement among respondents that a successful G59 test witnessed by the DNO tends to be a clear indicator of a station being capable of commercial operation, as this normally follows the completion of the contractor's or installer's commissioning activity.

2.5. The G59 witness test certificate and installer's or contractor's commissioning certification are documents we request from operators as per our Renewables Obligation (RO): Essential guide to commissioning. The majority of respondents noted that the documentary evidence listed in our Essential Guide to Commissioning document are those which are most relevant for accurately identifying the commissioning date. As such, we do not anticipate any changes in how we assess the commissioning date. It should be noted that, whilst a G59 certificate is, in the majority of cases, an essential piece of commissioning evidence, the date

on which the DNO witness test was performed will not necessarily represent the commissioning date.

2.6. Several stakeholders expressed concern regarding the availability of DNO engineers to witness G59 testing. There was a concern that DNO engineers will be busy leading up to the closure of the RO and that it might not be possible for them to witness the G59 test before 1 April 2017.

2.7. Our view is that this risk should be factored into the commissioning plan for any station that is to operate in parallel with the licensed network. We consider that a full and complete DNO G59 witness test is a prerequisite for the purposes of evidencing commissioning. Where there is any doubt as to whether testing has been completed, we will request a letter from the relevant DNO confirming the position.

2.8. We are aware that some stations may only supply the electricity they generate to on-site loads or export it through a private wire. We are also aware that, in some circumstances, it is possible for a DNO to waive its right to witness the G59 test. In all of these cases, on the assumption that the station is eventually connected to a licensed network and the requirements of G59 apply, we will look for confirmation from the DNO confirming that witness testing is not required.

2.9. Some respondents indicated that the date of first export is another clear indicator of a station having met the definition of commissioned. We would agree to an extent that evidence of export is helpful in demonstrating that a station is capable of commercial operation. However, the date of first export will not always represent the commissioning date. As per our call for evidence, the definition of commissioned refers to capability of commercial operation rather than actuality. Furthermore, in our experience of fuelled stations to date, export can take place in advance of all the necessary commissioning tests and procedures having been completed. Therefore, in these instances the definition of commissioned may not have been met at the point of first export.

2.10. We would like to make those concerned about DNO availability aware of the 'Grid connection delay' grace period: a 12-month grace period to address grid connection delays, where the project was scheduled to commission on or before 31 March 2017. Our Renewables Obligation (RO): Guidance on the transition period and closure of the RO outlines the eligibility requirements for this grace period.

Performance and acceptance testing

2.11. As explained in the call for evidence, we were keen to clearly distinguish between the procedures and tests that relate to the commissioning of a station versus those that relate to arrangements between the operator and its contractors.

2.12. Nearly all respondents made it clear that they agreed with our views on performance and acceptance testing in that commercial operation is not contingent on successful reliability, performance or take-over tests unless there are specific contractual arrangements associated with commissioning tests which suggest otherwise.

2.13. As mentioned in our call for evidence, we generally don't consider reliability or acceptance tests to naturally fit within the definition of 'usual industry standards and practices' as these tests often relate to contractual obligations which are enforced once the station is operating and selling its power under a commercial arrangement. However, some respondents suggested acceptance tests needed to be completed before a station can be considered 'commissioned'. In these instances we require sufficient evidence to demonstrate the station in question isn't capable of commercial operation before the acceptance tests are completed.

2.14. In our call for evidence we explained why we do not generally consider performance and acceptance testing to align with the definition of commissioned, and the majority of respondents agreed with us.

Other comments

2.15. One respondent suggested that a station should be considered commissioned following completion of cold commissioning. See Table 1 for a brief explanation of what we understand cold commissioning to usually entail. However, we believe that where a station is yet to demonstrate that it is capable of operating with live process fluids or the product to be combusted, it may be difficult to evidence that the station is capable of commercial operation.

Table 1: Phases of commissioning a fuel burning generating station

Phase	Description
Mechanical completion	The point at which all the equipment has been installed as per the contract specification, design drawings and standards.
Cold commissioning	Those commissioning activities performed before introducing the live process fluid or the product to be combusted.
Hot commissioning	Those commissioning activities that are performed after the introduction of the live process fluid or the product to be combusted.

Supplementary questions

2.16. In addition to the main questions, we asked two supplementary questions:

Permitting

3) What, if any, industry standards or practices exist which dictate that the generating station must be able to comply with the conditions of a permit before it can be considered capable of commercial operation?

Commissioning using alternative fuels

4) What, if any, industry standards or practices exist which dictate that the relevant commissioning procedures and tests, required for a station to become capable of commercial operation, can only be completed once the station is running on the primary fuel?

2.17. Most respondents agreed that issues relating to permitting should not affect the station's ability to meet the definition of commissioned, which we agree with. However, we will

take account of any circumstances specific to generating stations where conditions of permits need to be met to demonstrate that the station has commissioned.

2.18. Several respondents stated that a station should be able to commission on alternative fuels, though one respondent suggested that a station must be able to meet the fuelling requirements that are required by the relevant band they intend to claim under to meet the definition of commissioned. Given that the definition of commissioned is silent on the fuel type, and the definition of commissioned focuses on the generating station being capable of commercial operation, we consider it possible that a station can commission on alternative fuels, including fossil fuel.

2.19. As with all scenarios, clear evidence will be requested to the effect that the necessary commissioning tests and procedures have been completed in view of the type of station in question. If commissioning activity for any given station is dependent on fuel type, then it is clear that such activity must be completed before the definition of commissioned can be regarded as having been met.

Conclusion

2.20. Ultimately, we will continue to assess commissioning dates on a case by case basis given the broad definition and lack of formal industry-wide standards. We will not issue a prescriptive list of commissioning procedures and tests that would constitute a station meeting the definition. This was never the intention of the call for evidence and we fear providing such advice would create unwarranted expectations for prospective participants. Respondents also agreed that a prescriptive list would not be helpful.

2.21. Furthermore, as most of the respondents agreed with our assessment of the types of evidence required to determine a fuel burning generating station's commissioned date, we will not be changing our views on this as a result of the call for evidence. We will continue to review commissioning dates in line with the items outlined in our Renewables Obligation (RO): Essential guide to commissioning document. This document is not definitive and we will continue to take account of any circumstances specific to the generating station in question.

2.22. We encourage stakeholders to seek their own independent advice, as appropriate, if they need any reassurance on determining a fuelled generating station's 'commissioned' date. If needs be, such advice can be presented to us when an application for accreditation is made to us and we are required to assess the definition of commissioned.

Appendix 1 - Feedback Questionnaire

We are keen to consider any comments or complaints about how this call for evidence has been conducted. We're also keen to get your answers to these questions:

1. Do you have any comments about the overall process adopted for this call for evidence?

2. Do you have any comments about the tone and content of the call for evidence?

3. Was the document easy to read and understand? Or could it have been better written?

4. Was this call for evidence balanced?

5. Please add any further comments.

Please send your comments to:

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