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Dear John

GC0103 'The introduction of harmonised Applicable Electrical Standards in GB to ensure compliance with the EU Connection Codes' – decision on urgency

On 21 July 2017, SSE Generation (the Proposer) raised GC0103¹, with a request that it should be treated as an Urgent Grid Code Modification Proposal. GC0103 aims to set out within the Grid Code a single, common set of Electrical Standards applicable to the whole of Great Britain (GB). It is also proposed that GC0103 would ensure compliance with the Requirement for Generators (RfG),² Demand Connection Code (DCC)³ and High Voltage Direct Current (HVDC) ⁴ network codes by removing any GB requirements that the Proposer considers are more stringent than these network codes.

On 28 July 2017, the Grid Code Modification Panel (the Panel) wrote to us requesting our decision on whether to grant urgency to GC0103. The Panel's view was that urgency should not be granted for GC0103, this decision was supported by the majority of the Panel.

This letter confirms that we consider that modification proposal GC0103 should not be progressed on an urgent basis.

Background to the proposal

The Electrical Standards contain the technical specifications, policies and procedures that must be complied with by Users connected to, or seeking connection to, the electricity transmission system. These standards seek to maintain an appropriate level of reliability and security for the transmission system. The Electrical Standards⁵ are currently different between each Transmission Operator area. Similar standards are set by the Distribution Network Operators (DNOs) which Users have to comply with if they wish to connect to the distribution system.⁶ This modification builds upon a previous modification (GC0094) that sought to harmonise the Electrical Standards across GB.⁷

¹ GC0103 is available on National Grid's website; <u>link here</u>

² Commission Regulation (EU) 2016/631 of 14 April 2016 establishing a network code on requirements for grid connection of generators; <u>link here</u>

³ Commission Regulation (EU) 2016/1388 of 17 August 2016 establishing a Network Code on Demand Connection; link here

⁴ Commission Regulation (EU) 2016/1447 of 26 August 2016 establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules; <u>link here</u>.

⁵ More information on the Electrical Standards can be found on National Grid's website; link here

⁶ More information on the relevant documents can be found on the Energy Network Association's website; <u>link</u> here.

⁷ More information on GC00094 can be found on National Grid's website; link here

The Proposer considers that GC0103 is necessary for the implementation of the EU Connection Codes (RfG, DCC, and HVDC). These form part of a suite of European Network Codes (ENCs) that intend to deliver a harmonised set of rules for the operation of the electricity sector in Europe. RfG was the first of the EU Connection Codes to enter into force and therefore has the earliest implementation date. With a few exceptions, the RfG applies to all new power-generating modules which are considered significant. Certain parameters must be clarified by May 2018 to allow the significant new power-generating modules to ensure their compliance with the RfG obligations by May 2019.

The proposal

This modification seeks to build upon the work undertaken by GC0094 to create a harmonised set of Electrical Standards across GB. The Proposer considers that having common Electrical Standards across GB will reduce complexity and improve transparency.

The Proposer considers that to implement the RfG, DCC and HVDC the industry must amend the Electrical Standards to remove all requirements that are more 'stringent' than the requirements outlined in these documents. The Proposer considers that any additional requirements have a negative impact on cross border trade. The Proposer believes that, to date, the Electrical Standards have not been considered as part of the industry's ENC implementation work.

The Proposer considers that if GC0103 follows the normal Grid Code Modification timescales, it will not be submitted to us (or implemented, if approved) by May 2018. The Proposer considers that this may place parties in breach of their relevant legal requirements. Specifically, the Proposer is concerned that Users will not be aware of the relevant compliance obligations when procuring new equipment.

Panel discussion

The Panel considered GC0103 and the associated request for urgency at its meeting held on 27 July 2017. The Panel wrote to us on 28 July with its recommendation on the urgency request made by the Proposer.

The majority view of the Panel was that GC0103 should not be treated as urgent. The Panel set out, in an Appendix to its letter, a standard workgroup timetable for development of GC0103.

Our views

In reaching our decision, we have considered the details contained within the proposal, the Proposer's justification for urgency and the views of the Panel. We have assessed the request against the criteria set out in our published guidance, in particular whether it is linked to "an imminent issue or current issue that if not urgently addressed may cause a party to be in breach of any relevant legal requirements."

The Proposer considers that if GC0103 follows the normal Grid Code Modification timescales, it will not be submitted to us (or implemented, if approved) by May 2018 (the date for implementation of RfG). However, in accordance with the timetable recommended by the Grid Code Panel in the Appendix 1 of its 28 July 2017 letter, it appears that GC0103, if approved, could be implemented by 27 April 2018. GC0103 could, if appropriate, therefore be implemented by May 2018. We therefore consider that this modification is not linked to any "imminent issue or current issue that if not urgently addressed may cause a party to be in breach of any relevant legal requirements." We also consider that regardless of whether GC0103 could be implemented by May 2018, we do not consider that GC0103

⁸ The guidance document is available here; <u>Link here</u>.

necessarily needs to be implemented within these timescales. We explain this point further in this letter.

We note that in our 2014 decision⁹ on how to implement the ENCs we stated that "we will only make changes where needed and where changes are required to implement part of a European Regulation, we will make only those changes necessary to the relevant industry document to ensure compliance with the European codes and quidelines"

To ensure the full and timely implementation of the EU Connection Codes, we are therefore encouraging the Grid Code Panel to focus on:

- a) bringing forward any new Grid Code provisions made necessary by virtue of the EU Connection Codes; and
- b) removing or amending any existing Grid Code provisions which may conflict with the EU Connection Codes.

We would also note that Article 8(7) and Article 21 of Regulation (EC) No 714/2009¹⁰ make it clear that the ENCs do not prejudice the rights of Member States to maintain or introduce measures that contain more detailed provisions than those set out in the ENCs, to the extent that they do not affect cross-border trade.

We encourage all interested parties to consider whether any existing provisions of the Grid Code could be deemed to affect cross-border trade and, if so, to promptly raise a modification proposal. We would expect any cross border trade issues raised to be considered and addressed quickly and as early as possible. However, unless it prevents a market participant from complying with its obligations under the EU Connection Codes, we do not consider the removal of potential wider cross-border issues (ie those not addressed by the EU Connection Codes) to be subject to the same implementation timeline as the EU Connection Codes.

We understand that any minor amendments to the Electrical Standards necessary for RfG, DCC or HVDC implementation (eg where there is a direct conflict between ENC and the Electrical Standards) will be considered on a case by case basis and proposed as part of GC0102.

We therefore do not consider this modification is linked to an "imminent issue or current issue that if not urgently addressed may cause a party to be in breach of any relevant legal requirements."

For the avoidance of doubt, in not granting this request for urgency, we have made no assessment on the merits of the proposal and nothing in this letter in any way fetters the discretion of the Authority in respect of this proposal.

Yours sincerely,

Peter Bingham Chief Engineer

⁹ Implementing the Electricity EU Network Codes, 18 December 2014; Link here.

¹⁰ Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003; <u>Link here</u>.