

Notice of Statutory Consultation

To: Holders of an Electricity Transmission licence or Distribution Network Operators Licence.

**Electricity Act 1989
Section 11A(2)**

Notice of statutory consultation on a proposal to modify the standard conditions of on shore electricity network operators licences.

1. The Gas and Electricity Markets Authority ('the Authority') proposes to modify the standard conditions of the Electricity Transmission licence (Section D: Transmission Owner Standard Conditions), and The Distribution Network Operators Licence granted, or treated as granted, under section 6(1)(b) or 6(1)(c) of the Electricity Act 1989 by introducing new standard licence condition (SLC [D17]~[7A] – Requirement to coordinate and cooperate in planning and operating the electricity network). The proposed licence condition clarifies the expectations placed on Electricity Distributors and transmission owners under Section 9 of the Electricity Act 1989. Annex 1 includes the proposed text for new electricity transmission SLC D17 and Annex 2 includes the proposed legal text for new electricity distribution SLC 7A.
2. The proposed licence condition sets an obligation on Electricity Distributors and transmission owners to coordinate with other Electricity Distributors and transmission licensees and cooperate in order to build a common understanding of where actions taken by one Electricity Distributor or transmission owner could have cross-network impacts. In addition, it requires Electricity Distributors and transmission owners to consider actions proposed by network users that seek to advance the efficient and economical operation of its own network. Where actions and processes identified do not negatively affect Electricity Distributors and transmission owners networks', and are in the interests of the efficient and economical operation of the electricity system, the Electricity Distributors and transmission owners should use all reasonable endeavours to implement them.

3. The proposed licence condition requires that Electricity Distributors and transmission owners publish a Coordination Register at least every twelve months demonstrating the steps it has taken to undertake whole electricity systems actions and processes. This will include information on proposals brought forwards by electricity network users, and will inform stakeholders on the actions that the Electricity Distributors and transmission owners are taking to realise whole electricity system outcomes.
4. We are proposing this modification to ensure that the most beneficial planning, investment, and operational actions are identified, resulting in more efficient and economical operation of the GB electricity network as a whole.
5. A copy of the proposed modifications and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively, they are available from foi@ofgem.gov.uk.
6. Any representations with respect to the proposed licence modification must be made on or before 03/04/2020 to: Flo Silver, Ofgem, Commonwealth House, 3rd Floor, 32 Albion Street, Glasgow, G1 1LH, or by email to flexibility@ofgem.gov.uk.
7. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
8. If we decide to make the proposed modification, it will take effect not less than 56 days after the decision is published.

Steven McMahon

Deputy Director, Electricity Distribution & Cross Sector Policy

Duly authorised on behalf of the Gas and Electricity Markets Authority

06 March 2020

Annex 1

Condition D17: Whole Electricity System Obligations

Introduction

D17.1 The purpose of this condition is to set an obligation on transmission owners to coordinate with transmission licensees and electricity distributors and cooperate in order to build a common understanding of where actions taken by one transmission licensee or electricity distributor could have cross-network impacts (both positive and negative). This should include at a minimum sharing information and developing processes that aim to achieve optimal efficiency across the total system. The further purpose is to set an obligation on transmission owners to coordinate with and consider actions proposed by transmission system users that seek to advance the efficient and economical operation of its own network.

Part A: Whole electricity system coordination

D17.2 The licensee must coordinate and cooperate with transmission licensees and electricity distributors to identify actions and processes that advance the efficient and economical operation of their networks.

D17.3 The licensee must consider actions proposed by transmission system users which seek to advance the efficient and economical operation of its network.

D17.4 The licensee must use all reasonable endeavours to implement actions or processes identified or proposed through its coordination under paragraphs D17.2 or D17.3 of this condition that:

- (a) will not negatively impact its network; and
- (b) are in the interest of the efficient and economical operation of the total system.

Part B: Demonstrating compliance with whole electricity system obligations

Coordination Register

D17.5 The licensee must prepare and is required to publish on its Website a coordination register demonstrating the steps it has taken to comply with Part A of this condition by [*date 12 months from condition coming into force*].

D17.6 The licensee must keep up to date and is required to publish its coordination register (as updated) on its Website at least once every twelve months from the date of initial publication on [*date 12 months from, ibid*].

Part C: Whole Electricity System Guidance

D17.9 In satisfying the requirements of this condition the licensee must have due regard to the Whole Electricity System Guidance.

Part D: Interpretation

D17.10 For the purposes of this condition:

<u>coordination register</u>	<u>means a document prepared by a transmission owner in accordance with its obligations under Part A and Part B of this condition containing at a minimum the information specified in the Whole Electricity System Guidance.</u>
<u>electricity distributor</u>	<u>means any person who is Authorised by an Electricity Distribution Licence to distribute electricity.</u>
<u>total system</u>	<u>means the national electricity transmission system and the distribution systems of all authorised electricity operators which are located in the national electricity transmission system operator area. [definition of "total system" in Section A1 of licence to be updated to reference Sections C1 and D17]</u>
<u>transmission system user</u>	<u>means a person producing electricity that is being conveyed by means of that transmission owner's system or a customer who owns or who occupies premises that are connected to that transmission owner's system.</u>
<u>Whole Electricity System Guidance</u>	<u>means the document of that name published on the Authority's Website for the purposes of this condition that provides guidance on compliance with this licence condition.</u>

Annex 2

Condition 7A: Whole Electricity System Obligations

Introduction

7A.1 The purpose of this condition is to set an obligation on the licensee to coordinate with other Electricity Distributors and Transmission Licensees and cooperate in order to build a common understanding of where actions taken by one Electricity Distributor or Transmission Licensee could have cross-network impacts (both positive and negative). This should include at a minimum sharing information and developing processes that aim to achieve optimal efficiency across the Total System. The further purpose is to set an obligation on the licensee to coordinate with and consider actions proposed by Distribution System Users, that seek to advance the efficient and economical operation of its own network.

Part A: Whole electricity system coordination

7A.2 The licensee must coordinate and cooperate with other Electricity Distributors and Transmission Licensees to identify actions and processes that advance the efficient and economical operation of their networks.

7A.3 The licensee must consider actions proposed by Distribution System Users which seek to advance the efficient and economical operation of its network.

7A.4 The licensee must use all reasonable endeavours to implement actions or processes identified or proposed through its coordination under paragraphs 7A.2 or 7A.3 of this condition that:

- (a) will not negatively impact its network; and
- (b) are in the interest of the efficient and economical operation of the Total System.

Part B: Demonstrating compliance with whole electricity system obligations

Coordination Register

7A.5 The licensee must prepare and is required to publish on its Website a Coordination Register demonstrating the steps it has taken to comply with Part A of this condition by [*date 12 months from condition coming into force*].

7A.6 The licensee must keep up to date and is required to publish its Coordination Register (as updated) on their Website at least once every twelve months from the date of initial publication on [*date 12 months from, ibid*].

Part C: Whole Electricity System Guidance

7A.9 In satisfying the requirements of this condition the licensee must have due regard to the Whole Electricity System Guidance.

Part D: Interpretation

7A.10 For the purposes of this condition:

Coordination Register means a document prepared by an Electricity Distributor or transmission owner in accordance with its obligations under Part A and Part B of this condition containing at a minimum the information specified in the Whole Electricity System Guidance.

Distribution System User means a person producing electricity that is being conveyed by means of that Distribution System or a Customer who owns or who occupies premises that are connected to that Distribution System.

Total System means the GB Transmission System and the Distribution Systems of all Authorised Electricity Operators which are located in the GB System Operator area.

Transmission Owner means the holder for the time being of a transmission licence in relation to which licence the Authority has issued a Section D of the Transmission Licence (transmission owner standard conditions) Direction and where Section D remains in effect (whether or not subject to any terms included in a Section D of the Transmission Licence (transmission owner standard conditions) Direction or to any subsequent variation of its terms to which the licensee may be subject).

Whole Electricity System Guidance means the document of that name published on the Authority's Website for the purposes of this condition that provides guidance on compliance with this licence condition.