


GC0048 – Requirements for Generators – GB Banding Thresholds

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **16 May 2016** to Grid.Code@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

These responses will be included in the Report to the Authority which is drafted by National Grid and submitted to the Authority for a decision.

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Company Name:	RWE Group of GB companies, including RWE Generation UK plc, RWE Supply & Trading GmbH and RWE Innogy UK Limited
Consultation Questions:	
i) From your perspective, which of the banding options presented in the consultation document ('high', 'medium', and 'low' is most suitable to apply in the GB synchronous area for the next three-five years?	
We consider that the "high" banding option is the most suitable to apply in the GB synchronous area for the next three-five years.	
ii) In respect of your preferred banding option stated in question (i), please can you provide a supporting justification, particularly focusing on quantifying any costs/savings/benefits (the attached template is provided as a guide), when it is compared to the other two options presented in this report.	
 <p>GC0048 RFG - Generator Costs Tem</p>	
Of the three banding options provided, we consider that the high banding option most closely aligns with the current GB Power Station bands, as defined in the GB Grid Code, and therefore represents the least disruption and risk to the industry. The high banding option also represents the least onerous option for Generators and, as a consequence, it would be more acceptable and practicable to initially set a high threshold which may be reduced in the future as opposed to setting a low banding threshold to be subsequently increased.	

We consider that it would be appropriate and beneficial to review the banding thresholds at three-yearly periods, as proposed in the consultation. We believe that this process will enable the banding thresholds to be maintained at an efficient level, recognising the additional costs imposed on Generators and also National Grid in utilising the enhanced performance capabilities of a greater number of Generators, attributable to any reduction in the banding thresholds.

Wider application of banding thresholds

In addition to the application of banding thresholds to new generating plant under the Requirement for Generators (RfG), we note that they will also be used in the application of other EU Network Codes to both new and existing generating plant (e.g. Transmission System Operation Guidelines). This wider application reinforces the need to establish initially the banding thresholds at levels that are most closely aligned with the current GB Power Station bands, until the banding thresholds can be fully reviewed in the light of operational experience.

Cost of banding thresholds

Given the difficult market conditions for prevailing in GB, the choice of thresholds for type B/C and C/D in particular are expected to have a significant impact on the construction of new generating plant falling into these categories. In addition to the established plant capabilities that already form part of the GB Grid Code, new capabilities such as LFSM-U, the provision of power system stabilisers, and new and more complex control systems will require new technical competences to be developed by plant manufacturers. These uncertainties reinforce the need to initially set the banding thresholds as close as possible to the current GB Grid Code thresholds until the RfG capability requirements, their cost of provision, and the ability of the TSO to utilise these additional capabilities are better understood.

iii) Does your preferred banding level adequately protect the interests of all Transmission System and Distribution System Users? If not, why does it fail to do so?

We consider that the preferred banding level adequately protects the interests of all Transmission and Distribution System Users, subject to an ongoing 3-year review as described in the Consultation paragraph 3.5.

iv) Do the proposed banding levels strike an appropriate balance between the needs of the System Operator, Network Operators, Generators and other interested parties? If not, why do they fail to do so?

We consider that the “high” banding level would strike an appropriate balance between the needs of the various parties prior to the 3-year review

v) Are there additional considerations for the banding level which the Workgroup has so far not taken account of in this report?

We are not aware of any further considerations

vi) Please provide any other comments you feel are relevant to the proposed change.

No further comments

vii) How do you believe your preferred banding level facilitates the Grid Code/Distribution Code objectives?

For reference the applicable Grid Code objectives are:

In addition to the justification provided in Paragraph 5.6 of the Consultation the following justification is provided:

(i) to permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity;

Please insert your response

An initial high banding option will prevent inefficient investment in the capabilities of new generating plant that may remain un-utilised by the TSO

(ii) to facilitate competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the national electricity transmission system being made available to persons authorised to supply or generate electricity on terms which neither prevent nor restrict competition in the supply or generation of electricity);

Please insert your response

An initial high banding threshold would align most closely with the existing GB thresholds and, as such, would ensure that the capital and operating costs of new generating plant remain consistent with that of existing generating plant.

(iii) subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in the national electricity transmission system operator area taken as a whole; and

Please insert your response

An initial high banding threshold would help ensure that the capital and operating costs of new generating plant, particularly plant at the B/C and C/D thresholds, do not discourage the construction of new generating plant.

(iv) to efficiently discharge the obligations imposed upon the licensee by this license and to comply with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency.

Please insert your response

Do you have any additional comments?

RWE has participated actively in the Workgroup leading up to this consultation and has no further comments to add.