

## 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](mailto: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.

<b>Respondent:</b>	<i>Guy Phillips (guy.phillips@uniper.energy)</i>
<b>Company Name:</b>	<i>E.ON Group (including Uniper)</i>
<b>Consultation Questions:</b>	
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?	
High	
ii) In respect of your preferred banding option stated in question (i), please can you provide a supporting justification, <b>particularly focusing on quantifying any costs/savings/benefits</b> (the attached template is provided as a guide), when it is compared to the other two options presented in this report.	
<p>We have not provided cost information as this will vary from party to party depending on capabilities. For some parties the provision of data or participation in the provision of services to the system operator will be an incremental cost depending on existing generation portfolios and associated requirements. For others with limited or no existing capability would have higher set up and ongoing costs in terms of systems and staff to service the additional requirements. The overall cost to industry will also depend on how low the banding threshold is ultimately set. Clearly the lower options will result in higher overall costs as more parties will be required to comply with higher requirements to enter and participate in the electricity market.</p> <p>We do not think that the case has been made in terms of system operation, security of supply or better facilitation of cross border trade, outside of observations made in the consultation document in relation to broad trends in the changing GB generation mix, in part influenced by changes in policy and other economic drivers, to justify lowering the banding threshold beyond the high case specified in the Requirements for Generators Regulation at this time. This is also borne by some of the analysis provided to the GC0048 working group in terms of installed generator capability relative to its utilisation by the System Operator. Imposing additional mandated capability requirements on generators of a lower size will increase the cost of installing such generation, for which there may be no mechanism or typical utilisation of to recover the cost of the additional capability.</p> <p>Further we agree that the TSOG may address some of the concerns expressed by the System Operator in relation to the visibility of smaller distributed generation, without mandating additional capabilities on these categories of generators.</p>	

<p>The high case is the closest available to the existing GB generation size categories. This seems to be a suitable starting point to implement the Requirements for Generators Regulation and to assess the impact of recent changes to new generators connecting from April 2018. The three year review process will enable the banding thresholds to be considered against the policy affects and connecting generation types after a period of time working under the Requirements for Generators Regulation.</p>
<p>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?</p>
<p>In our view it does as it is the closest to the current GB generation size categories. No case to justify lowering these at this time has been made, either in the context of existing generators or new generators that would be subject to the Requirements for Generators Regulation. It is possible that some of the potential system operation impacts of the changing generation mix have been assessed or are being considered under GC0035 and GC0079 and that these will be sufficient prior to any future review of the banding thresholds and its application. Further the additional information provided for under GC0042, the first year of which such information was provided in 2015.</p>
<p>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?</p>
<p>We believe so for the reasons given in response to the previous questions.</p>
<p>v) Are there additional considerations for the banding level which the Workgroup has so far not taken account of in this report?</p>
<p>We have not identified any other aspects that have not been assessed by the Workgroup.</p>
<p>vi) Please provide any other comments you feel are relevant to the proposed change.</p>
<p>We have no other observations.</p>
<p>vii) How do you believe your preferred banding level facilitates the Grid Code or Distribution Code objectives?</p>
<p><i>For reference the applicable Grid Code (see below for Distribution Code) objectives are:</i></p> <p><i>(i) to permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity;</i></p> <p><i>It better facilitates this objective as the high case is the closest to the existing GB generator size categories.</i></p> <p><i>(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);</i></p> <p><i>It better facilitates this objective as the high case is the closest to the existing GB generator size categories.</i></p> <p><i>(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</i></p> <p><i>It better facilitates this objective as the high case is the closest to the existing GB generator size categories and issues arising from changes to the GB generation mix are</i></p>

*already being considered that would apply to both existing and new generators.*

*(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.*

It better facilitates this objective as it ensures compliance with the Requirements for Generators European Network Code (Regulation 2016/631).

*For reference the applicable Distribution Code objectives are:*

*(a) Permit the development, maintenance, and operation of an efficient, co-ordinated, and economical system for the distribution of electricity; and*

*It better facilitates this objective as the high case is the closest to the existing GB generator size categories.*

*(b) Facilitate competition in the generation and supply of electricity; and*

*It better facilitates this objective as the high case is the closest to the existing GB generator size categories.*

*(c) Efficiently discharge the obligations imposed upon distribution licensees by the distribution licences and comply with the Regulation and any relevant legally binding decision of the European Commission and/or the Agency for the Co-operation of Energy Regulators*

It better facilitates this objective as it ensures compliance with the Requirements for Generators European Network Code (Regulation 2016/631).

**Do you have any additional comments?**

No.