

GC 0107

The open, transparent, non discriminatory and timely publication of the generic and/ or PGM specific values required to be specified by the relevant TSO(s) and / or relevant system operator et al., in accordance with the RfG.

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Background (1)

- ***What***

- The Grid Code will need to be amended to set out the procedure for the publication of those values, as set out in the RfG:
 - (i) to be specified by the relevant TSO and / or the relevant system operator; and
 - (ii) to be coordinated and / or agreed between the relevant TSO and / or the relevant system operator and the power-generating facility owner.

Background (2)

- ***Why***

- Guidance from BEIS and Ofgem was to apply the new EU requirements within the existing GB regulatory frameworks. This would provide accessibility and familiarity to GB parties, as well as putting in place a robust governance route to apply the new requirements in a transparent and proportionate way.
- This modification needs to be undertaken in timely manner to ensure impacted Users are aware of their compliance obligations - particularly in relation to procurement of equipment, testing and operational requirements. This modification is also therefore, critical to facilitate/demonstrate Member State compliance to the RfG (EU) Connection Network Code.

Background (3)

- The production of (and ongoing maintenance of) a transparent reporting template, that would arise with this modification, will allow new generators seeking to connect in GB and manufacturers of generation plant and apparatus seeking to sell their equipment in GB to clearly see and understand what the RfG technical requirements are in GB. Thus, for example, if a generator (or manufacturer seeking to sell its equipment in GB) wished to connect and the said equipment fell outside the published applicable RfG value(s) for GB then they would know that a derogation would need to be applied for (if they wished to proceed further with their connection or sale(s)).

Background (4)

- ***How***

- With the support of the industry, we will use this modification to finalise the solution to apply the EU Connection Codes requirements, before consulting with the wider industry and submitting to Ofgem for a decision.

Why Change

- This Proposal is one of a number of Proposals which seek to implement relevant provisions of a number of new EU Network Codes/Guidelines which have been introduced in order to enable progress towards a competitive and efficient internal market in electricity.
- The RfG (EU) Network Code was drafted to facilitate greater connection of renewable generation; improve security of supply; and enhance competition to reduce costs for end consumers, across EU Member States.
- This code(*) specifically set harmonised technical standards for the connection of new equipment for generators.
 - (* along with the one for DCC and HVDC for demand and HVDC related equipment respectively)

Solution (1)

- The initial thinking is that the *Ofgem Multiple TSO Allocation* spreadsheet (*) will be amended, by the addition of columns to the right (of those already shown) to act as a transparent reporting template.
- The Grid Code will require the parties concerned to populate the template, as appropriate.
- The transparent reporting template will show the party or parties who are responsible for the specification of the value or, if appropriate, value range; and the actual applicable value itself for that organisation (or, if appropriate, organisations). Or, where applicable, value range.
 - (*This can be found on the Ofgem website)

Solution (2)

- In respect of the party or parties who are responsible for the specification of the value it is currently understood that there are four 'groupings' that are responsible, namely:
 - the relevant TSO; or
 - the relevant TSO and the relevant system operator; or
 - the relevant system operator; or
 - the relevant TSO and / or the relevant system operator and the power-generating facility owner
- In respect of the actual applicable value itself for that organisation it is currently understood that there are a number of possible organisations that are relevant, including: National Grid (as SO), National Grid (as E&W TO), the two Scottish TOs, OFTOs (plus, in the future, potentially CATOs?) and the 14 licenced DNOs

Solution (3)

- We have prepared an illustrative representation of what the transparent reporting template might look like.
- We would suggest that the Workgroup review all the RfG obligations, in respect of the specification of certain values by the party or parties concerned and identify if these are either:
 - a generic value – that is they are to be applied by the party or parties concerned in a harmonised way to all newly connecting generators of that Type (A-D) – such as Articles 13 (1) (b) or 14 (5) (d) (ii) ; or
 - (only where permitted by the RfG) a power-generating facility specific value – that is to be applied by the party or parties concerned to a specific facility only – such as Articles 13 (1) (a) (ii) or 16 (2)(b).

Solution (4)

- In respect of the generic value, as set out in the RfG, for example, at recital (3), the value should be harmonised by the party or parties concerned.
- This is because the failure to provide a harmonised generic value will not facilitate Union-wide trade in electricity, will not ensure system security, will not facilitate the integration of renewable electricity sources, will not increase competition and will not allow more efficient use of the network and resources and, therefore, the benefit of consumers will not be achieved.
- In a limited number of cases the RfG (EU) Connection Network Code does permit non harmonised values to be applied, in coordination with and with the agreement of, the power-generating facility owner – which we refer to as 'power-generating facility specific value'.

Justification against Applicable Objectives (i)

- **To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity;**
 - **Positive**
 - The proposed solution will allow the System Operator / Distribution Network Operators to efficiently apply the EU Network Code/ Guidelines requirements to the Users of the system through the National Industry Codes.

Justification against Applicable Objectives (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);**
 - **Positive**
 - The proposed solution will assist the Users of the Transmission and the Distribution system during the connection process.

Justification against Applicable Objectives (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;**
 - **Positive**
 - The publication of a harmonised set of values or, where permitted by the RfG, of a power-generating facility site specific value will promote the security and, in particular, the efficiency of generation.

Justification against Applicable Objectives (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;**
 - **Positive**
 - The EU Connection Codes derive from the Third Energy Package legislation which is focused on delivering security of supply; supporting the connection of new renewable plant; and increasing competition to lower end consumer costs.
 - This proposal ensures openness and transparency around the technical values needed by new generators seeking to connect in GB. Without full visibility of the value (or range of values, if applicable) these new generators will be impeded when they are ordering new equipment.
 - The manufactures will also be hindered in the use of 'equipment certificates' if the harmonised value(s) is kept secret by the network operator(s). As has been recognised within the RfG, the use of 'equipment certificates' will significantly reduce the need (and substantially reduce the cost for new generators and network operators) for each individual new generator in terms of compliance testing – which leads to lower costs to end consumers, thus maximising social welfare (which is conformance with the Electricity Regulation).
 - Furthermore, this modification ensures GB compliance with EU legislation in a timely manner and does so in a way that is not more stringent than EU law permits.

Justification against Applicable Objectives (v)

- **To promote efficiency in the implementation and administration of the Grid Code arrangements.**
 - **Positive**
 - The publication in a single location of the GB applicable RfG values (or range of values, if applicable) will avoid the need (i) for this to be done by each of the parties concerned (1 SO, 3 onshore TOs, numerous OFTOs, 14 DNOs plus possibly countless CATOs in the future) and (ii) for users to have to find this important information, at differing locations within numerous websites (for each of the parties noted under (i)). Therefore this proposal will promote the efficiency in the implementation and administration of the Grid Code arrangements.

Governance

- Given materiality, complexity and wide-ranging impact of the changes proposed in this Modification, we believe that self-governance or fast track governance arrangements are not appropriate in this case.
- We believe that this proposal is straightforward and that it should be possible for a Workgroup to consult in early January, to report back to the February Panel, for a Code Administrator consultation to conclude with a vote at the March Panel which, allowing for Ofgem's KPI, would permit this change to come into effect for a 1st May 2018 application.