

Response to NETS SQSS Review Consultation

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Q1. Please provide your comments/feedback and suggestions related to the topics raised in Section 3.1 Offshore Transmission System.

We strongly agree that a Holistic Network Design approach is needed and therefore it is important that the SQSS can facilitate and potentially help drive this. However it is difficult to comment further at this stage because the consultation document does not identify or propose any specific SQSS changes that might be required.

We support the review of the level of normal infeed loss value, however would also argue that a review of the infrequent infeed loss should also be carried out. This will help to deliver more cost-efficient system development, and better reflect recent technical innovation.

We propose that the definition of the "first onshore substation" needs clarification beyond reliance on the first circuit-breaker setting the interface point. This is set in the connection agreement, but if the physical design of assets changes, then the interface point will be altered.

We believe the assumed use of a double-busbar substation should be reviewed, as in some instances (e.g. where there is a nearby NG double-busbar substation) a single busbar will be more cost effective with limited impact on security. Although it is possible to apply for a variation to a single busbar substation, removing the default assumption of a double busbar would make for a swifter, more cost effective process.

Q2. Please provide your comments/feedback and suggestions related to the topics raised in Section 3.2 Demand Connection Criteria.

Please see the last paragraph of our response to Q3.

Q3. Please provide your comments/feedback and suggestions related to the topics raised in Section 3.3 Generation Connection Requirements.

We note that the proposed SQSS Review scope includes the consideration of the possibility of reduced security standards for Generation Connection Requirements on a case by case basis. If these reduced standards are adopted, it will be important to ensure that the new arrangements consider any appropriate changes in compensation arrangements for all Generators impacted by loss of access to the Transmission System, the risk of which could be expected to increase. The existing arrangements may limit the ability to claim for such a loss and therefore may need to be reviewed, including compensation in the event of a partial loss.

Please also see the last paragraph of our response to Q3.

Q4. Please provide your comments/feedback and suggestions related to the topics raised in Section 3.4 Main Interconnected Transmission System.

We agree with the proposals to review scaling factors, and to explore how to treat solar and storage on a MWh basis. We believe the MITS review should also include:

1. Consideration of the introduction of completely new backgrounds and whether it is appropriate to have more than two
2. A review of whether all demand should be treated as at its maximum during peak triads and whether there are alternative charging arrangements especially in negative charging zones
3. Consideration of how the requirements for co-located sites should be defined

The introduction of flexibility as an alternative to transmission capacity appears to be a potential cost efficient option for some circumstances and should be explored during the review. However, it appears that in the proposal the intention is to model and charge

this through TNUoS as a proxy for transmission capacity. If this is the case, it would not appear to be consistent with the current market design principle of socialising transmission constraints costs and therefore further justification is needed to explain why these particular costs should not be treated in the same way as other constraints and recovered through BSUoS.

We note that the proposals suggest reviewing a range of security requirements with a view to relaxing them. As we understand it, initially this is likely to result in reduced constraints costs as the system standards will reduce the cost of contingencies but result in a lower level of security. However, we are unsure at this stage what the impacts are likely to be for transmission system users and consumers, especially in the medium to long term given the uncertainty of the wholesale market and TNUoS charging arrangements which may change following the Net Zero Market Review and TNUoS Review. We believe it will be important to explain these impacts in more detail and to publish the cost benefit analysis for all SQSS proposals and modifications that are taken forward from here, including those regarding Generation Connection Requirements, Demand and Connection Criteria, and standards in England and Wales.

Q5. Please provide your comments/feedback and suggestions related to the topics raised in Section 3.5 Operational Standards in England and Wales.

Please see the last paragraph of our response to Q3.

Q6. Please provide your comments/feedback and suggestions related to the topics raised in Sections 3.6 Introduction of CATO.

We agree with the principle of extending the SQSS to ensure it includes transmission areas under the CATO regime.

Q7. Please provide your comments/feedback and suggestions related to the topics raised in Sections 3.7 Governance.

Given the possible increased impact on transmission system users from any change in system security due to a change in the market design arrangements, we do not believe it would be appropriate to delegate SQSS changes from the transmission licence at this time.

Q8. Which of the proposed modifications will have the most significant impact on your operations/investment plan? To what extent would that impact be?

Under the current market arrangements, revisions to the TNUoS Transport and Tariff model and increased risk of the loss of access to the transmission system will have the greatest impact on our business. However, should the market arrangements change, the actual system security and hence level of constraints may become the most important aspect.

Q9. Are there any other areas that require review and may act as a barrier for net zero in NETS SQSS?

We are not aware of any other areas that require review in the SQSS. However, we would highlight that this review was not expected exactly at this time, the timescale to respond was very short and therefore we have had very little time to understand the proposals.

Q10. Do you agree with the priorities and the delivery timescales described in Section 4? If not, please provide additional information that could allow us to revise the priorities.

The current backgrounds in the TNUoS Transport and Tariff Model are already very out of date. The timescale for review of these backgrounds including technology types and scaling factors should be carefully considered during the scoping exercise and potentially brought forward in order to help accelerate development of storage and correctly incentivise demand location in particular.

Please return responses to box.SQSS.Review@nationalgrideso.com before 5pm on 9th March 2022.