

# Code Administrator Meeting Summary

**Meeting name: CM085: To Clarify OFTO reactive power requirements at <20% output**

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Date: 06/06/2023

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## Contact Details

**Chair:** Jonathan Whitaker, ESO [jonathan.whitaker@nationalgrideso.com](mailto:jonathan.whitaker@nationalgrideso.com)

**Proposer:** Terry Baldwin, ESO [terry.baldwin@nationalgrideso.com](mailto:terry.baldwin@nationalgrideso.com)

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## Key areas of discussion

The Chair shared the agenda advising the group of the points being covered.

### Send Back letter from Ofgem

The chair advised that STC Panel had agreed that a meeting was needed to discuss the points raised in the Ofgem letter, the finding will be added to the FMR and represented to the Panel before going to Ofgem.

### Timeline/Terms of Reference

The chair advised the group of the timeline being worked to and the date anticipated for taking CM085 back to STC Panel (July). Also shared were the Terms of Reference that were taken from the Ofgem letter.

### Questions for discussion

#### **Consider why existing processes cannot be used to access the reactive capability at windfarm outputs below 20% taking into consideration:**

The proposer opened the conversation saying that a lot of the points made were regarding the expectation that ESO want to change the Service Capability Specification (SCS), this is not the case. The proposer went on to say ESO are not proposing to modify the SCS, merely to have the confidence that the capability which is already in the SES (SCS?) is accessible to them and allows them to use it in studies and effective planning of the system without needing to install additional reactive equipment. There is no proposal to enhance operational capability, just to access what it is already capable of.

A Workgroup member said that the ESO were reiterating the same point that OFTOs disagreed with previously and went onto say that it goes back to the original point, ESO are asking to do something that is over and beyond what the OFTOs have declared and that is the issue. The member continued to say that the Proposer should address the Terms of Reference if the group are to make progress and if questions are to be answered in the same way as they have previously, they did not think the group would get anywhere.

OFTOs addressed their concerns in the consultation and fundamentally have a problem with this full stop, they do not think the capability is there and even if it is they do not think there is a right to use it.

**Consider the process through which each OFTO system's capabilities would be calculated and confirm that each OFTOs reactive power compensation equipment would have been tested to this level as part of the commissioning process. Consider cost benefits to the consumer, including:**

The proposer reiterated again that they are not proposing to operate the asset outside of its stated capability, there is no requirement to recommission the asset. The alternative is for the ESO to procure additional reactive power, which will be procured locationally, making direct cost comparisons difficult.

It is expected that OFTOs would be running their reactive power assets whilst the wind farm is outputting lower than 20% of its rated MW due to the reactive gain of the cables and the requirement to maintain unity power factor (+/- 5%) therefore additional costs should be minimal.

Within the OFTO transmission licence the formula for IAT allows the OFTO to recover costs from a circumstance because of an STC change. Therefore, if there were an increase in maintenance costs that could be evidenced to be as a consequence of this modification it could be recovered by this method which would be financially neutral to the OFTO. Future tenders should factor this into the bid and so would be a level playing field with costs recovered.

A workgroup member responded to say they had two points regarding the proposer's answer. One, that ESO can ask for the enhanced capability, but the OFTO does not have to provide it. Secondly, how costly the equipment is to maintain, the risks involved, the significant cost if you work the equipment harder and as the equipment is unreliable another problem is once its broken OFTO are non-compliant with it. This is concerning as OFTOs will lose a lot of money if they cannot operate. Another member agreed with this and added quantifying that and increased maintenance costs would be impossible as you would never be able to attribute it to the equipment working harder for that period.

An ESO representative made a comment for OFTOs to take away asking, how often is wind output lower than 20%. This question was raised in response to a previous comment regarding running the assets harder. Also, what does this mean for the ESO in terms of how much more capability will ESO be getting and from an OFTO perspective and how much more maintenance might that incur as a result. What is the net benefit of doing it against OFTOs worry about maintenance. The member also stated that part of this is about saving consumer cost and if that does not work if it is just moving cost from one pot to another.

A member said that this is not a figure they would know of the top of their head, but it must be possible to find that out.

The Chair asked the proposer if they had any further comment to add. The Proposer advised that they had no addition points to make as similar to the previous question ESO are not looking for enhanced capability just simply looking to use the capability that is there it so they can show the system is being used efficiently. ESO cannot recommend installing additional reactive equipment when there is existing capability.

A workgroup Member responded saying ESO were presuming that it was theirs to use which is also part of the problem. They went on to say all the reactive compensation equipment and filters are funded by the Generators, so the customers are not directly paying directly for any of this equipment through transmission charges. The Generator also potentially has a risk if the transmission assets are not working, they are not connected to the grid.

The proposer asked if the Generator received ORPS payments for the reactive power generator, the Workgroup Member advised that they do not, the member went on to say this was a key point shared in the consultation response that ESO are of the view that this is here, and it is ESO's right to use it.

The member challenged if this is the case because it is not a socialised cost it is a cost borne by one party for which they receive no remuneration.

There is a difference in opinion between Workgroup members of how the reactive power capability is funded and as such what is accessible to ESO to use and what is at the discretion of the OFTO/offshore generator. ESO are to check their understanding of the funding arrangements for reactive power held by OFTOs as it differs from the OFTOs view and is the source of disagreement as to whether ESO has a right to access the compensation equipment. ESO are under the impression it has been paid for by consumers already via the OFTO settlement and the OFTO believe it is funded by the generator and they are not recompensed for it.

A Workgroup Member stated that if the Proposer and OFTO’s both reiterated the same positions this would result in stalemate, they went on to say that an agreement cannot be reach as both sides fundamentally disagree.

An ESO representative responded saying to the Members point of ESO’s right to access the availability, if this is looked at another way, ESO need to ask the question because clearly that 20% affects the position of having to go elsewhere for system compensation. They continued to say they understood the members position, but ESO must ask because the alternative is there is nothing else available and suggested that it would be worth having some detailed metrics on what this would mean to the OFTOs. This would allow the ESO to have a comparison to go away and justify doing something else.

The member agreed that they do need to quantify what this would mean to allow a decision to be made on all the evidence.

As the proposer and Workgroup member agreed that they had made their points the Chair suggested moving on to next steps and AOB.

**Next Steps/AOB**

An ESO Representative suggested that we address any actions before sending the FMR back to panel as some details have been raised in the session that were not in the previous report i.e., the discussion of funding and OFTO’s sharing detailed metrics on what this would mean to them.

Chair to set up a further session to discuss actions raised.

**Actions**

For the full action log, click here.

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
1	WG1	Chair	Set up another WG meeting	NA	ASAP	Open
2	WG1	OFTOs	OFTO share detailed metrics of how often wind output is lower than 20% and share with ESO for comparison	NA	WG2	Open
3	WG1	ESO	To check their understanding of funding of reactive power held by OFTOs	NA	WG2	Open

**Attendees**

<b>Name</b>	<b>Initial</b>	<b>Company</b>	<b>Role</b>
Jonathan Whittaker	JW	Code Administrator, ESO	Chair
Deborah Spencer	DC	Code Administrator, ESO	Tech Sec
Terry Baldwin	TB	ESO	Proposer
Jonathan McDonald	JM	ESO	ESO Rep
Joel Matthews	JM	Diamond Transmission	WG Member
Mike lee	ML	TINV	WG Member
Neil Bennet	NB	SSE	WG Member
Colin Stelfox	CS	ESO	Observer