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Mr Ben Graff
GCRP Chairman
National Grid Electricity Transmission plc
National Grid Transco House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Your Ref: LM/E05
Our Ref: blm / I06 002
Direct Dial: 020 7901 7366
Email: john.scott@ofgem.gov.uk

17 February 2006

Dear Ben

DECISION AND NOTICE IN RELATION TO CONSULTATION – E/05 – PROPOSED CHANGES TO GRID CODE OC8B IN RELATION TO SITE SPECIFIC SAFETY INSTRUCTIONS

The Gas and Electricity Markets Authority (the "Authority")¹ has carefully considered the changes that NGET² has proposed to its Grid Code as set out in the report to the Authority arising from consultation E/05 (Proposed Changes to Grid Code OC8B in relation to Site Specific Safety Instructions)³ that has been submitted to it for approval.

The Authority has decided to approve the proposed changes to the Licensee's Grid Code (the "Grid Code") as set out in the Appendix A of the report to the Authority arising out of Consultation E/05.

This document explains the background to the proposals and sets out the Authority's reasons for its decision to approve these changes to the Grid Code. This letter constitutes notice by the Authority under Section 49A of the Electricity Act 1989 in relation to this decision.

¹ The terms "Ofgem" and "the Authority" are used interchangeably in this letter. Ofgem is the office of the Authority.

² National Grid Electricity Transmission plc

³ Report from NGET - Consultation Reference E/05, Issue 1, Date of Issue 19 January 2006
<http://www.nationalgrid.com/NR/rdonlyres/04A806F2-D254-4FE6-9322-4DD9598D6098/5974/ReporttotheAuthorityE05.pdf>

Background to the proposed changes to NGET's Grid Code

Operating Code 8 ("OC8") of the Grid Code recognises the differences between the application of safety processes in Scotland compared to England and Wales. In England and Wales, Users and NGET work to OC8A whereas in Scotland, Users and Relevant Transmission Licensees ("RTLs") work to OC8B. OC8A and OC8B are substantially the same but there are a number of subtle differences.

One of the differences is that OC8B does not recognise Local Safety Instructions. Whilst Local Safety Instructions do not exist in Scotland, there are similar site specific procedures which are more detailed than the safety rules referenced in OC8B. These site specific procedures have been directly referenced in the relevant Site Responsibility Schedules. One consequence of the direct referencing from the Site Responsibility Schedule is that both the User and the RTL are required to work to the site specific procedures.

The scope of the site specific procedures does not fit within the Grid Code definition of Local Safety Instructions. The option of expanding the definition of Local Safety Instruction to cater for site specific procedures is considered to reduce the clarity of the obligations within OC8 and therefore introduce ambiguity.

OC8B currently allows a User and the RTL to agree detailed site specific operational procedures for safety co-ordination instead of the RISSP⁴ procedure. It has been usual practice for this type of agreed procedure to be directly referenced in the relevant Site Responsibility Schedule.

NGET has proposed changes to OC8B that will: -

- Clarify the distinction between detailed site specific operational procedures for safety co-ordination and site specific procedures for the application of Safety Precautions.
- Oblige the User and RTL to record any alternative operational procedures for safety co-ordination in the relevant Site Responsibility Schedule.
- Allow the User and RTL to agree site specific procedures for the application of Safety Precautions that are in addition to and consistent with RISSP procedures.
- Oblige the User and RTL to record site specific procedures in the relevant Site Responsibility Schedule.

NGET received two responses to Consultation E/05 from authorised electricity operators. Ofgem notes that:

- No objections to the proposed Grid Code changes were raised by respondents.
- One respondent noted that the proposed Grid Code changes reflected current practice at its User Sites in Scotland.

NGET's recommendation

In its report⁵ to the Authority on Consultation E/05 NGET set out the drafting for proposed changes to the Grid Code. It recommended that the Authority approves the proposed changes.

⁴ Record of Inter-System Safety Precautions

⁵ As required by C14(2)(a)

Ofgem's view

Approval of these changes by the Authority is required by standard condition C14(3). Having carefully considered the NGET's report on the proposed changes, Ofgem considers that, having had regard to the licensee's obligations⁶ set out in condition C14(1)(b) of the Transmission Licence ("the obligations") and Ofgem's wider statutory duties⁷, that the proposed changes to the Grid Code should be approved by the Authority. Ofgem's reasons for reaching this decision are outlined below.

Ofgem notes that SP Transmission Ltd has confirmed that the proposed Grid Code changes have been fully discussed and that it fully supports the proposed changes. Ofgem further notes that Scottish Hydro-Electric Transmission Ltd has advised that it does not have comments on the proposed Grid Code changes.

Ofgem notes that all respondents to NGET's consultation were supportive of the proposed Grid Code changes.

Ofgem consulted with HSE and notes that HSE considered that the proposed changes are mainly administrative to facilitate the continuation of existing working practices. HSE further noted that it considers that the proposed Grid Code changes do not represent any dilution of existing safety standards and procedures.

Ofgem acknowledges the importance of clearly defined safety procedures when operating electrical equipment. Ofgem notes that these proposed changes to the Grid Code enhance the existing safety co-ordination procedures that are in place. Ofgem considers that the implementation of these Grid Code changes will strengthen the existing safety framework and assist NGET in its development, maintenance and operation of the transmission system. Ofgem further considers that this enhancement of the safety co-ordination procedures will help reduce safety risks when work is being undertaken at substation sites and as such will promote the security of the electricity generation, transmission and distribution systems as a whole.

The Authority's decision

Based on the reasons set out above the Authority has therefore decided to approve the Grid Code changes set out in Appendix A of the report submitted to the Authority arising from Consultation E/05 (Proposed Changes to Grid Code OC8B in relation to Site Specific Safety Instructions).

The implementation date for these Grid Code changes is 10 business days after the date of this letter.

⁶ The licensee's transmission licence defines the Grid Code objectives as follows:

- (i) to permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity;
- (ii) to facilitate competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the GB 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); and
- (iii) subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in Great Britain taken as a whole.

⁷ Ofgem's statutory duties are wider than the matters that the NGET has to take into consideration and include amongst other things a duty to have regard to social and environmental guidance provided by Ofgem to the government.

Please do not hesitate to contact me on the above number if you have any queries in relation to the issues raised in this letter or alternatively contact Bridget Morgan on 020 7901 7080.

Yours sincerely

A handwritten signature in black ink that reads "John Scott". The signature is written in a cursive style, with the first letters of "John" and "Scott" being capitalized and prominent. A horizontal line is drawn underneath the signature.

John Scott
Technical Director

Signed on behalf of the Authority and authorised for that purpose by the Authority

cc: Lilian Macleod, GCRP Secretary