

Amendment proposal:	<b>System Operator ("SO") – Transmission Owner ("TO") Code ("STC") CA036: Activities in support of the preparation of the Offshore Development Information Statement</b>		
Decision:	The Authority <sup>1</sup> directs that this proposal be made <sup>2</sup>		
Target audience:	National Grid Electricity Transmission PLC (NGET), Parties to the STC and other interested parties		
Date of publication:	22 October 2010	Implementation Date:	five (5) business days after the date of the Authority decision

### Background to the amendment proposal

At Go Active<sup>3</sup>, the Secretary of State extended the scope of NGET's System Operator role to offshore waters, including its obligation<sup>4</sup> to develop and maintain an efficient, co-ordinated and economical system of electricity transmission.

To facilitate this obligation, the Authority amended special licence condition C4 of NGET's transmission licence to require it to publish an annual statement of offshore development information to facilitate the connection of generating stations in Offshore Waters. This information is published in the form of the Offshore Development Information Statement (ODIS).

The purpose of the ODIS is to help facilitate the development of an efficient, coordinated and economical system of electricity transmission by including a wide range of information relating to the possible development of both the offshore and the onshore transmission systems. The ODIS provides information to generators wishing to connect to the national electricity transmission system (NETS) by identifying the potential development of the offshore transmission system and where onshore system reinforcement may be required to facilitate a connection. It does so through a range of scenarios that illustrate potential development options against different future generation and demand backgrounds.

The STC does not currently allow for the exchange of information necessary for the annual preparation of the ODIS, in that it does not permit the exchange of data required by the scope of the ODIS with Transmission Owners (TOs).

### The proposed Amendment

TOs will require access to supporting data for each of the future scenarios utilised with the ODIS. This information will be provided to TOs for the purposes of the ODIS only and will include the generation and demand backgrounds for each year of the study period. The name, location and size of the generator (as specified by its Transmission Entry Capacity (TEC)) will be included in the generation background.

<sup>1</sup> The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

<sup>3</sup> Go Active; the Commencement of Sections 90 and 91 of the Energy Act 2004. Commencement occurred on 24 June 2009.

<sup>4</sup> Section 9 of the Electricity Act 1989.

STC amendment CA036 proposes to introduce a new paragraph in Section D Part I of the STC to provide for a number of activities to be undertaken by a TO to assist NGET in the preparation of the ODIS. It also proposes a change to Schedule 3 to include provisions that allow NGET to share supporting data used in the development of the future scenarios with a TO. These changes would allow TOs to undertake a detailed and comprehensive analysis of the potential development of the transmission system they own and thus provide more detailed comprehensive analysis of the potential development of the NETS.

The proposed amendment also sets out the process to apply in the event of a dispute between parties arising as a result of the activities required to prepare the ODIS, which is reflected by a change to section H of the STC. Section J of the STC will also be updated to reflect the relevant terminology.

Details of the activities to be undertaken by TOs will be set out in a STC Procedure (STCP).

In the proposer's (NGET's) view, the proposed amendment better meets the following applicable STC objectives:

(b) Development, maintenance and operation of an efficient, economical and co-ordinated system of electricity transmission,

(c) Facilitating the efficient, effective competition in the generation and supply of electricity and (so far as consistent therewith) facilitating such competition in the distribution of electricity, and

(d) Protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees.

In the proposer's view, the involvement of the Transmission Owners in the preparation of the Statement will enable the provision of a more detailed, comprehensive analysis of the potential development of the NETS to that which is currently provided in the Statement due to the detailed knowledge which the Transmission Owners have on their transmission area (and may not necessary be available to NGET (acting in its role as National Electricity Transmission System Operator)). The inclusion of this more enhanced information will be of benefit to industry participants who have indicated that the Statement is a key document in facilitating the development of the NETS in offshore waters.

### **Responses to the STC Committee consultation**

The STC Committee undertook an Assessment and Report consultation on CA036. All the existing STC Parties responded indicating that there would be no impact on their systems and no cost involved in implementing the proposed amendment. Two responses were received from EDF Energy Plc and Transmission Capital Ltd, both of which generally supported this proposal. EDF Energy Plc wished to understand the form of governance that would support this amendment and be set out in the STC Procedure (STCP).

## **STC Committee<sup>5</sup> recommendation**

The STC Committee recommended that CA036 should be implemented and that implementation should occur five business days after the Authority's decision. The Committee agreed with the proposer that the proposed amendment better meets applicable STC objectives (b), (c) and (d).

## **The Authority's decision**

The Authority has considered the issues raised in the final Amendment Report, including the legal text and the consultation responses, for CA036. The Authority concludes that:

1. implementation of the amendment proposal would better facilitate the achievement of the applicable objectives of the STC;<sup>6</sup> and
2. directing that the amendment be made is consistent with the Authority's principal objectives and statutory duties.<sup>7</sup>

## **Reasons for the Authority's decision**

Having considered the Amendment Report in the context of the applicable STC Objectives and its statutory duties, the Authority considers that CA036 would better facilitate the achievement of the following applicable STC objectives:

*Applicable Objective a (Efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act)*

This amendment will clarify the roles of individual STC parties in respect of the production of NGET's ODIS. We consider that the proposed change is consistent with the allocation of other planning responsibilities under the STC and therefore better facilitates the efficient discharge by NGET of special condition C4 of its transmission licence.

*Applicable Objective b (Development, maintenance and operation of an efficient, economical and co-ordinated system of electricity transmission)*

The provision of detailed analysis by TOs in the production of the ODIS improves the information available to generators wishing to connect to the NETS which is likely to encourage a more co-ordinated approach and thus better facilitates this objective.

*Applicable Objective c (Facilitating , effective competition in the generation and supply of electricity and (so far as consistent therewith) facilitating such competition in the distribution of electricity)*

Improvements to information about possible future strategic developments of the NETS is expected to facilitate the connection of generating stations in Offshore Waters.

*Applicable Objective d (Protection of the security and quality of supply and safe operation of the national electricity transmission system)*

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<sup>5</sup> The STC Committee is established and constituted from time to time pursuant to and in accordance with section B6 of the STC.

<sup>6</sup> As set out in Standard Condition B12(3) of NGET's Transmission Licence, see: <http://epr.ofgem.gov.uk/index.php?pk=doc176694>

<sup>7</sup> The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

Whilst we note that the primary purpose of this STC amendment is not to directly facilitate this applicable objective, we consider that additional clarity in working arrangements between transmission licensees will contribute to the security and safe operation of the NETS.

We note the clarification from NGET that this proposed STC amendment will not require sharing of User Data submitted to NGET under the Grid Code that is not public domain information. We also note that the proposed amendment will require NGET to share information with TOs about possible future scenarios that will be presented in the public domain as part of the ODIS publication.

We note that the contents of the STCP that will accompany this amendment are not a matter for the Authority to determine.

### **Decision notice**

The Authority has decided to direct that proposed amendment CA036 '*Activities in support of the preparation of the Offshore Development Information Statement*' should be made and implemented.

The proposed amendment is to be implemented five (5) business days after the date of this decision.

In accordance with Condition B12 of NGET's Transmission Licence, NGET shall notify the STC parties in accordance with the direction of the Authority.

**Stephanie McGregor**  
**Director, Offshore Transmission**

Signed on behalf of the Authority and authorised for that purpose