

# Grid Code Derogations

Overview of the derogations  
process



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- What is a derogation?
- Derogation requirements
- Derogation process (Grid Code and EU Grid Connection Codes)
- Derogation assessment criteria
- Ofgem derogation process

- A technical derogation is a direction, from Ofgem, relieving the party from its obligation to comply with a requirement(s) from a technical code in specified circumstances and to a specified event.
- A licensee (generation, transmission) may submit a request to us for a derogation from their licence requirement to comply with a particular obligation in a code or standard.
- Derogations usually have an expiry date, although where there are strong grounds we may issue a lifetime derogation.
- Derogations are non-transferable.
- Each derogation request is assessed by us individually.

Any derogation request must include:

- Details of the applicant
- A clear description of the non-compliance & the reasons why the non-compliance has or is expected to occur, actions taken to mitigate the risks/impact of the non-compliance, the proposal for restoring compliance (and other options considered)
- A comprehensive (quantitative, wherever possible) assessment of the impact of the non-compliance on:
  - Consumers
  - Security of supply
  - Competition
  - Sustainable development
  - Health and safety
  - Other parties affected
- Demonstration that the requested derogation would have no impact on cross-border trade
- The proposed duration of the derogation

- The relevant licensee should make a written request to us for a derogation.
  - Where this is a generation licensee, NGET will also need to request a derogation from its obligation to implement and ensure compliance with the relevant Grid Code requirement.
  - The generation licensee should lease with us and NGET as early as possible.
  - We will not consider the derogation request until both licensees (if required) have submitted their respective derogation requests
  - We aim to complete our assessment of the derogation requests, and issue our decision within 6 months of receiving them.

- Parties with obligations under the GCCs (RfG, DCC, HVDC) can request derogation from a requirement to comply with a particular obligation in the GCCs. We will also treat this as a request from the relevant GB technical code or standard is applicable.
  - Party requesting the derogation is expected to notify us of the applicable clause(s) of the relevant GB technical code or standard
- We require the same information as for Grid Code derogation requests, however GCC derogation requests will also need to include a cost benefit analysis pursuant to the requirements of Article 39 of the RfG, Article 49 of the DCC or Article 66 of the HVDC.

- For facility owners:
- Relevant party should file a derogation request with the SO (transmission connected) or relevant DNO (distribution connected)
- Within 2 weeks, the SO or DNO will confirm whether the request is complete
  - If not, the party shall submit the additional required information requested by the SO or DNO within one month of their request for it, else the derogation will be withdrawn
- The relevant DNO (in coordination with the SO and any affected adjacent DNO) will assess the derogation request and CBA.
- Within 6 months of receipt of the derogation request, the SO or relevant DNO will forward the request and their assessment to us
  - Can extend for 1 month if additional information is requested, or 2 months if the relevant DNO requests the SO submit an assessment of the derogation request
- We will make a decision within 6 months of receiving this.
  - We can extend this for 3 months if we request additional information

- For SO, DNO, CDSO, or Transmission Licensee:
- The SO, relevant transmission licensee, DNO or CDSO shall submit their derogation request to us
  - If DNO or CDSO request, within 2 weeks of receiving the request we will ask the SO to assess the derogation request.
- Within 2 weeks of receiving the request, the SO shall confirm to the DNO or CDSO whether the request is complete.
  - If not, the DNO or CDSO shall submit the additional required information requested by the SO within one month of their request for it, else the derogation will be withdrawn
- Within 6 months of receiving a complete request, the SO shall submit to us its assessment of the request
- We will make a decision within 6 months of receiving this



- Assessment provided by the applicant, and relevant SO or DNO demonstrating that there are no:
  - Significant risks to the applicant, other relevant parties or consumers
  - Avoidable adverse impacts to the applicant, other relevant parties or consumers
  - Additional mitigation measures considered or not considered
  - Outstanding objections from parties materially affected
  - Competitive advantages to applicant
  - Adverse impacts on cross-border trade (for GCC derogations)

- We will consider the impact on:
  - Consumers – e.g. increased costs
  - Competition
  - Sustainable development – e.g. carbon benefits
  - Health and safety – e.g. consulting with the Health & Safety Executive
  - Other affected parties
- We will also take into account:
  - Nature of derogations already granted
  - Likelihood of similar derogation requests
  - Effect of derogation request on future requests

- We may consult with party making the derogation request for clarifications
- If a broader industry consultation (eg. impact assessment) is required to inform our decision, we will consult with industry
- If directly affected parties have been identified by the applicant, we will consult these parties
- If there are any safety implications, we will consult with the HSE
- If the request impacts a nuclear station, we will consult with the Office for Nuclear Regulation
- If a monitoring mechanism is required, we will consult with the party making the request and other materially affected parties
- We will maintain a register of all derogations granted or refused.

All information within this presentation and further detailed information available:

[https://www.ofgem.gov.uk/system/files/docs/2017/11/derogations\\_guidance\\_post-con.pdf](https://www.ofgem.gov.uk/system/files/docs/2017/11/derogations_guidance_post-con.pdf)

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**We will ensure that Ofgem will operate as an efficient organisation, driven by skilled and empowered staff, that will act quickly, predictably and effectively in the consumer interest, based on independent and transparent insight into consumers' experiences and the operation of energy systems and markets.**