

GOVERNANCE OF THE COMPLIANCE PROCESS

Paper by National Grid

Introduction

1. At the 17 May 2007 GCRP meeting in context of a presentation of the life time compliance process, concerns were expressed about the governance of Guidance Notes. These are provided by National Grid to assist Generators in demonstrating compliance with the technical requirements of the Grid Code and Bilateral Agreements. The panel agreed that given the legal requirements of the process on the industry, it would be beneficial if elements of the process were coded.
2. The concerns expressed by members of the GCRP can broadly be categorised as
 - The introduction of additional technical performance requirements in the Guidance Notes beyond the requirements of the Grid Code.
 - While Grid Code changes are scrutinised by the industry as a whole, performance changes in the Guidance Notes are not.
3. In presenting this paper National Grid is seeking agreement on the broad principles to be followed to address these concerns.

Background

4. The CUSC (Clause 6.3) requires all Generators to comply with the technical requirements of the Grid Code and the Bilateral Agreement requires additional requirements to be demonstrated prior to connecting to the Transmission System. National Grid through its Transmission Licence (C14) is responsible for ensuring that the Grid Code is applied to all Users without undue discrimination. Only the Authority can approve non-compliance via the process of derogation.
5. Since vesting in 1990, National Grid has used an "Operational Notification" process to manage the connection of all new Generation plant. This has generally been accepted as a method of ensuring that all generation complies with the Grid Code and the Bilateral Agreements. Over the years a series of editions of a Guidance Notes have been produced by National Grid for the purpose of:
 - Explaining the management of the connection process
 - Collating the technical requirements contained in the Grid Code and Bilateral Agreement for the purpose of advising on the practical ways that compliance can be demonstrated.By asking Generators to demonstrate compliance within an openly published process, National Grid discharges its duty to treat all generators equitably.
6. In June 2005 the Grid Code was extended to cover the non-synchronous generation technologies employed in renewable generation. As a consequence National Grid expanded the guidance notes to cover the different generation technologies. This has helped to facilitate the connection of a large number of new developments, many by developers unfamiliar with the GB electricity generation industry. Further clarifications were added from the practical experience dealing with this new class of developers.

Technical Performance Requirements

7. While adding additional explanations to try and assist developers with the interpretation of the Grid Code and enhance their understanding of what performance is needed for the secure operation of the transmission system, National Grid accepts that some of the refinements may be seen as additional performance requirements. National Grid agrees with the GCRP member's concern that technical performance should not be defined in the Guidance Notes. The Guidance Notes should consequently not be the source for "what" (the performance requirements), but on "how" (focused on the most effective manner to demonstrate compliance).
8. To address this concern, National Grid has undertaken a review of the Guidance Notes and has identified some 15 comments on performance that could be construed as additional requirements. National Grid intend to present these performance descriptions as proposals for addition to the Grid Code.
9. It is proposed that the Guidance Notes should continue to define "how", focusing on best practice.

Governance of the Compliance Process

10. The latest draft of the Guidance Notes contains a description of the Compliance Process. This covers the processes both for new connections and for life time compliance.
11. National Grid notes the comments about lack of Governance. National Grid recognises that CUSC and the Grid Code should define "what" is required and the Guidance Notes should focus on "how" this is most practically delivered.
12. It is proposed that the compliance process should be added to the Grid Code, possibly in the Connection Conditions. As an illustration of what National Grid regards the compliance process to be, flowcharts are attached in Appendix A to this paper. These covers both the compliance process during the initial connection of a power station and the compliance process during the lifetime of the plant.
13. In context of the separate CUSC governance, consideration needs to be given to extend the definitions associate with the status "Operational". This could cover the intermediate or conditional (limited) operational notification statuses (ION and LON) as well as the final status (FON), possibly in Schedule 2, Exhibit 3 Section 7 and in the definitions. National Grid recognises that changes to the CUSC will be addressed under its separate governance.
14. It is proposed that the Guidance Notes continue to define "how" the above procedures are implemented in the most effective manner. National Grid will be open to alternative methods of demonstration where this can be shown to be more effective. It is proposed that this guidance of "how" to implement the process along with "how" to demonstrate technical compliance will continue to be targeted on both new and experienced generation project developers and plant manufacturers. The majority of feedback, particularly from the smaller independent project developers and from plant manufacturers is very positive about the value of this guidance.

15. With the rapidly developing technology both in the field of renewable generation and in low carbon versions of synchronous plant, National Grid would prefer to keep the flexibility in updating the Guidance Notes without resorting to lengthy consultations under the Grid Code framework or similar. This flexibility has been requested by Developers and Manufacturers. National Grid believes this gives advantages to all stakeholders by allowing rapid response to:
 - changes in technology
 - unforeseen practical situations from novel plant designs
16. The detailed drafting process for inclusion of the compliance process will include review of Grid Code OC5 which covers the monitoring and detection of poor plant performance from older generation. This Code does not cover the connection of new plant or the process for demonstrating compliance for plant modifications during the lifetime of power stations.

Summary of proposal

17. National Grid proposes the establishment of a working group to review the proposed changes. The remit of the working group should cover the technical performance aspects, with a view to migrate performance details into the Grid Code. Secondly, the remit should cover the compliance process with a view to establishing this inside the Grid Code. This may result in some proposals of definitions of operational status. These could lead to a need for complementary changes to CUSC. How these could best be placed in the CUSC would require separate consideration under CUSC governance.
18. It is proposed to make the focus of the Guidance Notes on the practical issues of “how” to implement compliance in both technical and procedural terms. It is proposed to leave this function under National Grid governance. It is also proposed to clarify that this best practice is optional, open to alternatives shown to be at least as effective.

Alternatives to the proposal & brief comparisons with the proposal

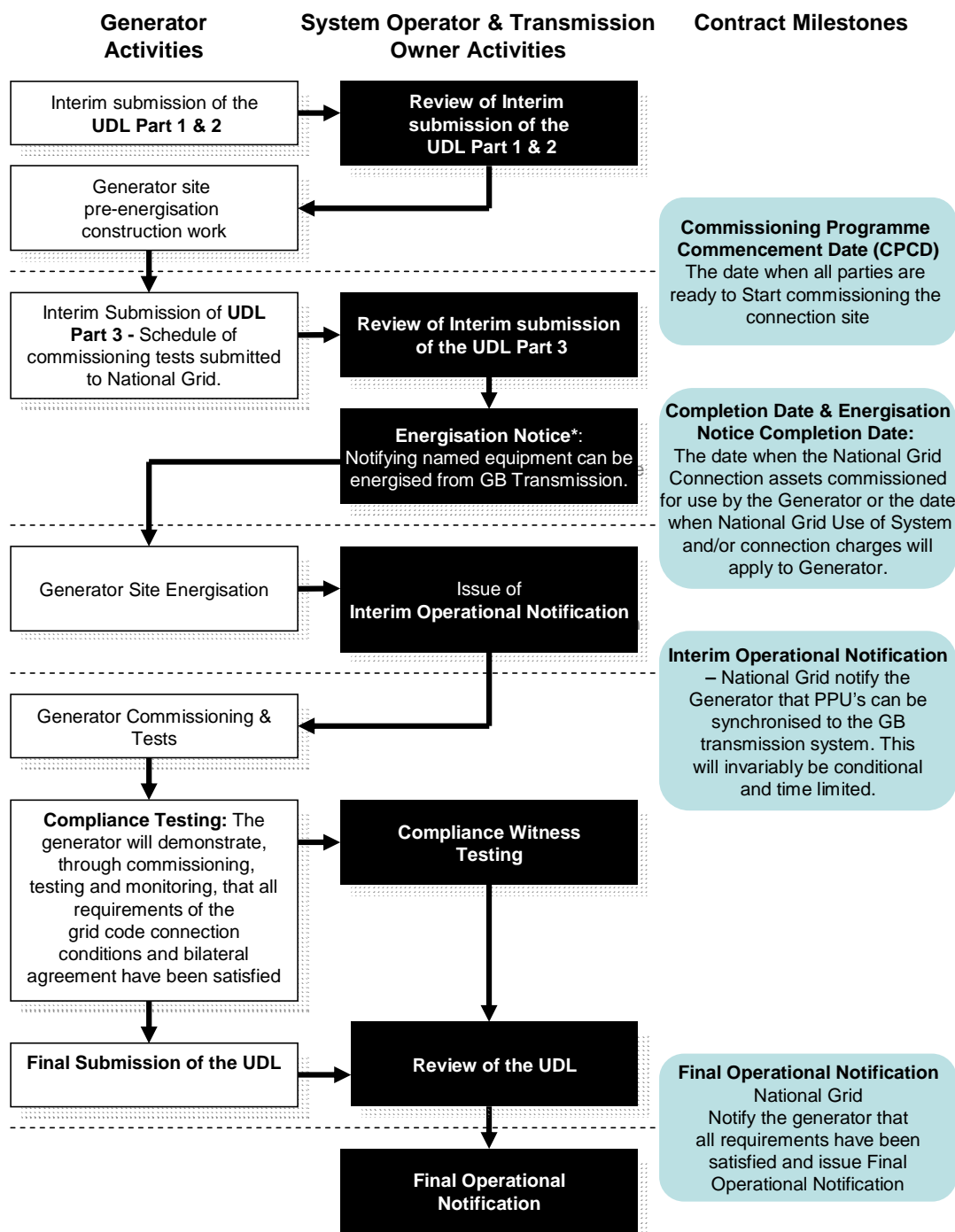
19. In drafting these proposals, National Grid has identified three further alternative strategies. These are:-
 - “Do nothing”. National Grid considers that this would be unreasonable given the concerns expressed by the panel members.
 - “Migrate the complete Guidance Notes as an appendix into the Grid Code.” Given the content is optional guidance with explanation of Grid Code clauses, National Grid considers this unwarranted and this would lead to a loss of responsiveness to cover new aspects arising.
 - “As main proposal except with the addition of making the Guidance Notes a formal standards document”. National Grid considers this unwarranted and this would lead to a loss of responsiveness to cover new aspects arising, even after noting the lower standard of governance associated with these documents compared to governance of the Grid Code.
20. A single working group is proposed for this work spanning both technical performance issues and procedural aspects. Consideration has been given to splitting the work into two separate working groups. However, following review, in particular of the interactions with OC5 affecting both elements, it is suggested that a single working group is probably the most effective way forward.

Recommendations

21. The GCRP is invited to:
- a) Recommend that a working group is established to consider this outline proposal regarding performance aspects and processes outlined in the Guidance Notes. .
 - b) Invite members to nominate members for the working group within 4 weeks with a view to the first meeting being arranged for December 2007.
 - c) Request National Grid to bring forward initial proposals for consideration by the working group on the technical performance requirements currently in the Guidance Documents that should be included in the Grid Code. National Grid also to bring forward proposals to the working group regarding the compliance process in the Grid Code for new power stations and for life time compliance including modifications to existing power stations. The working group would also look at identifying areas where complementary changes to CUSC would be useful. These would then be subject to consideration under CUSC governance.
 - d) Request this working group in context of the aspects in d) above to consider interactions with OC5. If appropriate bring forward proposals, which clarify the role of OC5 in context of compliance. It is recognized that this part is likely to be a time consuming task.
 - e) Request the working group to bring forward detailed proposals and define an appropriate target date for this in context of other work commitments.

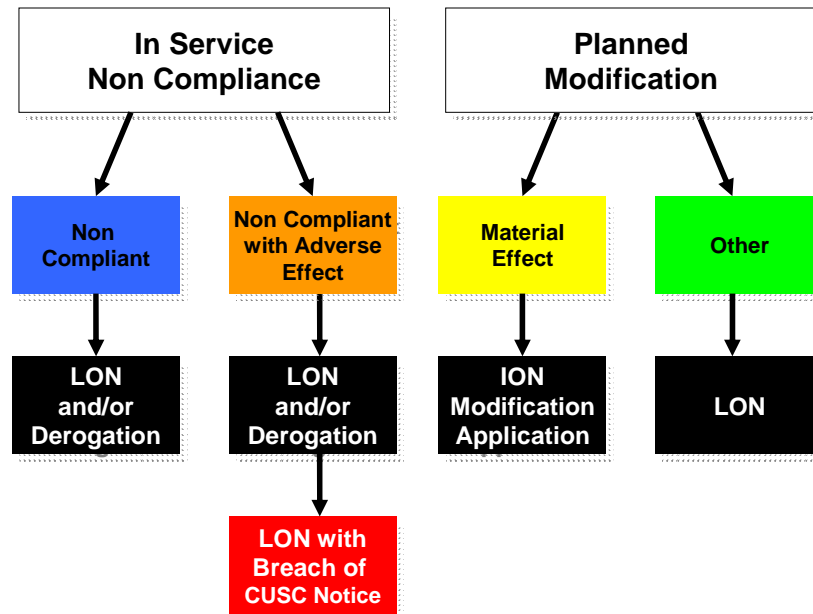
ATTACHMENT A

Compliance Process for New Power Stations



ATTACHMENT A

Issue of Interim and Limited Operational Notifications during plant Life Time



Attachment A Non Compliance Resolution Process

