

Grid Code Review Panel – Issue Assessment Proforma
Generator Led Due Diligence Review
pp11/61¹

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Summary

To implement the generator build model, changes were made by the Secretary of State to the Grid Code on 31 December 2010 to place obligations on offshore generators wishing to undertake activities otherwise undertaken by an Offshore Transmission Owner (OFTO). This is to ensure that transmission assets comply with the same standards whether constructed by generators or OFTOs.

As part of the *government response to consultations on offshore electricity transmission*² it was recognised that the changes made to the Grid Code, in relation to Generator Led, had been developed over a relatively short period of time. Within this government response, it was noted that a due diligence review of the Grid Code would take place to ensure there were no unintended consequences that could arise from the drafting that was implemented.

A due diligence review has now been conducted by National Grid and Ofgem and minor changes have been identified that would add clarity to the arrangements placed in the Grid Code.

Users Impacted

High

None identified

Medium

None identified

Low

Generators undertaking OTSDUW (Offshore Transmission System Development User Works)

Description & Background

A new regulatory regime for offshore transmission networks has been developed, in partnership, by Ofgem and the Department of Energy and Climate Change (DECC). The new regime was activated on 24 June 2009 and in July 2009 Ofgem commenced the first set of transitional tenders to appoint new Offshore Transmission Owners (OFTOs).

Transitional tenders are for projects where the transmission assets have been or will be constructed by the offshore developer, then transferred to the OFTO. Ofgem commenced the second transitional tender round on 17 November 2010. Subsequent tenders will fall under the enduring regime.

¹ The Code Administrator will provide the paper reference following submission to National Grid.

² <http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/Cons2010/Documents1/Government%20response%20to%20offshore%20transmission%20consultations.pdf>

In order to implement the enduring regime, a number of changes were made to the Grid Code. These changes were put in place by the Secretary of State and came into effect on 31 December 2010.

It was recognised that the Generator Led changes made to the Grid Code had been developed over a relatively short period of time. In response to this, it was agreed that a due diligence review of the Grid Code would take place to ensure there were no unintended consequences that could arise out of the drafting that was implemented.

A due diligence review has now been conducted by National Grid and Ofgem and a number of minor changes have been identified that would add clarity and consistency to the arrangements placed in the Grid Code. Following discussions with Ofgem, it was agreed that any changes identified from the due diligence review would be progressed through the normal governance arrangements of the respective code.

This paper highlights the proposed changes identified from conducting the consistency review.

Proposed Solution/Next Steps

It is proposed to make amendments to the Planning Code, Connections Conditions and Data Registration Code. The proposed changes can be found in the attached documentation.

Impact & Assessment

Impact on the National Electricity Transmission System (NETS)

There have been no impacts on the NETS identified.

Impact on Greenhouse Gas Emissions³

There have been no impacts on Greenhouse Gas Emissions identified.

Impact on core industry documents

The changes will not impact other core industry documents. It should be noted that a separate modification is being raised to progress CUSC changes.

Impact on other industry documents

The changes will not impact other industry documents.

³ The most recent guidance on the treatment of carbon costs under the current industry code objectives can be found on the Ofgem website at: <http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Pages/Governance.aspx>

Assessment against Grid Code Objectives

Will the proposed changes to the Grid Code better facilitate any of the Grid Code Objectives:

- (i) to permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity;

Clarification of arrangements will allow for a more efficient development of the offshore transmission system by removing ambiguity and providing clearer requirements for Users.

- (ii) to facilitate competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the national electricity 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

Neutral impact on the facilitation of competition.

- (iii) subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in the national electricity transmission system operator area taken as a whole.

Clarification of arrangements will improve the efficiency for the development of Offshore Transmission networks.

Supporting Documentation

Have you attached any supporting documentation:

YES

If Yes, please provide the title of the attachment:

Planning Code, Connection
Conditions and Data
Registration Code

Recommendation

The Grid Code Review Panel is invited to **approve this issue for progression to an Industry Consultation.**

GCRP Decision (to be completed by the Committee Secretary following the GCRP)

Document Guidance

This document is used to raise an issue at the Grid Code Review Panel, as well as providing an initial assessment. An issue can be anything that a party would like to raise and does not have to result in a modification to the Grid Code or creation of a Working Group.

The Grid Code Administrator, National Grid, is available to help any party complete this proforma. Please contact grid.code@uk.ngrid.com if you have any queries.