

Martin Queen

Email: Martin.Queen@ofgem.gov.uk

31 March 2023

STC Panel Chair
c/o National Grid Electricity System Operator Limited
Faraday House
Gallows Hill
Warwick CV34 6DA

Sent by email: stcteam@nationalgrideso.com

Dear Chair,

Authority decision to send back the Final Modification Report for System Operator ("SO") – Transmission Owner ("TO") Code ("STC") CM085 – To clarify OFTO reactive power requirements at <20% output

We understand that the driver for [CM085 \(the Proposal\) Final Modification Report \(FMR\)](#) is to prioritise utilisation of existing equipment to manage voltage, where it is deemed to be the more efficient solution for consumers, in comparison with prompting further system reinforcements. However, we have decided that we cannot form an opinion on this modification based on the submitted FMR. We are therefore sending it back for further work and directing the STC Panel to revise and resubmit the FMR.

Reasons for send back

Whereas the FMR recognises concerns raised by (Offshore Transmission Owners) OFTOs regarding the regular utilisation of their reactive power equipment, it fails to address these concerns in sufficient detail for the Authority to understand the impacts on OFTOs. Additionally, there are further concerns that were raised by Code Administrator Consultation respondents.

We therefore expect the revised FMR to fully explore, perhaps through a workgroup, the impact on OFTOs and address the Code Administrator Consultation respondents' comments some of which are below:

1. Why existing processes cannot be used to access the reactive capability at windfarm outputs below 20%. For consideration are:
 - a. **STC Section C Clause 3.3.2** that allows the National Grid Electricity System Operator (NGESO) to propose modifications to the minimum Offshore Transmission Owner's Services Capability Specification
 - b. **STC Section C Clause 4.14** that requires TOs to respond to NGESO requests for provision of temporary Transmission Services in excess of their Normal Capability Limits. The clause also allows for the Transmission Owner to notify NGESO of any conditions that apply to the use of such temporary Transmission Services at technical limits above their Normal Capability Limits.
 - c. **STCP 11.4** through which Enhanced Operational Capability Limits can be accessed
2. The process through which each OFTO system's capabilities would be calculated and confirm that each OFTOs reactive power compensation equipment would have been tested to this level as part of the commissioning process.
3. The cost benefits to the consumer because of the proposed modification, in particular:
 - a. The amount of reactive power capability that would be unlocked by the proposals that can be relied upon by NGESO in discharging their operational obligations and relevant TOs in discharging their obligations under the SQSS.
 - b. The cost that NGESO would expect to incur to procure the reactive power that could otherwise be unlocked through this modification.
 - c. The additional operation and maintenance costs that would be incurred by the OFTO in providing this service and any consequential impact on an OFTOs tender revenue stream.

Direction

In view of these shortcomings in the FMR, we cannot form an opinion on this proposal. We require the revised FMR to fully take account of, and address, the above points. After addressing these points and revising the FMR accordingly, the STC Panel should re-submit it to us for decision.

Timing

We recognise the ESO expects to call on this service in summer 2023, therefore resolution to allow the Authority to make a timely decision (either to approve or reject) would be helpful.

Yours sincerely

Martin Queen**Head of Engineering Systems & Policy, Analysis & Assurance**

Signed on behalf of the Authority and authorised for that purpose