

Workgroup Consultation Response Proforma**GC0117: Improving transparency and consistency of access arrangements across GB by the creation of a pan-GB commonality of Power Stations requirements**

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to grid.code@nationalgrideso.com by **5pm on 5 August 2022**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact Ruth Roberts ruth.roberts@nationalgrideso.com or grid.code@nationalgrideso.com

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I wish my response to be:

(Please mark the relevant box)

☒ Non-Confidential☐ Confidential

Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

For reference the Applicable Grid Code Objectives are:

- a) To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity
- b) Facilitating effective 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);
- c) 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;
- d) To efficiently discharge the obligations imposed upon the licensee by this license and to comply with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency; and
- e) To promote efficiency in the implementation and administration of the Grid Code arrangements

Please express your views in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions		
1	Do you believe that the Original Proposal and WAGCM1 better facilitates the Applicable Objectives?	Mark the Objectives which you believe each solution better facilitates:
		Original <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WAGCM1 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		<p>We support harmonisation in principle. We acknowledge the potential benefit that harmonisation as a concept achieves (namely increased efficiency) and that such harmonisation has been the direction of travel driven by EU Regulation, and Ofgem as evidenced in the consultation document.</p> <p>It is important, however, in seeking harmonisation, to fully consider the baseline and the reasons why the differences between the network areas exist to fully establish both the defect (the absence of harmonisation) and the benefits of harmonisation.</p> <p>The baseline is reflective of comparatively different network capacities across the three networks, and the varying impact on those capacities that different sizes of generation can have on those capacities. The differences in network capacities are therefore reflective of why there are currently differences in the thresholds. For this reason the proposals would be strengthened by quantitative analysis of the impact of change on the baseline and the benefits of the change.</p> <p>In our view the primary benefit for efficiency and for consumers derives from transparency of demand rather than harmonisation in itself. From this point of view the Original Proposal maintains the importance of transparency. However, we do not think that WAGCM1 or the alternatives better facilitates the Applicable Objectives.</p> <p>As a general principle, the whole industry should be providing visibility of generation demand to support effective system operation. Setting the GB threshold at 10MW, as proposed by the Original, would facilitate transparency of embedded generation.</p>

		<p>We are concerned that WAGCM1 would reduce both NGENSO visibility of schemes and the compliance requirements for connecting generators thus risking the security and efficiency of maintaining a reliable transmission network – Objective C.</p> <p>A lack of transparency of smaller schemes can place unexpected network capacity constraints. We are currently managing the risk of capacity constraints via the visibility that our current large threshold of 10MW provides, even then in some cases small schemes pose a risk to network capacity. This could potentially reduce the availability of BM controllable customer connections to manage flows/constraints on the transmission system.</p> <p>We note too that change to compliance requirements could have a knock-on impact to Planning and Operational criteria set out in the NETS SQSS.</p> <p>We note that given the broad bandings of implementation costs of the proposals and the issues related to ongoing costs in the alternative proposals, that any proposals taken forward in the next consultation would benefit from a cost benefit analysis to ensure and quantify consumer benefit.</p>
2	Do you support the proposed implementation approach?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>No, not yet. We understand that a broad set of implementation timescales are required due to the varying impacts of the proposals and alternatives.</p> <p>We welcome the extended compliance timescales to 2027 for Original Proposal.</p> <p>We will assess our support of the implementation approach when the options have narrowed, and a cost benefit analysis completed.</p>
3	Do you have any other comments?	<p>To ensure consistent standards and a safe and reliable network via the compliance protections offered by the Grid Code, we believe that the Original Proposal better serves Objective C than WAGCM1 as a larger proportion of schemes would be required to comply with the Grid Code as well as the BM, CUSC, connections agreement with NGENSO. The requirement to be in the Balancing Mechanism (BM) is essential to managing a safe, secure and economic System through the need to instruct plant in the Balancing Mechanism.</p>

	<p>This also better facilitates transparency of schemes for management by NGENSO in the objective of delivering net zero. A potential disadvantage of WAGCM1 is that reduce the visibility and controllability for new generators connecting in Scotland, and that it would not address the NGENSO's concern that they require increased visibility and control of embedded generation across all of GB.</p> <p>A lack of transparency of smaller schemes can place unexpected network capacity constraints. We are currently managing the risk of capacity constraints via the visibility that our current large threshold of 10MW provides, even then in some cases small schemes pose a risk to network capacity. This could potentially reduce the availability of BM controllable customer connections to manage flows/constraints on the transmission system.</p> <p>As a consequence of sustained customer connection activity at GSPs, particularly the emergence of 49.9MW Batteries, GSP capacity is more limited than ever. It could be argued that without changes to other existing processes, we require an even more granular view of embedded connections. An increase to the threshold would compound a risk existing in our current threshold of 10MW.</p> <p>We are concerned, therefore, that perceived efficiencies of WAGCM1 by maintaining the thresholds in England and Wales, and acknowledgement by NGENSO that this would be easier to implement for IT systems, the potential costs of this lack of transparency and of network reinforcement resulting from increased connections that are not required to meet the standards of the Grid Code could outweigh perceived cost efficiencies.</p> <p>We do not currently think that any of NGENSO's alternatives are clear enough to support. However, we note that there is a recurring preference from Generators to completely remove the Medium threshold, again illustrating that WAGCM1 has less broad consensus than the Original Proposal.</p> <p>We would be interested in considering a threshold of below 10MW to fully understand true generation demand in a context of increased volume of smaller generation connecting. However, there is an ongoing risk of</p>
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		<p>increasing transparency built into the Original Proposal, or lowering the threshold further, of increased TO costs and resourcing. Higher TO costs of resourcing results from increased applications for connection and the associated timescales of compliance under the Large threshold and STCP19-3 compliance process. However, this concern could be addressed by improvements, efficiencies and streamlining of existing compliance processes without the need for increasing SSENT's Large threshold. Without significant improvements in the ESOs Grid Code compliance process, the sustained increase in volume of customer connections across GB, will drive an increase in TO costs to fulfil compliance obligations.</p>
4	<p>Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?</p>	<p> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </p> <p>It is important, in seeking harmonisation, to fully consider the baseline and the reasons why the differences between the network areas exist to fully establish both the defect (the absence of harmonisation) and the benefits of harmonisation.</p> <p>The baseline is reflective of comparatively different network capacities across the three networks, and the varying impact on those capacities that different sizes of generation can have on those capacities. The differences in network capacities are therefore reflective of why there are currently differences in the thresholds. For this reason the proposals would be strengthened by quantitative analysis of the impact of change on the baseline and the benefits of the change.</p> <p>We would be interested in considering a threshold of below 10MW to fully understand true demand in a context of increased volume of smaller generation connecting. However, there is an ongoing risk of increasing transparency built into the Original Proposal, or lowering the threshold further, of increased TO costs and resourcing. Higher TO costs of resourcing results from increased applications for connection and the associated timescales of compliance under the Large threshold and STCP19-3 compliance process. However, this concern could be addressed by improvements, efficiencies and streamlining of existing compliance processes without the</p>

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Specific Workgroup Consultation questions

5	Do you believe it is appropriate to change the definition of Demand Capacity and associated Grid Code definitions so that they align with the changes to Large, Medium and Small Power Stations? If so, do you think this should be addressed as part of this Grid Code modification or separately?	<p>Given that the consequential impact of the modification on the definitions of Demand Capacity was only recently identified by the work group, we believe this should be further discussed in the work group.</p> <p>As a general principle, where practicable, where a modification has a consequential impact we believe consequences and associated impacts of modifications should be considered by work groups, as this better aligns with 'whole system thinking', and we believe is more reflective of an efficient and streamlined code modification process. However, we think that the discussion of Demand Capacity is beyond the practical scope of this modification and would make it too complex. Therefore, we think this should be addressed in a separate modification.</p>
6	Do you see any unintended consequences of this changing the definition of Demand Capacity? If so, what are your reasons for this?	No specific comment.
7	Do you think the suggested change in the definition of Registered Capacity is appropriate and do you think this change should apply across the original and Alternative solutions proposed? If not, please state your reasons.	No specific comment.

8	Of the solutions proposed (i.e., the Original and Alternatives) which solution do you favour and why?	<p>See answers to questions 1 to 4.</p> <p>It is important, in seeking harmonisation, to fully consider the baseline and the reasons why the differences between the network areas exist to fully establish both the defect (the absence of harmonisation) and the benefits of harmonisation.</p> <p>The baseline is reflective of comparatively different network capacities across the three networks, and the varying impact on those capacities that different sizes of generation can have on those capacities. The differences in network capacities are therefore reflective of why there are currently differences in the thresholds. For this reason the proposals would be strengthened by quantitative analysis of the impact of change on the baseline and the benefits of the change.</p> <p>Our overarching view is that whilst harmonisation is important, the benefit for efficiency and for consumers derives from transparency of demand. The Original Proposal better facilitates transparency. However, we do not think that WAGCM1 or the alternatives better facilitates the Applicable Objectives.</p>
9	Do you think there are unintended consequences in defining Type 1 and Type 2 Licence Exempt Embedded Medium Power Stations (LEEMPS) separately? If so, please state your reasons.	No specific comment.
10	Do you think that there is merit in establishing a holistic net-zero view of the technical and	Yes. The primary driver for modifications pre and post the

	commercial arrangements for connecting new and operating existing and new generators to meet the requirements of all stakeholders, then developing the necessary cross code changes to implement the new framework, rather than just change the definitions of power station sizes with this Grid Code modification?	Energy Code Reform should be the enablement of net zero. We support the objectives of code consolidation for the benefit of enabling net zero, and therefore believe that existing code modification processes and individual modifications should take a holistic view of net-zero. We therefore think there is merit in this approach as a means of establishing 'Whole System Thinking' within the existing code modification process and not relying on the Energy Code Reform before adopting this as a key principle.
11	Do you agree that the revised arrangements should apply to new generators connected to the system i.e., not applied retrospectively?	<p>We do not think the proposals should be applied retrospectively.</p> <p>We welcome that the proposal's scope is limited to would only relate to 'New' generation connections and not to 'Existing' generation connections (based on the definitional approach of 'New' and 'Existing' contained in the RfG).</p> <p>We note NGENSO's estimated timescale of 2027 for implementation of the required IT development, and would assume that this would be increased should the proposal be applied retrospectively.</p>
12	Should the same approach on retrospectivity apply to all options?	<p>Yes. We do not think the proposals should be applied retrospectively, as we also do not support the alternatives.</p> <p>Further we note the work already conducted by the work group and detailed in Annex 13 and 14 that informed the</p>

		decision not to propose retrospectivity due to the significant implications that it poses.
13	Can you identify any potential consequential impact from the GC0117 modification proposal(s) on current electricity market or balancing arrangements as set out in other code frameworks (e.g., BSC, CUSC)? If yes, please identify these.	For any proposal that seeks to increase the Large threshold in Scotland from 10MW, we see as a consequence of the lack of visibility of connecting assets for SSENT as the TO and NGESO, thus reducing visibility of constraints, meaning that it would be harder for us to reinforce the network where it is needed. Decreased visibility would make investment decisions harder to evidence the value and benefit of necessary reinforcement work to deliver a safe and reliable network. Without constraint management options, investment need would be challenging to demonstrate, reliant on deterministic/probabilistic approaches which potentially delay connections that are contingent on network investment.