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National Grid Electricity Transmission Stakeholder Engagement Consultation

There are a number of areas where our stakeholders have asked us for further explanation, or we would like to discuss a topic in more depth with stakeholders in order to be able to develop our business plans. We would welcome your thoughts on the questions listed below.

We request that you provide your answers by **5pm on Friday 18th November**. Responses received by this time will be taken account of in our business plan development. When responding can you please provide us with your name, contact details, the name of the organisation you represent and whether your response is confidential.

We have scheduled a workshop for 10th and 11th November, where we will be discussing the topics surrounding the questions below. We would be pleased to welcome you at this workshop where you will have the opportunity to discuss the topics below with National Grid staff, in order to aid your responses to these questions.

If you have any queries please email talkingnetworkstransmission@uk.ngrid.com or call Graham Frankland on 01926 653667 or Claire Spedding on 01926 655915.

Responder's Details

Name: Zoltan Zavody

Organisation: RenewableUK

Contact details: Zoltan.zavody@renewableuk.com

Is your response confidential? NO

Business Plans

Q1. Did you find our business plan documentation easy to navigate?

It is helpful to have the range of documentation available. But more could be done to target the readership, by splitting documents, or having chapters, according to the relevance of outputs to stakeholder groups. For instance, what will the business plan outputs mean for smaller electricity generators?

Q2. Did you find the content contained within our documentation easy to understand?

They are well written but for the uninitiated a summary of basic concepts would be helpful.

Q3. What did you particularly like/dislike about the presentation of our plans?

Liked: Very thorough.

Disliked: Big jump from the high-level summary to the detailed programme, with nothing summarising the implications for specific stakeholder sectors.

Q4. What improvements could be made in terms of content, structure or format?

See above for detail on structure.

Q5. In terms of the business plans themselves did we represent your views and previous feedback correctly? And do you think we have incorporated it into our plans correctly?

There is a lot of positive, high-level thinking in terms of engaging with the renewable energy agenda. However, RenewableUK would be pleased to see more on the practical detail of how things will be done. In particular:

- Customer engagement and support: How will smaller developers be encouraged to bring forward projects? How will they be supported through the application process? How will distributed generation be reassured regarding the appropriateness and transparency of transmission costs passed through the DNO?

- Efficient and timely delivery: Approval for, delivery of, design, planning, and construction of additional or reinforced infrastructure need to be ongoing and treated as a priority. What are the drivers to ensure grid extensions are delivered on time? What is NGET's approach to engaging with the planning process, in the most effective and expedient manner? In terms of customer service, what liability does NGET accept for not building necessary connections to agreed timescales?

- Infrastructure solutions: What involvement will developers have in discussing capacity thresholds and innovative infrastructure solutions? How will the industry be engaged to provide mutual reassurance regarding anticipatory investment? Even with Connect and Manage, some developers will be nervous about committing in an area with little capacity. How will this be addressed?

- Co-ordination of outages: The Network Availability Policy sets out clear principles for works and outage planning. But how will this work in practice? How will the conflicting drivers of reducing constraint costs and undertaking infrastructure development works be reconciled?

- Managing risk and variability: Renewable technologies bring new challenges to the System Operator. Where there are issues around system stability, will the SO take on the challenge of resolving these in collaboration with the industry? Or will it push the risk onto its customers to resolve individually? Similarly, how will the Balancing Mechanism evolve to be more reflective of a generation mix that includes increasing amounts of variable generation?

- Pro-active innovation: What are the areas of focus for innovation? What is the process for driving, capturing, and rolling out innovation across all operations on an ongoing basis over the course of the eight-year price control?

Managing risk and uncertainty

Q6. Do you agree that uncertainty mechanisms should be employed to adjust allowed revenues where the associated costs are uncertain and outside of our control? If not, what other mechanisms do you consider could be appropriate?

Yes.

Q7. Do you believe that the range of the uncertainty mechanisms proposed is appropriate?

Yes.

Charging

Q8. Are predictability and transparency your key concerns in relation to electricity transmission charging? Why?

The distribution of charging is also a key concern: The balance between locational and socialised is being addressed to some extent under Project TransmiT: But off-shore generation charging anomalies seem not to be addressed. In particular, it does not make sense for off-shore transmission to be paid for by both generation and demand, such that the actual cost is exceeded and needs to be reimbursed to on-shore generators.

Regarding the co-ordination of off-shore infrastructure, there are positive arguments in favour. However, it should not result in higher costs or charges to any generator for development, user commitment, construction and/or ongoing use, operation or maintenance (TNUoS or O&M). Nor should it lead to any increased risk of delay or later connection, but should rather guarantee the connection date given.

Q9. Changes to tariffs can be caused through changes to the methodology that dictates how tariffs are calculated (e.g. through project TransmiT) and changes to the inputs to that methodology. Which of these factors are of most concern to you?

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Q10. Charges are made up of a residual element (changes to which alter the charges all customers pay) and a locational element (changes to which modify the relative signals between customers). The predictability of which of these elements is most important to you and why?

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Q11. Can we do more to help you understand and predict transmission charges?

It would be beneficial if National Grid could provide more details regarding maximum allowed revenue (MAR) both in forecasting charges and within-year. This is particularly valuable given the increasing number of Offshore Transmission Owners.

Q12. Do you have any suggestions as to how we can improve predictability/transparency?

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Q13. Is stability of charges an issue, providing it is forecasted and predictable?

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Network Availability Policy

Q14. Do you have any comments on our draft Network Availability Policy?

The Network Availability Policy is very welcome. It sets out clear principles for works and outage planning. But how will this work in practice? How will the conflicting drivers of reducing constraint costs and undertaking infrastructure development works be reconciled?

SO/TO Interaction

Targeted N-1

Q15. Are we missing any issues and / or actions?

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Q16. What views do you have on risk trade-offs?

We have raised two questions in the foregoing:

How will the conflicting drivers of reducing constraint costs and undertaking infrastructure development works be reconciled?

Where there are issues around system stability, will the SO take on the challenge of resolving these in collaboration with the industry? Or will it push the risk onto its customers to resolve individually?

'Smarter' transmission network

Q17. Do you agree the transmission system is reasonably smart?

Yes. But as suggested by NGET itself, it can always be smarter. In particular, what more can be done to accommodate the variety of technologies and generation profiles emerging?

Q18. Which approaches do you consider relevant/important/likely to bring benefits over the next ten years? Which approaches do you consider to be irrelevant/unimportant/unlikely to bring benefits over the next ten years?

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Q19. Have we missed anything, e.g. is there technology that we are not considering but should?

Whilst the business plans are for on-shore transmission, they do take account of prospects for the development of marine renewables. The increasing deployment of wave and tidal energy, should be borne in mind, particularly for the decade 2020-2030.

Network Development Policy

Q20. Do you think that we have chosen the most appropriate mix of RIIO-T1 methodologies for reflecting investment in wider works? If not, what alternative arrangements would you propose?

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Q21. Do you have any comments on the ODIS future scenarios stakeholder engagement process?

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Q22. Do you agree with our proposed approach to identifying, optimising and triggering wider works in a timely fashion?

The Network Availability Policy is very welcome. It sets out clear principles for works and outage planning. But how will this work in practice? How will the conflicting drivers of reducing constraint costs and undertaking infrastructure development works be reconciled?

SO Investment

Q23. Do you think that the timing of our SO investment plan is appropriate?

Yes.

Q24. Do you agree with our approach in balancing the mix of resources and IT systems in undertaking the SO role?

A balance sounds right, although we cannot comment on the exact mix. As part of the systems review, it would be helpful to have more detail on what NGET is doing in terms of simplifying codes, reducing costs, timescales, risks and complexity.

The SO should be working towards optimising total system costs, both capital and operational. For example, harmonic filtering provisions can be traded off between generators and network owners, and reactive power provision can be traded off between several generation sites, in favour of central provision by network owners.

In view of the need to capture the widest possible opportunities for positive change, the SO could spend more resource externally on independent contributions from leading experts. For example, following the EirGrid example and using two wind power forecasting systems (one internal, one third party for benchmarking) should deliver value for money for customers.

Similarly, the SO could contract ancillary services more effectively. For example, delivering reactive power, inertia, voltage support, stability enhancement from synchronous generators operating as synchronous compensators.

Q25. How do planned / unplanned outages of our control room systems affect you?

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Q26. Do the benefits identified from our investments justify enhancing our control room capabilities?

Yes.

Future Engagement

Q27. What have you liked about our Talking Networks engagement?

RenewableUK has much valued the stakeholder workshops run by NGET, and we appreciate the opportunity to participate and present at these.

Q28. What could we have done better?

RenewableUK would like to work together with NGET to ensure that the views and experiences of smaller, less well-resourced developers are reflected in the business plan.

Q29. What do you like / dislike about the day-to-day stakeholder engagement activities we carry out? For example, the SO Incentives consultation, new transmission route consultations. What else could we do?

It would be helpful to have a wider, overarching sense of NGET's workstreams in relation to the low-carbon agenda, and how to engage with these. This would help ensure that network proposals are developed with early, pro-active input from RenewableUK members, and would avoid reactive responses to individual, potentially unco-ordinated consultation proposals.

Q30. How would your organisation like to be consulted in the future?

We look forward to ongoing collaboration with NGET.