

Assessment Consultation Responses: P294 ' Addition of Offshore Transmission System and OTSUA to the definition of the Total System'

Consultation issued on 02 August 2013

We received responses from the following Parties

| Company | No BSC Parties / Non-Parties Represented | Role of Parties/non-Parties represented |
|---|--|---|
| TMA Data Management Ltd | 0/1 | NHHDC, NHHDA, HHDC and HHDA |
| E.ON UK | 4/0 | Supplier/Generator/Trader |
| UK Power Networks | 3/0 | LDSO |
| IBM UK Ltd for and on behalf of the ScottishPower Group | 7/0 | Supplier / Generator / Trader / Consolidator / Exemptible Generator / Distributor |
| National Grid | 1/0 | Transmission Company |
| Centrica | 11/0 | Generator, trader, supplier, BSC party |
| SSE plc. | 8/1 | Trader/Generator/Supplier |

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

Question 1: Do you agree with the Workgroup that the draft legal text in Attachment A delivers the intention of the P294 proposed solution?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 7 | 0 | 0 |

Responses

| Respondent | Response | Rationale |
|---|----------|--|
| TMA Data Management Ltd | Yes | - |
| E.ON UK | Yes | The changes to the definitions ensure that Offshore Transmission System User Assets (OTSUA) form part of the Total System prior to becoming an Offshore Transmission System and in turn forming part of the Transmission System for the purpose of those two definitions. Consequently it removes the Boundary Point between the OTSUA and the Transmission System, removing the need for a compliant metering system at the onshore substation. |
| UK Power Networks | Yes | We have no comment to make on the drafting. |
| IBM UK Ltd for and on behalf of the ScottishPower Group | Yes | The proposed changes to BSC Section X - Annex X-1 (Attachment A) as drafted include the necessary references to "Offshore Transmission System User Assets" and "Transmission System" in order to remove inconsistencies between the BSC and the Grid Code. |
| National Grid | Yes | The draft legal text provides for the implementation of the proposed solution. |
| Centrica | Yes | - |
| SSE plc. | Yes | The additional words are simple and to the point; they introduce OTSUA into the necessary definition. |

Question 2: The potential P294 Alternative has intentionally not included a compensatory calculation to account for the transmission losses along the OTSUA. Do you agree with the P294 Workgroups approach in the potential P294 Alternative solution?

If not why do you believe a compensatory calculation adjustment should be applied?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 7 | 0 | 0 |

Responses

| Respondent | Response | Rationale |
|---|----------|--|
| TMA Data Management Ltd | Yes | Yes, it should be added but would further complicate the Alternative solution. |
| E.ON UK | Yes | In our view it is right that the Transmission Losses are treated consistently with other transmission reinforcement projects under the enduring offshore transmission regime. This is because the same class of asset, transmission investment, is treated the same irrespective of which party is delivering those assets, an onshore transmission licensee, an OFTO under the OFTO Build option or a developer under the Generator Build option. |
| UK Power Networks | Yes | We consider that new offshore networks will be constructed under a very clear application to NETSO for connection to the transmission system with a very clear intention to become part of the Total System, as distinct from a system that is not intended to form part of the transmission system. Setting the transitory question of ownership of the "to be Offshore Transmission" aside, it would seem therefore better for treatment to be the same as for existing connections to the end of adopted transmission systems and socialised. |
| IBM UK Ltd for and on behalf of the ScottishPower Group | Yes | The P294 Workgroup assessed the efficacy of the Alternative solution, during which time the group determined that the Alternative was not better than the Proposed solution. Developing a compensatory calculation for an Alternative which was unlikely to be adopted would appear to be wasted effort. |
| National Grid | Yes | There is a requirement for CoP1 level accuracy metering to be installed at the point where an Embedded Transmission System connects with a Distribution System. As such, should CoP1 metering be installed at the Offshore Boundary Point as a result |

| Respondent | Response | Rationale |
|------------|----------|--|
| | | of this proposal, a metering dispensation would have to be applied in order to meet the requirement at the Onshore Boundary Point. Future requirements for metering dispensations would be reviewed on a case by case basis and as such, a compensatory calculation is not required within the Alternative solution. |
| Centrica | Yes | We agree with the Workgroup that transmission losses on the OTSUA should be treated consistently: <ul style="list-style-type: none"> (i) pre and post transfer of to the OFTO (ii) with transmission works carried out by TOs onshore and OFTOs offshore We therefore agree there should not be an adjustment calculation applied to P294 Alternative for transmission losses. |
| SSE plc. | Yes | - |

Question 3: Do you agree with the Workgroup that the P294 Proposed solution is better than the potential P294 Alternative solution?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 7 | 0 | 0 |

Responses

| Respondent | Response | Rationale |
|---|----------|---|
| TMA Data Management Ltd | Yes | The P294 Proposed Solution offers consistency in the treatment of losses. |
| E.ON UK | Yes | Although the P294 Alternative solution delivers the same outcome it does not address the shortcomings of the affected definitions, which the original proposal does. It is more appropriate for the solution to address the core mechanics through the definition changes in the BSC so that it aligns with other Core Industry Documents, as opposed to an explicit carve out, which does not. |
| UK Power Networks | Yes | See response to question 2 |
| IBM UK Ltd for and on behalf of the ScottishPower | Yes | ScottishPower believes that the Proposed solution is better than the Alternative for the following reasons: changing BSC Section X allows the BSC to become more aligned to the Grid Code; the costs of implementation are cheaper for the Proposed solution; |

| Respondent | Response | Rationale |
|---------------|----------|---|
| Group | | and the Proposed solution would end the current unequal situation occurring when a generator-led build has the generator liable for losses to the shore whereas in an equivalent situation where the TSO extends the system offshore, losses are socialised across all users. |
| National Grid | Yes | Amendment of the definitions is a simpler and straight forward approach to delivering the solution than developing and including new legal text. |
| Centrica | Yes | We agree with the Workgroup that the P294 proposed solution is a simpler and more straightforward way of removing the requirement on generators undertaking OTSDUW to temporarily install COP1 metering at the onshore boundary point. |
| SSE plc. | Yes | The proposed solution provides greater clarity as the detail is included in the definition and will be identified by a reader much sooner, than the alternative which contained the information in a Clause. |

Question 4: Do you agree with the Workgroup that the draft legal text in Attachment B delivers the intention of the potential P294 Alternative solution?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 7 | 0 | 0 |

Responses

| Respondent | Response | Rationale |
|---|----------|---|
| TMA Data Management Ltd | Yes | - |
| E.ON UK | Yes | It does as it redefines the Boundary Point for the OTSUA to the offshore platform, thereby removing the requirement for a compliant metering system at the onshore substation in addition to the offshore platform. |
| UK Power Networks | Yes | We have no comment to make on the drafting. |
| IBM UK Ltd for and on behalf of the ScottishPower | Yes | The proposed changes to Section K (v34.0) (Attachment B) as drafted include the necessary references to "Offshore Transmission System User Assets" and the definition of the metering and |

| Respondent | Response | Rationale |
|---------------|----------|---|
| Group | | Boundary Point for the offshore platform. |
| National Grid | Yes | Should the potential P294 Alternative be the preferable solution, the proposed legal text appears to deliver the required solution. |
| Centrica | Yes | - |
| SSE plc. | Yes | - |

Question 5: Are there any other Alternative Solutions that the P294 Workgroup should consider?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 0 | 7 | 0 |

Responses

| Respondent | Response | Rationale |
|---|----------|--|
| TMA Data Management Ltd | No | - |
| E.ON UK | No | Both the original solution and the P294 Alternative presented solve the identified defect. |
| UK Power Networks | No | We do not believe there are other options to consider. |
| IBM UK Ltd for and on behalf of the ScottishPower Group | No | - |
| National Grid | No | No. The solutions considered appear adequate to meet the requirement. |
| Centrica | No | - |
| SSE plc. | No | - |

Question 6: Do you agree with the Workgroup's initial unanimous view that the P294 Proposed solution does better facilitate the Applicable BSC Objectives than the current baseline?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 7 | 0 | 0 |

Responses

| Respondent | Response | Rationale |
|---|----------|--|
| TMA Data Management Ltd | Yes | It better facilitate Applicable Objectives C as it removes substantial temporary metering costs. |
| E.ON UK | Yes | For the reasons stated in Chapter 6 of the Assessment Consultation. |
| UK Power Networks | Yes | See response to question 2 |
| IBM UK Ltd for and on behalf of the ScottishPower Group | Yes | ScottishPower believes that the Proposed solution is better than the Current Baseline for Objective (c) - reduced metering costs and Objective (d) - simplified and unified definitions. |
| National Grid | Yes | Objective (c) is supported through the removal of unnecessary cost and the treatment of transmission losses in a consistent way with other transmission system extension projects. Objective (d) is supported by enforcing cross code clarity of definitions. |
| Centrica | Yes | We agree with the Workgroup that the relevant objectives of the BSC are furthered by P294 versus the current baseline. We consider the primary benefit of P294 is against objective (c). The proposal reduces the overall cost of providing electricity to consumers by removing the requirement on generators undertaking OTSDUW to temporarily install COP1 meters at the onshore boundary point. These meters quickly become superfluous so the cost of installing them represents poor value for money to consumers. P294 would remove this unnecessary cost burden on generators undertaking OTSDUW and thereby enhance effective competition in the generation of electricity. We also agree with the Workgroup's views in respect of objective (d) that P294 would remove confusion |

| Respondent | Response | Rationale |
|------------|----------|---|
| | | around definitions in the BSC versus other codes. |
| SSE plc. | Yes | Strongly in agreement with Objective (c) ensuring consistent treatment around transmission losses for offshore generators undertaking OTSDUW. In agreement with Objective (d) that it simplifies and lines up with the OFTO regime, promoting greater efficiencies surrounding metering. |

Question 7: Do you agree with the Workgroup's initial view that the P294 Proposed solution is better than the potential P294 Alternative solution and should be approved?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 7 | 0 | 0 |

Responses

| Respondent | Response | Rationale |
|---|----------|---|
| TMA Data Management Ltd | Yes | - |
| E.ON UK | Yes | Yes, for the reasons given in response to questions 1 and 3 and Chapter 6 of the Assessment Consultation. |
| UK Power Networks | Yes | See response to question 2 |
| IBM UK Ltd for and on behalf of the ScottishPower Group | Yes | See response to Question 3 |
| National Grid | Yes | See the response to Question 3. We support approval of the proposed solution. |
| Centrica | Yes | We agree that the P294 proposed solution should be approved. We agree with the Workgroup that the P294 proposed solution is a simpler and more straightforward way of removing the requirement on generators undertaking OTSDUW to install COP1 metering at the onshore boundary point. |
| SSE plc. | Yes | The OFTO was introduced to bring about cost savings and greater efficiencies, P294 enables the tariff metering to be designed, installed and commissioned at the future boundary point from the start. P294 |

| Respondent | Response | Rationale |
|------------|----------|---|
| | | <p>brings about greater clarity in the following ways;</p> <ul style="list-style-type: none"> • Reduction in time and energy in metering design to as only offshore metering is required; • it also reduces the associated bridging costs with the offshore meters prior to their formal use; and • reduces the redundant equipment onshore when the boundary change occurs. |

Question 8: Please indicate, for both the P294 Proposed and the potential P294 Alternative solutions, the impacts of the relevant solutions on your organisation.

In particular would the P294 Proposed Solution (which will move the Settlement metering requirement to the Offshore Boundary Point) or the potential P294 Alternative solution (which would allow Settlement metering to be anywhere between the onshore Boundary Point and the Offshore platform) impact any existing OTSUA?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 3 | 1 | 3 |

Responses

| Respondent | Response | Rationale |
|-------------------------|----------|--|
| TMA Data Management Ltd | N/A | - |
| E.ON UK | Yes | It would mean that a metering dispensation request would not be needed for one project currently in construction and clarify and certainty to the requirements for future developments. |
| UK Power Networks | Yes | <p>The LDSO is in a slightly unusual situation of having a number of pre-Offshore licencing networks being migrated to Offshore licencing which have not yet become subject to a bilateral DCUSA Connection Agreement with NETSO and remaining subject to bilateral connection agreements with the relevant offshore network owner.</p> <p>It remains unclear for legacy LDSO connections of offshore networks as to the nature of the metering of the onshore distribution system connection to the offshore network prior to transition to NETSO/OFTO regime. The requirement for a customer meter (be that SVA or CVA metering) would remain until such</p> |

| Respondent | Response | Rationale |
|---|----------|--|
| | | <p>time that market metering was migrated offshore. In any event the LDSO will require metering of its boundary connection to the offshore network to remain. At this time, for example, Thanet offshore windfarm is UK Power Networks last remaining pre-OFTO network awaiting transition to offshore licencing status. However National Grid are not yet the commercially connected customer of UK Power Networks and we cannot see how NETSO could currently take control of the onshore boundary metering ahead of being the LDSO's commercially engaged counterparty, as they would become upon OFTO transfer. Some further clarification of the pre-OFTO treatment of the connection of OTSUA to an LDSO system and the responsibilities and arrangements for LDSO boundary metering and generator settlements metering would be helpful.</p> <p>The requirement for National Grid in its NETSO role to be directed to take control of existing LDSO/offshore network boundary metering would seem to be required, even if they were not obligated to become the LDSO's commercially connected counterparty prior to OFTO transfer. We are not clear how that would be effected.</p> |
| IBM UK Ltd for and on behalf of the ScottishPower Group | | No impact on existing OTSUA. P294 Proposed and Alternative should help ScottishPower avoid the costs of temporary Settlement metering for future projects. |
| National Grid | No | <p>We do not believe that either of the proposed solutions have an impact on National Grid.</p> <p>We do not believe that any existing OTSUA is impacted by either of the proposed solutions.</p> |
| Centrica | | <p>The proposed and potential alternative solutions raise a question on the settlement of reactive energy prior to the completion of OTSUA transfer to an OFTO. We understand the Workgroup drew an initial conclusion that the P294 proposed and potential alternative solutions would not impair the ability of generators to provide Reactive Power to the System Operator prior to the transfer of the OTSUA to the OFTO, as any Reactive Power payments could be determined through use of operational metering at the onshore Boundary Point. Notwithstanding our support for P294, we believe it is important for the Workgroup to confirm the arrangements for measuring reactive power provided by generators undertaking OTSDUW</p> |

| Respondent | Response | Rationale |
|------------|----------|---|
| | | before a final recommendation on P294 is made. If P294 in any way impaired the ability of generators to provide ancillary services to the SO, this could be seen as unhelpful to objective (c) of the BSC. |
| SSE plc. | Yes | <p>SSE Renewables have several Joint Ventures with existing Offshore Wind Projects, both onshore and offshore metering has been installed, the primary implications have been;</p> <ul style="list-style-type: none"> • The offshore meters were installed whilst the offshore platforms were in dry dock due to the logistics of the task and safety of installers; • The offshore meters have been operational from the commissioning of the offshore assets, therefore they have be maintained and serviced in compliance with BSC requirements, under a Meter Operator Agreement; • Onshore meters have been installed, serviced and maintained as per BSC requirements; and • Revenue has been settled on the onshore meters, therefore the Offshore Wind Projects are bearing the associated Electrical Losses; <p>Under P294 only offshore meters would have been installed which would have speared the associated costs of the metering equipment onshore and necessary servicing, and the associated electrical losses with the OTSUA would have been socialised.</p> |

Question 9: Do you agree with the Workgroup's recommended Implementation approach?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 6 | 1 | 0 |

Responses

| Respondent | Response | Rationale |
|-------------------------|----------|---|
| TMA Data Management Ltd | Yes | - |
| E.ON UK | Yes | As the proposal is limited to text changes within the Code we cannot see any reason why a longer implementation period would be required. |

| Respondent | Response | Rationale |
|---|----------|---|
| UK Power Networks | No | We would prefer additional consideration be given to the status of onshore boundary metering between the LDSO and existing prospective offshore transmission system in advance of transfer to NETSO/OFTO arrangement. |
| IBM UK Ltd for and on behalf of the ScottishPower Group | Yes | - |
| National Grid | Yes | Five working days is an acceptable period to implement the changes. |
| Centrica | Yes | - |
| SSE plc. | Yes | - |

Question 10: Do you agree that under the DCUSA that the responsibility for the metering between OTSUA and a Distribution System is with the NETSO?

Do you agree that the P294 Proposed change would increase consistency between the BSC and DCUSA wording with regard to this responsibility?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 6 | 0 | 1 |

Responses

| Respondent | Response | Rationale |
|-------------------------|---------------|--|
| TMA Data Management Ltd | No comment | - |
| E.ON UK | Yes | Under Section 2B Clause 42 of the DCUSA, the OTSO as the User has the obligation to procure that metering at a Systems Connection Point is installed, operated and maintained. This obligation would continue under the proposal and be complimented by the proposed definition changes in the legal text presented for the Original Proposal; in particular the definition of System and Systems Connection Point and how these read across to the DCUSA and its definitions for these terms. |
| UK Power Networks | Yes (Yes with | Nominally any new offshore network will in the first instance lead to an application to NETSO which in turn |

| Respondent | Response | Rationale |
|---|----------|--|
| | caveats) | <p>may lead in some cases to an application from NETSO to an LDSO for an embedded transmission system connection.</p> <p>However it remains unclear in respect of an offshore network already connected but not yet subject to NETSO/OFTO arrangements as to precisely what mechanism now would require the NETSO to be responsible for the onshore LDSO/offshore network boundary metering. We would surmise that this requires NETSO to immediately apply for and enter into a DCUSA BCA and become the commercial counterparty of the LDSO ahead of transfer of the offshore network to NETSO control. Some further guidance on NETSO obligations, in our case in respect of Thanet offshore network, would be appreciated.</p> |
| IBM UK Ltd for and on behalf of the ScottishPower Group | Yes | - |
| National Grid | Yes | <p>We agree that responsibility for the metering between OTSUA and a Distribution System continues to lie with the NETSO.</p> <p>The responsibility for metering lies with the Registrant and as such, consistency across documents has not been unduly changed as a result of the proposal.</p> |
| Centrica | Yes | - |
| SSE plc. | Yes | - |

Question 11: Do you have any further comments on P294?

Summary

| Yes | No |
|-----|----|
| 0 | 7 |

Responses

| Respondent | Response | Rationale |
|---|----------|--|
| TMA Data Management Ltd | No | - |
| E.ON UK | No | - |
| UK Power Networks | No | We observe through discussions some interest in onshore boundary metering being only for Active Energy. We wish to draw attention to the fact that LDSOs require for their use of system charging and also for connection agreement purposes that four quadrant Active and Reactive Energy half hourly measurement will remain required for an LDSO/OFTO boundary before NETSO transfer and post transfer. |
| IBM UK Ltd for and on behalf of the ScottishPower Group | No | - |
| National Grid | No | - |
| Centrica | No | - |
| SSE plc. | No | - |