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Dear Stuart

**SQSS Review Request: GSR007 (Review of Infeed Loss Limits)**

On behalf of the SQSS Review Group, I am pleased to provide the amendment report for the National Electricity Transmission System (NETS) Security and Quality of Supply Standard (SQSS) Review of Infeed Loss Limits (GSR007).

SQSS Review Request GSR007 (Review of Infeed Loss Limits) was raised by EDF Energy in February 2008. The review request argued that the current limits of 1000MW and 1320MW for normal and infrequent infeed loss risk respectively will become inappropriate in the event that new generating units of capacity in the range 1400-1650MW were to connect to the transmission system. It is acknowledged that the generating units of this size are currently proposed by several parties, as highlighted in the Seven Year Statement (SYS).

The Review of Infeed Loss Limits was undertaken by a Working Group comprising of the three transmission licensees: National Grid Electricity Transmission plc (NGET), SP Transmission Ltd (SPT) and Scottish Hydro-Electric Transmission Ltd (SHETL) with valuable assistance from certain generating companies. The Working Group was tasked with reviewing the threshold levels of the Loss of Power Infeed permitted within the criteria of the SQSS.

An aim of the SQSS planning criteria is to ensure that there is sufficient investment or purchase of services in planning timescales to enable secure and efficient real time operation in accordance with the operational criteria. With regard to system frequency, the planning criteria are concerned with designing the National Electricity Transmission System such that, consistent with statutory frequency requirements, a loss of power infeed of up to the 'Normal Infeed Loss Risk' (currently 1000MW) is considered as a 'normal' event (relatively frequent) and a loss of power infeed up to the 'Infrequent infeed loss risk' (currently 1320MW) is considered as an 'infrequent' event (i.e. occurring no more than in the region of four times per year).

The actual containment of frequency to within statutory limits is the subject of the SQSS operational criteria, which are consistent with the National Electricity Transmission System Operator's (NETSO) frequency containment policy. The operational criteria together with NETSO's frequency containment

policy are used to ensure that frequency remains within acceptable limits given the investment and/or purchase of services provided in planning timescales. The operational criteria do not refer to either normal or infrequent infeed loss risk.

Given the system as designed in planning timescales, the operational criteria require that, under prevailing system conditions and for the secured event of the 'most onerous loss of power infeed' occurring, unacceptable frequency conditions shall not arise. Sufficient frequency reserve and response is held in operational timescales to contain the system frequency to within statutory limits to mitigate effects of the most onerous loss of power infeed. Where there is a perceived risk of an infrequent event, which could lead to frequency deviation outside the statutory limit of 49.5Hz, sufficient response is held in operational timescales to contain such frequency deviations to within 49.0Hz and to limit their duration outside the 49.5Hz limit to 60 seconds.

The Transmission Licensees recommend to Ofgem that the Authority endorse the change proposals to the SQSS, details of which are set out in Annex 3 of the attached GSR007 Report. The recommended changes will result in an increase in the Normal Infeed Loss Risk from 1000MW to 1320MW and from 1320MW to 1800MW in the Infrequent Infeed Loss Risk. The changes to the Infeed Loss Limits will be accompanied by an amendment to the paragraph 2.6.3 such that the provision refers to the Infrequent Infeed Loss Risk rather than the Normal Infeed Loss Risk, as currently specified.

Endorsing these changes to the SQSS will, in the event of the larger new units connecting to the National Electricity Transmission System, increase the costs of response and reserve which are currently charged out by the NETSO within Balancing Services Use of System (BSUoS). NGET are therefore conducting a separate consultation on the charging considerations which arise from the recommended increase in Infeed Loss Limits. The Charging Consultation will review whether it will continue to remain appropriate for the charging response costs within BSUoS to be uniformly allocated to all demand and generation users. It is anticipated that the Charging Consultation will be submitted to Ofgem by the end of Q4 2009, subject to the relevant governance framework.

While we appreciate that the Charging Consultation is ongoing and currently unavailable to inform the Authority's decision, the SQSS Review Group believe that the proposals of GSR007 stand on their own merit from a technical perspective. In addition the supporting cost-benefit does not consider who in particular bears the increased costs identified. Hence GSR007 is submitted as a stand-alone proposal.

The associated licence change requests which accompany amendment to the NETS SQSS will be formally submitted by representatives of the three transmission licensees. However for completeness, enclosed are copies of the licence change requests from NGET, SPL and SHETL, which if endorsed will implement the revised SQSS.

We look forward to your decision on GSR007, and the associated Licence modifications. If you have detailed questions, please contact Mike Lee ([Mike.Lee@uk.ngrid.com](mailto:Mike.Lee@uk.ngrid.com)).

Yours sincerely



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