

DECC-OFGEM Stakeholder Workshop – Elexon, 9 April 2013

Operational Security Network Code – Prioritisation of GB Issues

Purpose

1. This meeting was organised to identify and prioritise GB stakeholders' key concerns with the Operational Security (OS) Network Code. The outcome will inform Ofgem's approach to discussions in ACER when preparing the ACER opinion on the code submitted by ENTSO-E and the position DECC will take when the code reaches comitology.

Background

2. ENSTO-E submitted its final draft of the OS Network Code to ACER on 28 February. This is the first of the European Network Codes (ENCs) on system operation, and is an 'umbrella' for this suite of ENCs. ACER is reviewing the code and will issue its opinion by 28th May. Should ACER publish a positive recommendation for the code, it will be sent to the Commission for further consideration, including a legal "scrubbing" exercise which prepares the text for comitology. The final draft code is then likely to start comitology in Q4 this year. The Commission has given no indication of dates for comitology meetings making it difficult to clarify the UK's preparation process.

Discussion

3. Detailed discussion focussed on the key areas summarised below. There is some overlap between these areas, particularly with regard to National Regulatory Authority (NRA) oversight of particular processes.

Definitions, interaction and application

4. Stakeholders were concerned about the lack of clarity in definitions and the inconsistency across the network codes. In particular, a simple definition of Significant Grid User (SGU) is the key to understanding which stakeholders will be impacted by this code. There is a need for a de minimis for both generation and demand and consistency with the other network codes, particularly the Grid Connection Codes. Stakeholders felt that whilst the Requirements for Generators (RfG) code has a clearer definition of a SGU, the Demand Connection Code (DCC) is not as clear, therefore impacting the interpretation of SGU in the OS code. Ambiguity also arises from whether parts of the code are applicable to existing users as defined in the RfG or DCC. Articles 31-35 in particular place obligations on SGU's and are where a clear de minimis would be welcomed. For example, as drafted it is not clear on the applicability to domestic users (setting aside aggregators) and small back-up generation. These are stakeholders who are likely to be unaware of any obligations the code places on them. Stakeholders feel there is an inconsistency between the intent of the code and the drafting.
5. Ofgem explained that the Commission was considering how to ensure consistency of definitions, for example whether there is a need for a definitive list/glossary that could be updated as definitions evolve as the Codes are developed.

Resynchronisation

6. Stakeholders see a lack of clarity around resynchronisation, in particular whether there is a requirement to notify generators before allowing them to reconnect following a network failure. The drafting in Article 9(7) is appropriate for transmission, but could lead to an overly prescribed approach at distribution level. A robust cost benefit analysis should be required before placing new obligations on DSOs as this is a significant deviation from current practice.
7. This requirement should be looked at on a “per synchronous area” basis. A European-wide cost benefit analysis could be swayed by the high numbers of customers impacted by a wide continental black-out leading to a systemised approach that may be sensible for a European TSO but would be disproportionately costly for a GB DSO.
8. Clear definitions of manual and automatic synchronisation are also required.

Data provision

9. Stakeholders were unclear on what the data provision requirements in Articles 16(5), 21(3) and 29 would mean in practice. In particular, does real time data require a literal interpretation or is time-stamped data sufficient? The former would be difficult and costly to comply with (and a significant deviation from current practice) whereas the latter would provide information after the event that would arguably be of little use. The granularity of the required data is also unclear. Article 21(3) could be interpreted to give TSOs carte blanche in requesting data.
10. The development of smart grids will mean that real time data will be increasingly available, but the roll-out will not be on the timescale required to implement this code.
11. It was felt that regulatory oversight would be needed on the extent and depth of data required, as well as a CBA where this is a significant change from current practice.

NRA approval

12. In parallel with other Codes, there are numerous Articles that put obligations on TSO's to decide on definitions or develop methodologies. Stakeholders generally felt that these decisions should be subject to regulatory oversight/approval with clear cost benefit analysis as support. There should also be appropriate requirements to consult and properly consider stakeholder concerns and potentially an appeals process.
13. Stakeholders also noted that whilst the methodologies may be approved by NRAs, the end parameters, which can impact SGUs, are not approved by NRAs. Furthermore, the code does not set out engagement with relevant stakeholders that would be impacted by the definition of these end parameters.
14. There was some debate on where NRA oversight should be explicit. In general it was accepted that if something was included in the code, it should be considered as important. There is therefore a question of whether NRA oversight should be explicit on an Article by Article basis, or considered in an over-arching provision. The Commission is understood to be considering

whether NRA oversight can be deemed to be covered directly from the powers in the overall Third Energy Package Directives.

Performance Indicators

15. There was some limited discussion about the performance indicator requirements in Article 32, but it was concluded that this was really only a concern for TSOs and NRAs.

Summary

16. In conclusion, stakeholders agreed that the GB priorities arising from the workshop were:

- NRA oversight – especially on methodologies. Ofgem will discuss with the Commission whether this is being picked up in overall cross-code provisions or will require explicit recognition on the face of each code;
- Consistency and appropriateness of definitions – especially SGU and what applies to whom;
- Resynchronisation at distribution level requires a robust CBA on a synchronous area basis, as this is a deviation from current practice; and
- Data Provisions - What is meant by real time data. If this does not refer to time-stamped data, providing real-time data would be a significant deviation from current practice and would need to be justified by a CBA.

17. These points would be taken to the wider DECC-Ofgem Stakeholder Strategy meeting on 29th April.

18. DECC/Ofgem also asked for feedback on the value and structure of these code by code prioritisation meetings.

Present

Reuben Aitken	-	Ofgem
Dipali Raniga	-	Ofgem
Julian Wayne	-	Ofgem
Lia Santis	-	Ofgem
Rhianne Ogilve	-	Ofgem
Fiona Navesey	-	DECC
Steve Davies	-	DECC
Paul Wakeley	-	National Grid
Adam Hipgrave	-	National Grid
Garth Graham	-	SSE
David Spillett	-	ENA
Mike Kay	-	ENWL
Guy Phillips	-	EON
Stephen Powell	-	Irish Commission for Energy Regulation
Angus Norman	-	Eleclink
Felicity Bush	-	ESBI
Lorcan Murray	-	Britned