


## GC0048 – Requirements for Generators – GB Banding Thresholds

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 by **16 May 2016** to [Grid.Code@nationalgrid.com](mailto:Grid.Code@nationalgrid.com). Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

These responses will be included in the Report to the Authority which is drafted by National Grid and submitted to the Authority for a decision.

<b>Respondent:</b>	Alan Creighton <a href="mailto:alan.creighton@northernpowergrid.com">alan.creighton@northernpowergrid.com</a>
<b>Company Name:</b>	Northern Powergrid
<b>Consultation Questions:</b>	
i) From your perspective, which of the banding options presented in the consultation document ('high', 'medium', and 'low' is most suitable to apply in the GB synchronous area for the next three-five years?	
<i>High. There has been limited evidence presented so far that the High option, which minimises the additional costs to generators is inappropriate, at least in the five year horizon considered by the WG particularly as the thresholds can be reviewed after three years. During this period additional information on the costs and benefits of lowering the thresholds may emerge.</i>	
ii) In respect of your preferred banding option stated in question (i), please can you provide a supporting justification, <b>particularly focusing on quantifying any costs/savings/benefits</b> (the attached template is provided as a guide), when it is compared to the other two options presented in this report.	
 <p>GC0048 RFG - Generator Costs Tem</p>	
<i>Mike Kay provided some time ago DNOs' best view of additional costs for the different generation types, which could be used in conjunction with the FES scenarios to establish the order of magnitude of the DNO costs.</i>	
iii) Does your preferred banding level adequately protect the interests of all Transmission System and Distribution System Users? If not, why does it fail to do so?	
<i>Yes. Although the Scottish TSOs may be best placed to form a view of whether this preferred banding level will meet all the user's requirements in Scotland.</i>	
iv) Do the proposed banding levels strike an appropriate balance between the needs of the System Operator, Network Operators, Generators and other interested parties? If not, why do they fail to do so?	
Yes.	
v) Are there additional considerations for the banding level which the Workgroup has so far not taken account of in this report?	
<i>Not that we are aware of.</i>	

vi) Please provide any other comments you feel are relevant to the proposed change.
<i>We feel that the proposed banding level strikes a reasonable balance between the providing generation functionality required by NGET and the potential increase in costs incurred by generators if the banding thresholds were lower, particularly given the present uncertainty of the costs and benefits.</i>
vii) How do you believe your preferred banding level facilitates the Grid Code/Distribution Code objectives?
<p><i>For reference the applicable Grid Code objectives are:</i></p> <p>(i) to permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity;</p> <p><i>The High banding facilitates the development of generation plant to a consistent standard across the EU which should bring economies of scale efficiencies.</i></p> <p>(ii) to facilitate 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);</p> <p><i>The High banding facilitates the development of generation plant to a consistent standard across the EU which should bring economies of scale efficiencies this should reduce the cost of generation plant and thereby support further competition in generation</i></p> <p>(iii) 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; and</p> <p><i>The RfG should help to provide resilience and security to the transmission and distribution system.</i></p> <p>(iv) 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.</p> <p><i>Establishing the GB banding is a key aspect to the implementation of the RfG as required by European law.</i></p> <p>This is a joint WG so needs to address the D Code objectives too:</p> <p>(a) permit the development, maintenance, and operation of an efficient, co-ordinated, and economical system for the distribution of electricity; and</p> <p><i>The RfG should help to provide resilience and security to the transmission and distribution system.</i></p> <p>(b) facilitate competition in the generation and supply of electricity; and</p> <p><i>The High banding facilitates the development of generation plant to a consistent standard across the EU which should bring economies of scale efficiencies this should reduce the</i></p>

*cost of generation plant and thereby support further competition in generation.*

(c) efficiently discharge the obligations imposed upon distribution licensees by the distribution licences and comply with the Regulation and any relevant legally binding decision of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

*Establishing the GB banding is a key aspect to the implementation of the RfG as required by European law.*

**Do you have any additional comments?**

*Please insert your response*

*3.4 The input port on Type A generators provides a theoretical capability although the absence of a standard protocol associated with the port means that it would be difficult to utilise in practice - even if there was a communication system in place.*

*2.2.3 / 5.8.1 Whilst commercial considerations are outside the scope of the RfG there are several commercial issues associated with the thresholds for requiring a generation licence, compliance with the BSC etc. which do need to be considered as part of the RfG implementation programme.*