GB ECM-08 - Airtricity Response

Modification proposal to the Transmission Network Use of System Charging Methodology to introduce charging arrangements associated with Offshore Transmission Networks

Introduction

This document builds on our previous response to the Pre-Consultation Document on GB ECM-08, issued by National Grid in July 2007.

We concur with National Grid, that charging arrangements will need to be developed to address situations where offshore transmission networks at 132kV connect to onshore distribution networks ("Embedded Transmission"). We are concerned that after initial consideration of this issue at a meeting of the Charging Issues Standing Group (CISG) and at the Offshore Access Workshop, progress has stalled in this area.

Whilst Ofgem has subsequently established an Embedded Transmission Working Group, we are concerned that the remit of this Group does not appear to cover any material consideration of charging issues. As such National Grid should continue to further develop its thoughts with regard to suitable charging arrangements to cater for Embedded Transmission, as a matter of urgency.

Offshore Connection / Use of System Boundary

We endorse the proposal by National Grid to define the offshore connection/use of system boundary as the offshore substation LV busbar (the disconnector on the busbar side of the circuit breaker on the outgoing wind farm circuit – [described as Option 1 in the pre-consultation].

Offshore Circuit Expansion Factors

We favour the proper identification of non-locational assets in the charging framework, whilst appreciating that this may lead to some additional complexity in the process. This approach would be consistent with the likely development of offshore networks, where there would be shared connections and increasing interconnection.

We support the proposal by National Grid that OFTO specific expansion factors should be applied to offshore circuits in the transport model.

There is a risk of significant variation between individual offshore connection *actual costs* and the charges levied via a generic methodology. This is a more pronounced effect for offshore connections [than onshore], given the magnitude and variation of cost involved.

Whilst it may, over time, be possible to evaluate whether offshore costs are sufficiently comparable that a move to generic expansion factors would become appropriate, we have

considerable reservations over [and would not support] any retrospective move to apply generic factors to existing installations.

We agree that costs identified as non locational (i.e. platforms) should be recovered through the TNUoS residual charge, consistent with the existing onshore arrangements.

Reactive Compensation Equipment

The issue of reactive compensation equipment was not discussed in the pre-consultation document, and as such our verbal comments at previous Industry meetings were not repeated in the earlier response.

We acknowledge that the Grid Code subgroup has recommended that the current requirements of Grid Code paragraph CC.6.3.2 specifying reactive power capability should be met by the OFTO at the Onshore Grid Entry Point.

However, we strongly reject the suggestion that the costs of any OFTO reactive compensation equipment should be included in the locational element; it should be recovered via the residual element of the TNUoS charge. An offshore generator will **comply** with the Grid Code requirements placed upon it **at its point of connection** to the transmission system.

No excess costs should be imposed on the generator due to the inadequacies of the transmission network, whether this is onshore or offshore transmission related. This is analogous to the situation where reactive equipment is installed and operated on the MITS for overall system reasons. One example would be where National Grid was obliged to use a significant amount of cable in a main onshore transmission circuit. Generators would not be expected to pick up a *specific* charge for any compensation equipment required as a consequence. OFTO reactive compensation equipment [where installed] is for overall transmission system [not offshore generator] reasons and cost recovery mechanisms should reflect this.

High Voltage Direct Current (HVDC)

We agree with National Grid that the costs of offshore HVDC links should be recovered through specific expansion factors, and that these would include the costs of converter stations. We agree that DC converter stations should additionally be identified by the OFTO as a locational cost.

Whilst converter station assets are not locationally varying in practice, we agree that they should be treated as locational due to their interaction with the cost of the associated cable (HV versus DC cable costs).

Generation Charging Zones

We understand and appreciate that using the accepted zoning criteria, each offshore generator would qualify for a zone containing a single node.

GB SQSS

Whilst the Offshore SQSS subgroup has recommended that the *minimum* offshore level of security should be zero redundancy, this does ***not*** mean that the onshore arrangements will be *directly applicable* to offshore connections. As an example, a 500 MW offshore windfarm may be connected to the onshore Grid entry point by three undersea cables – as this might prove to be the most cost effective solution. Whilst there would nominally be no "spare capacity" under this arrangement, failure of one circuit would NOT reduce the potential export of the windfarm to zero.

There is still further work to be done in addressing the issues of access, charging and compensation for users of offshore transmission networks. National Grid provided a useful insight into its preliminary views at the Offshore Access Workshop on 3 December 2007. This needs to be fully developed, in conjunction with [amongst other considerations] the work of the Offshore Embedded Transmission Working Group.

Whatever amendments are proposed, we maintain that the issues of charging, access and compensation for offshore connected users must be considered together, in order to reach a satisfactory outcome.