

TSO Licence Consultation

Airtricity Response to Drafts

NI Licence

General

We believe there should be a Condition setting out a general obligation on the Licensee to consult with affected undertakings on any actions or changes to rules and procedures established in discharge of Licence obligations. Such a Condition would set out when, how, from whom etc responses should be sought. Ofreg doesn't have CER's explicit wide-ranging powers that allow it to define ad-hoc consultations. For the reasons explained in AIP/SEM/232/07, this Licence is complex and prescriptive. In drafting such a document, there is a risk that a reasonable obligation to require consultation with affected parties could be overlooked. We therefore believe that it is essential to include a general obligation on the TSO to consult.

NI Condition 3

Until SONI is divested from NIE, we believe that the TSO licence should require the appointment of an independent non-executive director

NI Condition 6

The scope of this Condition is too narrow and it is not clear why the draft Condition should be restricted in scope to employees only. If health and safety obligations are required over and above those set out in legislation, we believe that the TSO should also be required to take into account the safety of 3rd parties and property.

NI Condition 10

(b) (vi) No reference to ACT is required as this was abolished some years ago.

NI Condition 12

2 (c) Decisions relating to the Transmission system should be taken by the people described, but it should also be emphasised that it is these people alone, and no others, who are the decision makers.

2 (d)(i) Full separation is required, including separate branding. Meeting rooms could be construed as including shared canteens. We believe it is wrong in principle to contemplate any sharing of facilities as the risk of inadvertent or casual information exchange cannot be eliminated if staff from related businesses share any common facilities.

2 (d)(ii) This paragraph should be strengthened to emphasise that shared systems are not permitted; not even firewalled logical partitions in systems. Separate servers and backup facilities must be used.

In addition to the above, we consider that an extra obligation is required, similar to that in RoI Condition 28, to require the TSO to prepare a code of conduct for every director and employee employed under a contract of employment.

NI Condition 16

The Supply Competition Code requirement has been used to justify NIE control over certain key market documents, such as the MRC. In determining a new home for such ongoing documents, consideration

should be given as to the most appropriate way in which governance can be more appropriately handled while, if necessary, requiring NIE to perform a facilitating role.

NI Condition 17

6 (b) It is incorrect to require the Grid Code to specify how the Licensee will operate the total system. This TSO Licence only permits the Licensee to participate in the transmission of electricity in NI (Schedule 1), so the Grid Code can only specify how the Licensee will operate the system in NI, having regard to the obligation to act in conjunction with the RoI TSO.

NI Condition 21

The non-discrimination provisions of Condition 15 should be amplified in this Condition, to include a requirement not to discriminate between parties connected to the system, whether as demand, interconnector capacity holders or generators, when determining constraints to be applied in order to maintain security of supply - other than on the basis of technical capability or previous reliability in following dispatch instructions.

NI Condition 25

In section 2;

Paragraph (a) should have text inserted after “purpose”, at the end of the item, “...purposes, including a full line item breakdown of costs”. This is to ensure that applicants can understand the detailed scope of what is being offered

A new paragraph is required to ensure applicants are provided with information on the potential application of any constraints or curtailment that may be applied to the connection during the period of the Connection Agreement

A new clause is required to ensure the scope of monopoly scope is defined sufficiently to enable the applicant to assess the potential for contestability of any portion of the required construction works.

Additional wording needs to be included in paragraph 2 (b), to ensure an obligation to provide timescales for resolution of issues.

In paragraph 2 (d), alternative remedies need to be provided for applicants who have already connected to the system and who are therefore not in a position to walk away from an agreement. For such circumstances, the TSO must be required to treat the connection for all purposes, including eligibility for constraint and similar payments, as though the other required works had actually been delivered.

Section 6c should be completely re-written. As drafted it provides a complete get-out clause for all of this Condition. Applicants must have a process available to them that represents a credible means of delivery, as they will be spending significant amounts of development capital in good faith, but may then be faced by the TSO being able to walk away without penalty. This is unacceptable when an applicant has no other means of obtaining the service

NI Condition 26

We believe that, as drafted, this Condition is poorly thought out and structured. Airtricity’s experience of disputes surrounding connections suggests that, although highly prescriptive, it is impractical, rigid and unworkable and most real disputes would not be covered. A glaring omission is the lack of any defined timescales for resolution. We believe that it would be more appropriate for this Condition to require the Licensee to develop a disputes process, in consultation with undertakings and potential connectees, and with the final signoff of the Authority.

NI Condition 27

1 (a) The interaction between the TSO and the TAO in arranging to carry out works on the transmission system is unclear. Perhaps this will be addressed in the Transmission Interface Arrangements but, in the context of the Licence style, we believe that the issue of TSO agreement to carry out physical works should be reflected in Condition 19 of the TSO Licence, to ensure that the obligation in Condition 27 can be effectively discharged.

NI Condition 28

There should be a paragraph saying that the Authority will seek to co-ordinate with the CER in resolving disputes between TSOs.

NI Condition 30

3 (a) to (c) requires the statement to describe charges and the principles on which they will be based, but 3 (f) has started to design the tariff structure. Is it intended to seek a cost-reflective charging structure (demand-based), a customer-type-related (£/kWh domestic & £/kW for SME etc), whether charges are intended to provide consumption incentives and whether any such an approach takes account of the ability of each customer class to respond to the charging signals. 3 (f) should be deleted and this whole section should spell out clearly what tariff aspects are prescriptive and which are discretionary.

NI Condition 31

We cannot comment without seeing the proposed wording of this Condition.

NI Condition 32

2 We do not see the need to provide for a commercial interest restriction on publishing data relating to the TSO. The TSO is a monopoly service provider and does not engage in trading electricity. This restriction should be removed.

NI Condition 34

Section 1 (d) and 1 (e) These paragraphs should also refer to "the North/South Circuits" for consistency with NI 1 (b), since generation and interconnection capacity changes do not represent a complete view of the changing adequacy of generation capacity for NI.

Section 2 The TSO activity is a regulated monopoly service and cannot therefore has no commercial exposure that needs to be protected. Reference to "commercial interests of the Licensee" should therefore be deleted.

NI Condition 36

This Condition has generally been drafted as though Moyle will always be the only NI interconnector. If another interconnector were constructed, the asset owner might wish to allocate access to capacity rights by itself; capacity holders would therefore enter into agreements for use of the interconnector, independently of the NI TSO. Paragraph 2 should therefore be Moyle-specific. In addition, the new interconnector asset owner's terms for connection to the NI system should be governed by Condition 25, including a requirement to adhere to the Grid Code.

It is not clear what capability is available to interconnector users either to comply, or to breach, the Code – particularly as interconnector operation is controlled by the TSO. 2 (b) should therefore be redrafted to reflect the generality of user and asset owner roles for a new interconnector, with Moyle-specific requirements spelled out separately.

NI Schedule 2

1 (f) Reference to the Gas (Northern Ireland) Order 1996 may not be relevant to the TSO Licence.

Ireland

RoI Part 2, Condition 1

8 (iv) This is an important obligation and needs to be further developed, although it is not clear how the TSO can minimise the cost of distribution and supply of electricity, except inasmuch as generation scheduling and constraint management contribute to the final cost of supply to customers. In drafting the final version, consideration should be given as to what is actually deliverable by the TSO, rather than using this TSO licence to express general market aspirations.

RoI Condition 5

Note at end of draft indicates need to revise "Sections 34, 35 and 36". We assume these will be new licence Conditions, as the current draft only includes up to Condition 33.

RoI Condition 12

We believe it should be principally be the Transmission Asset Owner who needs to be constrained in disposing of its assets. In the context of a TSO, such assets could only amount to computer hardware, software and offices. It would be useful to provide some guidance as to the types of assets relevant to the TSO.

RoI Condition 17

This condition needs to be strengthened by a requirement to appoint a senior manager as a compliance officer, who should be responsible for the reporting requirement of paragraph 3. This officer should attend all meetings of the TSO and any affiliated, associated or subsidiary entity.

There should also be an obligation not to use any corporate image or branding that might in any way associate the TSO function with any affiliate or associated organisation.

RoI Condition 31

Clarification needed on how EU Directives are to be complied with – do they have to be transposed into National law first, or should the TSO be required to interpret the Directive as published? What action should be taken if the EU law affects the structure of the TSO business?

Common Conditions

NI Condition 22/ RoI Condition 10

5 We welcome recognition of the importance of priority dispatch for renewable generation and look forward to publication of updated text for this section.

We also believe that an additional factor should be included as 5 (h), to include requirement to follow indicative dispatch schedule of SMO to the greatest extent having regard to the rest of this condition.

NI Condition 24/ RoI Condition 4

Paragraph 4 should include a requirement to consult with electricity undertakings on any issues that may have a material impact on their businesses, or technical or operation of the SEM, and take due consideration of the responses

NI Condition 33/RoI9

[1 (b) & (c) for NI] [3 (b) for RoI] It is inappropriate for TSO to forecast rights of capacity holders. It is not clear what the purpose of this would be; for TSO to be holding capacity is a waste of capacity that could be used in the market. The TSO always has the authority/capability to vary interconnector flows, irrespective of scheduled transfers, so any privilege of "reserved" capacity is unnecessary for system security.