

## **DRAFT GUIDELINES FOR GOOD PRACTICE ON ELECTRICITY GRID CONNECTION AND ACCESS – ERGEG CONSULTATION PAPER**

SSE welcomes ERGEG's Draft Guidelines for Good Practice (GGP) on Electricity Grid Connection and Access.

We believe that EU wide guidelines on common connection principles, provision for voltage and frequency quality, provision for sufficient transparency and information and non-discriminatory and fair treatment of all grid users is essential to the development of the Single European Energy Market and Regional Electricity Markets. Additionally, we believe that if these GGP also provide guidance on access charges, then through their promotion of equal, non-discriminatory and balanced treatment of all grid users, they can contribute to increased competition within the electricity markets.

Our responses to the questions posed in the consultation are set out below.

1. Do you agree with the problems these GGP are trying to solve – are there other problems that should be addressed within grid connection and access not yet included in these guidelines?

We agree with the problems that these GGP are trying to solve. However, in order to create a comprehensive set of GGP, we propose that access charges and charging methodology should be included.

Having transparent, non-distance related and non-discriminatory network access charging is a critical part of the connection procedure and we do not believe that this should be handled separately from the technical or informational requirements covered by these GGP. We believe that if charges and charging methodology are not included in these GGP, the benefits would be reduced and their effectiveness undermined.

2. Do these guidelines address the problem – will they lead to more transparent, effective and non-discriminatory grid connection and access?

We believe that a comprehensive set of Guidelines for Good Practice can lead to more transparent, effective and non-discriminatory grid connection and access. We consider this to be an excellent opportunity to ensure a level playing field for all grid users across the EU and to harmonise current variations in practice. However, we conclude that this aim can only be met through comprehensive guidance on all aspects of grid connection procedure.

3. Please outline your views on the description of the roles and responsibilities set out in Section 3

We believe that the roles and responsibilities set out in Section 3 are appropriate.

4. Are the technical framework and general provisions for generation, consumption and DSOs relevant and practical? Is there anything else that should be included / excluded? (Sections 4&5)

We feel that whilst the technical framework and general provisions are broadly relevant and practical, there are a few amendments and additions which should be considered.

4.1.4 We propose that this guideline should include the ongoing and up-to-date publication of connection timescales by TSOs in order to facilitate transparency. Additionally, we believe that this section should specify that the TSO must provide an offer of connection where the connection date is no later than 4 years from the grid user's application and that the TSO will

then manage any related constraints. This can be referred to as a “connect and manage” regime and provides greater certainty for grid users whilst allowing flexibility for the TSO.

- 4.1.5 We propose that connection procedures should define not only the information and data requirements but also the access charges and charging methodology to facilitate transparency and ensure that all grid users are treated equally. We believe that these GGP are a good opportunity to further clarify guidelines on access charging as the current charging guidelines are ambiguous and can lead to misinterpretation.

For example, whilst Regulation 1228/2003 states that “charges shall not be distance related”, and this may be simply viewed that charges should not be €/km based, it still allows for the charging of existing and new generators based on their distance from demand. This implicit charge for distance is used by National Grid in the UK, where although charges are not levied by the kilometre, the effect of the charging methodology is that generators near to demand may be paid by National Grid to access the network whilst generators further from demand can be charged up to 50 times ERGEG’s guideline tariff at around €25/MWh. Although it may be said that this should encourage generators to locate near to demand, clearly renewable generators such as wind farms and tidal arrays must first take into account the availability of wind and tide resources rather than merely their distance from demand.

Once these significant network access charges are applied to generators in outlying but renewable-resource rich regions, they are placed at a competitive disadvantage and cannot benefit from pan-European efforts to ensure a level playing field. The generators affected by such distance related charges are unlikely to be able to effectively compete in the Regional Electricity Markets, let alone the Single European Electricity Market.

Furthermore, we propose that these GGP are an ideal tool with which to continue the harmonisation of access tariffs towards the ERGEG G=0 guideline. Whilst in most parts of Europe the prevailing methodology is for the generator charge to be zero, it is clear that for Regional Electricity Markets to be successful, this model must be implemented in all Member States without derogation, specifically to facilitate effective competition and remove existing barriers to trade.

- 4.3.2 We would like clarification on ERGEG’s definition of “significant” in relation to generation and consumption units.
- 5.2.1 We propose that this section should provide the additional guidance that technical requirements on generators should be appropriate to the generation technology being connected and that these requirements should not detract from the competitiveness of the generator. This is particularly relevant to renewable generation, which may not be able to provide the same type of ancillary service to the SO as a coal or gas plant. Additionally, we would like to propose that these technical requirements are harmonised, as far as possible, on a pan-European basis to ensure a level playing field for generators throughout regional electricity markets and within the Single European Electricity Market.

## 5. How would the implementation of these GGP affect your business / market – what would the impacts be?

We believe that the implementation of a comprehensive set of GGP would benefit both the UK market and Europe’s regional electricity markets by ensuring transparent and non-discriminatory conditions for connection and access. Through the harmonisation of technical requirements, connection procedures and access charges and charging methodology, we believe that existing barriers to competition can be removed, allowing generators to compete on a level playing field.

However, we believe that if access charges and charging methodology is not addressed and included in these guidelines, the use of distance-related access charges will continue, effectively distorting trade and competition in the regional markets.