

Modification proposal:	<b>Distribution Code:</b> DCRP/17/01: Entry into Force of the EU Network Code "Transmission System Operational Guidelines"		
Decision:	The Authority <sup>1</sup> has decided to approve <sup>2</sup> this modification		
Target audience:	Distribution licensees, Distribution Code Review Panel, distribution network users and other interested parties		
Date of publication:	28 April 2017	Implementation date:	01 May 2017

## Background

The EU Network Code, "Transmission System Operation Guidelines" (TSOG) is expected to come into force mid 2017. The TSOG sets minimum system security, operational planning and frequency management standards to ensure safe and coordinated system operation across Europe; creating a standardised framework within which regional cooperation, including balancing markets, can be implemented. New concepts and initiatives which are introduced as part of TSOG will result in some changes to the Distribution Code. Most articles of the TSOG have a delayed implementation period, with different articles becoming effective at 12 months, 18 months or 2 years after Entry into Force (EIF). Some articles are immediately effective.

The key driver for the proposed modification is to ensure the Distribution Code is compliant with the requirements of TSOG. The suggested changes are to the Distribution Operating Code (DOC) 7<sup>3</sup> (to implement article 54.2 TSOG) and DOC 5<sup>4</sup> (to implement article 54.3 TSOG).

## The modification proposal

The GC0095 joint GCRP/DCRP working group examined the articles that are immediately effective at EIF, and identified DOC 5 and DOC 7 as requiring amendment.

Article 54.2 requires a User to notify the Distribution Network Operator (DNO) if there is any "operational disturbance" which affects its ability to retain compliance with TSOG. The workgroup consider an amendment to the definition of "event" which is used in DOC7 is required in order to ensure compliance with Article 54.2 of the TSOG.

Article 54.3 requires the DNO to recognise a User initiated test plan so that the User can establish compliance (or for other reasons). The ability of a User to initiate such a test, separate from those jointly undertaken at commissioning etc, is only currently implicit in the Distribution Code. The workgroup consider a modification to DOC5 in order to make the testing provisions of DOC5 reciprocal, in that they can be initiated formally by either a DNO or the User, is required to ensure compliance with Article 54.3 TSOG.

The modification proposes:

1. An amendment to the definition of "event" used in DOC7 such that any disturbances of User equipment that results in non-compliance with the code is included.
2. An amendment of DOC5.1.2 to include provisions that testing can be initiated by the User for the purpose of ensuring compliance with the technical criteria.

<sup>1</sup> References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

<sup>3</sup> Distribution Operating Code 7: Operational Liason

<sup>4</sup> Distribution Operating Code 5: Testing and Monitoring

There is also a housekeeping change<sup>5</sup> to remove reference to “High Voltage” in DOC7.3(a) with reference to customers. The HV/LV split in the Distribution Code is associated with the historic pre-1998 drafting of the code which did not apply to tariff customers, and historically it has been sought to limit the scope of the Distribution Code to avoid unnecessarily including smaller customers. However now primary legislation, European Network Codes including TSOG, applies to all customers and therefore this distinction cannot be maintained.

The modification proposal was unanimously supported by the DCRP on 8 December 2016 when the report was presented to the panel.

The DCRP consulted with industry stakeholders who are likely to be affected by the proposed modifications to DOC 5 and DOC 7<sup>6</sup>. In total, three responses were submitted by industry stakeholders. There was one response from a regulator, and two from DNOs. All three stakeholders agreed with the proposed amendments to better achieve the Distribution Code Objectives, and the proposed legal text. One stakeholder suggested their preferred approach of preparing and agreeing the changes ready for implementation once the TSOG EIF date has been confirmed; however they also advocated that the changes could be implemented now. Two stakeholders agreed that the changes should be implemented as soon as possible in order to minimise the possibility of non-compliance with the TSOG.

### **Distribution Code Review Panel (DCRP)<sup>7</sup> comments and licensee recommendation**

At the DCRP Panel meeting on 8 December 2016, subject to the proposed modification undergoing a public consultation, the DCRP unanimously supported the changes proposed in the Modification report. On 9 March 2017 the DCRP agreed to the submission of the Final Report for decision.

### **Our decision**

We have considered the issues raised by the modification proposal, and in the Final Report received by us on 10 March 2017. We have considered and taken into account the responses to the consultation(s) on the modification proposal, which are included in the Final Report.<sup>8</sup> We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the Distribution Code<sup>9</sup>; and
- approving the modification is consistent with our principal objective and statutory duties<sup>10</sup>.

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<sup>5</sup> Clarification of the housekeeping change was found through contacting the author, David Spillett <dcode@energynetworks.org>, of the modification proposal.

<sup>6</sup> The consultation opened on 13 January 2017 and closed on 3 February 2017. It was published on the Distribution Code website: <http://www.dcode.org.uk/dcrp/17/01.html>

<sup>7</sup> The DCRP is established in accordance with SLC 21 of the Electricity Distribution Licence.

<sup>8</sup> Distribution Code proposals, final reports and representations can be viewed at:

<http://www.dcode.org.uk/areas-of-work/> and <http://www.dcode.org.uk/consultations/>

<sup>9</sup> As set out in Standard Condition SLC 21.4 of the Electricity Distribution Licence available at:

<https://epr.ofgem.gov.uk//Content/Documents/Electricity%20Distribution%20Consolidated%20Standard%20Licence%20Conditions%20-%20Current%20Version.pdf>

<sup>10</sup> The Authority’s statutory duties are wider than matters which the Panel and licensees must take into consideration and are largely provided for in statute, principally in this case the Electricity Act 1989.

## **Reasons for our decision**

We consider this modification proposal will better facilitate Distribution Code objectives (c), and has a neutral impact on the other applicable objectives.

***Objective (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***

The modification proposal ensures that the Distribution Code is compliant with the requirements of the EU Network Code, and in particular the Articles within TSOG which are immediately effective on its EIF in mid- 2017. It ensures efficient implementation and compliance with the EU legislation through the modifications to the Distribution Code, and therefore better meets this Distribution Code objective.

## **Decision notice**

In accordance with SLC 21.11 of the Electricity Distribution Licence, the Authority hereby directs that the modification to the Distribution Code set out in the Final Report to the Authority of 9 March 2017 be made.

## **Outstanding legal text issues**

As noted above, the Final Report includes a housekeeping change within the proposed legal drafting, to remove one reference to "High Voltage". Two further additional references to HV should also be deleted to keep the legal text within the code consistent. These additional changes (compared to the version of the legal drafting in the Final Report) are shown in Annex 1).

**Min Zhu**  
**Associate Partner**

Signed on behalf of the Authority and authorised for that purpose

## Annex 1

Appendix 13.3 of the Final Report sets out the legal text proposed by DCRP to remove reference to High Voltage in the DOC7.3(a) (in blue). After clarification of this housekeeping change with Distribution Code it was highlighted that reference to "HV" should also be removed in DOC7.3 (b) and (c). As part of our decision to direct the code changes under this modification proposal, the following text (in red) should also be deleted from this section of the Distribution Code.

### DOC 7.3      **Scope**

This Distribution Operating Code applies to the **DNO** and to Users, which in this Distribution Operating Code means:-

- (a) **High Voltage Customers.**
- (b) **Embedded Generators** connected to the **DNO's Distribution System at HV.**
- (c) **Other Authorised Distributors** connected to the **DNO's Distribution System at HV.**
- (d) **Suppliers** on behalf of their **Customers** where appropriate.