

Alan Kennedy
SONI Ltd
Castlereagh House
12 Manse Road
Belfast
BT6 9RT

08 April 2024

Our Ref – NET/E/DH/919

Dear Alan

RE: EPNIE KGT6 SONI Grid Code Derogation Request: CC. S1.1.3.9 (Ramp Rate) and OC3.4.2.2 (Operating Reserve) During Augmented Power Generation

Having taken into account the views of key stakeholders including SONI, the Authority¹ has decided to grant EP NI Energy Limited (**EPNIE**) a direction (the **EPNIE KGT6 Direction**) under Condition 4(2) of EPNIE's licence to generate electricity (the **EPNIE Licence**). The EPNIE KGT6 Direction applies to EPNIE's operation of its KGT6 (OCGT) unit at Kilroot Power Station and relieves EPNIE from its licence obligation to comply with specified parts of the Grid Code.

The specified parts of the Grid Code relate, in summary, to the obligations set out in sections CC. S1.1.3.9 (Ramp Rate - Parts b) and c)) and OC3.4.2.2 (Operating Reserve - the four distinct timescales identified in OC3.4.2.2.1, OC3.4.2.2.2, OC3.4.2.2.3 and OC3.4.2.2.4).

The Authority has also decided to grant EPNIE a direction (the **EPNIE KGT7 Direction**) under Condition 4(2) of the EPNIE Licence. The EPNIE KGT7 Direction applies to EPNIE's operation of its KGT7 (OCGT) unit at the Kilroot Power Station and relieves EPNIE from its licence obligation to comply with the Operating Reserve and Ramp Rate requirements as detailed in the Grid Code, and details alternative requirements.

¹ In this letter (and the direction found at the Annex) the words "Authority" "we" "our" "us" and "UR" are used interchangeably to refer to the Northern Ireland Authority for Utility Regulation.

The EPNIE KGT7 Direction was closely related to another Direction (the ‘EPNIE KGT6 Direction’). Taken together, the EPNIE KGT6 Direction and the EPNIE KGT7 Direction are referred to as the **EPNIE Operating Reserve and Ramp Rate Directions**.

The EPNIE Operating Reserve and Ramp Rate Directions, and our reasons for making them, are fully set out in letters published today.

Condition 16(1) of SONI’s TSO Licence (**the SONI Licence**) obliges it to implement the Grid Code. It further provides that the Authority may relieve SONI of its obligation to implement (or enforce) the Grid Code to the extent specified in any direction. In this case the Authority has identified, due to the grant of the EPNIE Operating Reserve and Ramp Rate Directions, that granting SONI derogation from enforcement against the relevant aspects of the Grid Code would be appropriate.

This letter sets out our decision on SONI’s application for matching derogation as it relates to *the KGT6 unit*. A separate letter will issue in respect of the decision made on the SONI Application in so far as it relates to the KGT7 unit.

Background

The background to this Direction is outlined in more detail in the EPNIE KGT6 Direction. In this Direction, we noted a degree of disagreement between EPNIE and SONI on the need for the derogation and the potential impact of the derogation on system costs and stability. We also noted differences in the modelling of costs, and description of technical factors, by EPNIE and SONI. This was across the EPNIE Application for Derogation, the SONI Derogation Assessment, and subsequent follow up documents.

We concluded in the EPNIE KGT6 Direction, that our approach, given the difficulties in obtaining further verification on these technical and cost matters, the importance of allowing this capacity to come on the system (highlighted by EPNIE) and the importance of real world testing being conducted, to inform derogation applications in the future (highlighted by SONI) was to recommend a time limited Direction. The period of derogation would allow the Units to come online, and provide a window where testing and collection of relevant data could occur, concerning the Operating Reserve and Ramp Rate capabilities of the Units.

This Direction grants SONI a derogation from responsibility to enforce the relevant parts of Grid Code requirements CC. S1.1.3.9 and OC3.4.2.2, that are the subject of the EPNIE KGT6 Direction, upon KGT6. This is granted on the condition SONI uses the period of derogation to gather data on the system costs and stability implications of granting the derogation, better informing future consideration of whether these derogations are required.

The Authority's Decision

We have considered: the matters set out in the related EPNIE KGT6 Direction; our published 2017 Guidance² on derogations and our principal objective and general statutory duties as set out in Article 12 of the Energy (NI) Order 2003.

Having done so we have decided to make an appropriate direction in exercise of the power set out in Condition 16(12) of the SONI Licence, being satisfied that SONI's Application – viewed in the context of the making of the EPNIE KGT6 Direction - renders the making of the direction (in respect of the KGT6 unit) sought by SONI justified. The direction (the **SONI KGT6 Direction**):

- (a) is attached as an Annex to this letter; and
- (b) relieves SONI of any obligation it has to comply with, implement (or enforce) the provisions of the Grid Code in respect of EPNIE's obligation to comply with Clauses CC. S1.1.3.9 (Parts b) and c)) and OC3.4.2.2 (the four distinct timescales identified in OC3.4.2.2.1, OC3.4.2.2.2, OC3.4.2.2.3 and OC3.4.2.2.4), of the SONI Grid Code in relation to the KGT6 Unit at Kilroot Power Station to the extent specified in the direction;
- (c) on the condition that SONI use the period of the derogation to set the scope of the testing EPNIE will procure for the units, and monitor, and assess, the impact of any operation of the KGT6 Unit in a derogated (from CC. S1.1.3.9 and OC3.4.2.2) state on costs, stability, and flexibility to the electricity system.

² [Guidance Document on Derogations - February 2017.pdf \(uregni.gov.uk\)](https://www.uregni.gov.uk/Guidance-Documents/Guidance-Documents-on-Derogations-February-2017.pdf).

- (d) This shall commence from the date the unit reaches commercial operation, and cease to apply 24 months from the date the unit reaches commercial operation.

Our decision to make the SONI KGT6 Direction (set out in the Annex) should be read with our decision on the EPNIE KGT6 Direction. For the avoidance of doubt, the SONI KGT6 Direction now given only relieves SONI from its Condition 16(1) licence obligation – in respect of EPNIE's operation of the KGT6 Unit – to the extent that EPNIE's operation of the KGT6 Unit is non-compliant with the relevant clauses of the Grid Code (as in effect at the date the unit reaches commercial operation) but nonetheless within the scope of the derogation offered by the EPNIE KGT6 Direction.

Should EPNIE fail to operate the KGT6 Unit within the terms/parameters permitted and provided for by the relevant clause of the Grid Code as read with the EPNIE KGT6 Direction then SONI remains bound to take the appropriate action (pursuant to the Grid Code arrangements) in respect of any such default by EPNIE. We do not expect that this situation will arise, fully expecting that EPNIE will operate the KGT6 Unit within the allowed parameters.

The SONI KGT6 Direction shall cease to apply should the KGT6 Unit be de-commissioned or replaced, within the 24 month period after the Unit reaches commercial operation.

The SONI KGT6 Direction shall be entered and maintained in the Electricity Register.

Yours sincerely,



Donald Henry
Networks and Energy Futures Director

ANNEX

DIRECTION UNDER CONDITION 16(12) OF THE LICENCE TO PARTICIPATE IN TRANSMISSION OF ELECTRICITY HELD BY SONI LIMITED

Whereas:

- (A) SONI Limited (“**SONI**”) (“**the licensee**”) holds an electricity transmission licence (the “**Licence**”) granted to it on 3 July 2007.
- (B) The licensee is authorised to participate in the transmission of electricity for the purpose of giving a supply to any premises or enabling a supply to be so given.
- (C) Condition 16 of the Licence obliges SONI – subject to paragraph 12 of Condition 16 - to establish and comply with a Grid Code.
- (D) Paragraph 12 of Condition 16 of the Licence provides that the UR may issue direction(s) (after consultation with the licensee), relieving the licensee of its obligations to implement, comply with, or to enforce against any other person any provision of, the Grid Code in respect of *inter alia* such parts of the transmission system to such extent as may be specified in the directions.
- (E) The Authority has made a direction (the **EPNIE KGT6 Direction**) granting EPNIE Energy Limited (**EPNIE**) relief under Condition 4(2) of EPNIE’s electricity generation licence (the **EPNIE Licence**) from its obligation under Condition 4(1) of the EPNIE Licence to comply with Clauses CC. S1.1.3.9 (Parts b) and c)) in respect of the KGT6 Unit and subject to the conditions specified in the EPNIE KGT6 Direction. EPNIE must instead comply with the wording below:

“Up to base load (the maximum capacity the unit can achieve without the use of power augmentation):

b) KGT6 which is in a hot condition must be capable of ramping up from part-load pursuant to a Dispatch instruction at a rate of at least 3% of MCR per minute.

c) KGT6 must be capable of de-loading at a rate of at least 3% of MCR per minute

From base load to augmented load (the maximum capacity the unit can achieve with the use of power augmentation):

d) KGT6 which is in a hot condition must be capable of ramping up from part-load pursuant to a Dispatch instruction at a rate of at least 0.5% of MCR per minute.

e) KGT6 must be capable of de-loading at a rate of at least 0.5% of MCR per minute.”

- (F) The Authority has made a direction (the **EPNIE KGT6 Direction**) granting EPNIE Energy Limited (**EPNIE**) relief under Condition 4(2) of EPNIE’s electricity generation licence (the **EPNIE Licence**) from its obligation under Condition 4(1) of the EPNIE Licence to comply with OC3.4.2.2 (the four distinct timescales identified in OC3.4.2.2.1, OC3.4.2.2.2, OC3.4.2.2.3 and OC3.4.2.2.4) of the Grid Code (as in effect at the date the unit reaches commercial operation) in respect of the KGT6 Unit and subject to the conditions specified in the EPNIE KGT6 Direction. EPNIE must instead comply with the wording below:

“The Operating Reserve from Generating Plant must be capable of providing response in four distinct time scales up to base load (the maximum capacity the unit can achieve without the use of power augmentation).”

- (G) For this direction the **'relevant period'** is ending on and from the date 24 months from the unit reaching commercial operation.
- (H) For the relevant period the Base load and Augmented Load for the unit used in the EPNIE KGT6 Direction, will be determined by the TSO following engagement with the Licensee.
- (I) The Authority has consulted with SONI as to the making of a direction under Condition 16 (12) of the licence to match that now granted to EPNIE by the making of the EPNIE KGT6 Direction and SONI is supportive of the making of a requisite direction.

The Authority now directs as follows:

1. Pursuant to the power available under paragraph 12 of Condition 16 of the Licence, the Authority directs that the Licensee is relieved of any obligation/s it has under

Condition 16 of the Licence to implement, comply with and enforce, the aforementioned parts of Clauses CC. S1.1.3.9 and OC3.4.2.2 of the Grid Code (as in effect at the date the unit reaches commercial operation) in respect of EPNIE's operation of KGT6 (at Kilroot Power Station) for the relevant period to and only to the extent that that operation is outside the terms of CC. S1.1.3.9 and OC3.4.2.2 but permitted by the derogation provided (to EPNIE) by the terms of the EPNIE KGT6 Direction.

2. This is granted on the condition that SONI use the period of the derogation to set the scope of the testing, monitor, and assess, the impact of any operation of the KGT6 Unit in a derogated (from CC. S1.1.3.9 and OC3.4.2.2) state on costs, stability, and flexibility to the electricity system.
3. The Authority may revoke, vary, or replace this direction by a further Direction before the end of the relevant period.
4. This direction shall further cease to apply on and from any date that the KGT6 Unit is de-commissioned or replaced, within the 24 month period after the Unit reaches commercial operation.
5. The reasons for this direction are set out in a letter accompanying and published with it.

Signed:



Name: Donald Henry
Networks and Energy Futures Director

Date: 08 April 2024

Duly authorised by and on behalf of the Northern Ireland Authority for Utility Regulation