

# **Derogations from Network Codes and Grid Codes / Standards in Electricity Generation, Distribution and Transmission Licences**

**Consultation Paper**

**1<sup>st</sup> December 2016**



# About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs; Electricity; Gas; Retail and Social; and Water. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

## Our Mission

Value and sustainability in energy and water.

## Our Vision

We will make a difference for consumers by listening, innovating and leading.

## Our Values

Be a best practice regulator: transparent, consistent, proportional, accountable, and targeted

Be a united team

Be collaborative and co-operative

Be professional

Listen and explain

Make a difference

Act with integrity

# Abstract

A derogation is a direction from the Utility Regulator (**the UR**) relieving the applicant from its obligation to comply with a technical standard or code which may be required by a licence or by legislation. Derogations are issued in specific circumstances and have a specified duration.

This consultation document provides the proposed guidance on the process for requesting a derogation and also sets out the criteria that the UR proposes to take into account when considering such requests.

# Audience

The UR welcomes the views of Licensees; Distribution System Operators, Transmission System Operators, Network Operators, Generators, Developers, and Asset Owners in relation to the proposed application process for a Derogation.

# Consumer impact

Compliance with technical codes and standards is in the interests of electricity consumers, as failure to comply can have a direct and adverse impact on the security and quality of electricity supplied and may have health and safety implications. Requests for derogations from technical codes and standards must therefore be given due consideration. The UR is required to consult upon and publish the process by which such requests will be assessed.

# Contents

<b>Executive Summary .....</b>	<b>2</b>
<b>1. Introduction .....</b>	<b>3</b>
1.1 What is a derogation.....	4
1.2 When would a derogation be required .....	4
1.3 Types of derogation.....	6
<b>2. Submitting a derogation request .....</b>	<b>7</b>
2.1 Minimum requirements of the request .....	7
2.2 Additional Information .....	8
2.3 Publishing information on derogations .....	9
<b>3. Procedures.....</b>	<b>10</b>
3.1 Derogations from technical Grid Codes and standards .....	10
3.2 Derogations from the Network Code on Requirements for Grid Connection of Generators – Article 62.....	12
3.3 Derogations from the Network Code on Requirements for Grid Connection of Generators – Article 63.....	14
3.4 Derogations from the Network Code on Requirements for Connection of High Voltage Direct Current Systems (HVDC) and Direct Current (DC) Connected Power Park Modules – Article 79.....	16
3.5 Derogations from the Network Code on Requirements for Connection of High Voltage Direct Current Systems and Direct Current Connected Power Park Modules – Article 80 .....	18
3.5 Derogations from the Network Code on Demand Connection – Article 52 .....	20
3.7 Derogations from the Network Code on Demand Connection – Article 53 .....	22
<b>4. How to respond and next steps .....</b>	<b>25</b>

# Executive Summary

## Purpose of this consultation

A derogation is a direction from the Utility Regulator (**the UR**) relieving the licensee from its obligation to comply with a technical standard or grid code which may be required by a licence or by legislation. Derogations are granted in specific circumstances and have a specified duration.

Networks Codes Regulations<sup>1</sup> place a requirement on the UR to consult on and publish criteria for granting derogations from the provisions of the Regulations. The UR also seeks to clarify the process for granting derogations relating to technical grid codes and standards which generation, transmission and distribution licensees are obliged to comply under their licences.

The purpose of this consultation is to consult with stakeholders on the UR's proposals to bring together all the requirements for submitting a derogation request and the process the UR will follow when making its decision.

## How to respond

The UR welcomes engagement from all industry and other stakeholders who may have an interest in or be impacted by the proposed process for submission and assessment of derogation requests. The UR would appreciate stakeholder views and comments on the proposals set out in this Consultation Paper. We would invite stakeholders to send responses to [laura.kane@uregni.gov.uk](mailto:laura.kane@uregni.gov.uk) or [Electricity\\_Networks\\_Responses@uregni.gov.uk](mailto:Electricity_Networks_Responses@uregni.gov.uk) by **5pm on 17<sup>th</sup> January 2017**.

## Next Steps

After the closure date of this Consultation Paper all stakeholder responses will be considered in order to inform the development of our final guidance document and accompanying decision paper. Our decision paper will be published on **17<sup>th</sup> February 2017**.

---

<sup>1</sup> These Codes are:- The **Network Code on Requirements for Grid Connection of Generators** which can be found at <https://www.entsoe.eu/major-projects/network-code-development/requirements-for-generators/Pages/default.aspx>; The **Network Code on Requirements for Connection of High Voltage Direct Current (HVDC) Systems and Direct Current (DC) Connected Power Park Modules** which can be found at <https://www.entsoe.eu/major-projects/network-code-development/high-voltage-direct-current/Pages/default.aspx>; and The **Network Code on Demand Connection** which can be found here <https://www.entsoe.eu/major-projects/network-code-development/demand-connection/Pages/default.aspx>

# 1. Introduction

1. Unless the UR directs otherwise, electricity generation, transmission and distribution licensees are required to comply with relevant Network Codes, the Distribution Code and the Grid Code.
2. Compliance with technical codes and standards is in the interests of electricity consumers as failure to comply can have a direct and adverse impact on the security and quality of electricity supplied and may have health and safety implications.
3. There may be occasions when the applicant assesses that it is not in a position to comply with a particular code or standard, or that the requirements placed upon it by a code or standard may result in an inefficient outcome either in the short or longer term. In these circumstances, a licensee may submit a request to the UR for derogation from the licence requirement to comply with a particular obligation in a code or standard.
4. This document summarises the processes for requesting a derogation from a Network Code or a technical grid code or standard within electricity generation, transmission and distribution licences. It also sets out the criteria UR will take into account when considering a derogation request, and the process that will be followed.
5. A request for a derogation should be submitted to the UR in writing including sufficient information to enable the UR to make a decision. The application and assessment process will vary depending on the type of derogation requested. There are informational requirements set out on section 2 which the UR requires as a minimum in all derogation requests. Further information is required by the Network Codes Regulations and this is set out in section 3 of this document.
6. Each derogation request will be assessed by the UR individually on its merits and in line with any relevant legislation, having regard to the URs principal objectives and statutory duties. If the UR is satisfied that the information received meets the minimum requirements, the UR will follow the relevant process to consider whether or not the derogation is justified. The UR will publish information on its website on derogation applications which have been either granted or refused.
7. The UR will aim to issue decisions on derogation requests as soon as is reasonably practicable and within the time frames set out in section 3 of

this document.

8. The processes for application and assessment of derogation requests may be updated from time to time to reflect changes in licences, the technical grid codes and standards referred to in this document, legislation and UR processes. Any guidance document introduced following this consultation will not affect any derogations that have already been granted.

## **1.1 What is a Derogation?**

9. A derogation is a direction from the UR relieving the licensee from its obligation to comply with a technical standard or code which may be required by a licence or by legislation. Derogations are issued in specific circumstances and have a specified duration.
10. Each derogation will normally have an expiry date so that the need for it can be systematically reviewed and performance towards compliance can be monitored. The derogation will not apply to a period before the date the direction is issued.
11. A derogation is granted to an individual licensee and cannot be transferred. Thus, if a non-compliant system or plant item is sold, the new licensee will need to apply for a new derogation. If a licensee would gain a competitive advantage from a derogation, then a direction would not be issued without the UR assessing what measures might be appropriate to offset that advantage. Such measures may also include requirements to monitor the impact of the derogation on the applicant and other parties who may be affected.
12. The granting of a derogation will not set a precedent for future derogations in similar circumstances. Each derogation request will be considered on its own merit.

## **1.2 When would a derogation be required?**

13. The UR recognises there may be occasions when a licensee assesses that it is not in a position to comply with a particular code or standard, or that the requirements placed upon it by a code or standard may result in an inefficient outcome either in the short or longer term. There are a number of circumstances in which a derogation may be required, for example:
  - To prevent a breach of a licensee's obligations while a system or plant item is restored to compliance with a code or standard. Such a

derogation is likely to be limited to a timescale in which the compliance could reasonably be expected to be restored.

- To prevent a breach of a licensee's obligations while changes to a code, standard or licence condition are made. Such a derogation is likely to be limited to a timescale in which the compliance could reasonably be expected to be restored.
- To permit a system or plant item to operate out of compliance with the standard or code either indefinitely or for the lifetime of the system or plant item.

14. In general, where there has been a failure to comply with obligations imposed by a licence, standard or code but the relevant party has remedied the matter before an application for a derogation could reasonably be made, a derogation would not be issued by the UR retrospectively.

15. The UR will consider such instances of non compliance to determine if any further action is required by the UR in line with our Enforcement Procedure and statutory duties. The UR would expect to be notified of any such situations as soon as possible.



### 1.3 Types of Derogation

16. Table 1 below shows the three main types of derogation that may arise.

<b>Definite</b>	<ul style="list-style-type: none"><li>• Continues for a period of time specified in the UR's direction.</li></ul>
<b>Lifetime</b>	<ul style="list-style-type: none"><li>• Specific to a system or plant item and continues for the lifetime of the equipment forming that system or plant item.</li><li>• Would cease should the equipment or plant item be replaced or a further derogation is made or the derogation is revoked.</li><li>• Would only be granted when there are strong grounds for not taking action to restore compliance.</li><li>• May be made where all parties materially affected by the non-compliance agree in writing to accept the consequences or are protected from the effects of the non-compliance.</li></ul>
<b>Indefinite</b>	<ul style="list-style-type: none"><li>• Continues until a further derogation is made or the derogation is revoked.</li><li>• Would only be granted if there are strong grounds for omitting an expiry date.</li><li>• May be made where all parties materially affected by the non-compliance agree in writing to accept the consequences or are not affected by the derogation.</li><li>• To the extent that it does not set out the actions that would be required to restore compliance, this will need to be justified against the UR's principal objectives and statutory duties and the licence obligations of the applicant</li></ul>

17. It should be noted that a lifetime or indefinite derogation would only be issued in very limited circumstances. It is usual practice for derogations to be limited for a period of time that is specified in the direction. The UR may issue further directions that can vary or withdraw previous derogations. This would be done following consultation with the affected licensee (and more widely if required) and may be initiated by a request from a licensee or by the UR.

## 2. Submitting a derogation request

### 2.1 Minimum requirements of the derogation request

18. All derogation requests should include as a minimum:

- a) Details of the applicant, including the full name and address of the licensee concerned;
- b) A clear description of the non-compliance including:-
  - The provision(s) of the relevant code, standard or licence to which the non-compliance relates;
  - An identification of the particular asset to which the derogation relates;
  - The required performance;
  - The existing capability of the system or plant;
- c) A clear description of the reasons why the non-compliance has occurred or is expected to occur;
- d) A comprehensive and, wherever possible, quantitative assessment, of the impact of the non-compliance on:
  - **Consumers;** the extent to which the non-compliance impacts on consumers, for example through increased costs.
  - **Security of supply;** the extent to which the proposed derogation may impact upon security of supply;
  - **Competition:** for example, details of any competitive advantage that may arise if the derogation request is approved;
  - **Sustainable development:** the potential environmental costs or benefits if the derogation request is approved and/or the implications if the request is not approved;
  - **Health and safety:** Demonstrate that there are no health and safety implications that may arise due to the derogation along with relevant risk management measures. In this regard, the UR may seek expert advice from the relevant government

bodies and other organisations;

- **Other parties affected:** parties affected by the non-compliance, including the ability of the system operator to operate its system;
- **Government Policy:** the extent to which the non-compliance impacts on the implementation of Government Policy.

- e) A description of the **alternative actions** that have been considered;
- f) The **proposed duration** of the derogation requested; and
- g) If applicable, a description of the proposal for restoring compliance including a timetable of works.

14. Derogation requests in relation to the Network Codes have additional informational requirements which are set out in section 3 of this document, but we would expect these minimum requirements to be also included in Network Code derogation requests.

## 2.2 Additional Information

15. Applicants should give us much notice as possible to enable the UR opportunity to fully consider all the relevant aspects to the application. All technical terms should be fully explained and the request should be presented in as clear a manner as possible to avoid unnecessary delays.

16. Where there are multiple parties who may be affected by the matters relating to the derogation request, the UR would expect that these parties have informal discussions prior to submitting a derogation request so that the UR is furnished with all relevant information.

17. The timeframes in which the UR aims to process applications are set out in section 3 of this document however the UR will endeavour to process applications as expeditiously as possible.

18. In addition to the information required in section 2.1 of this document, in reaching a decision the UR will also take into account:-

- The nature of derogations already granted by the UR;
- The likelihood of similar derogation requests in the future;

- The effect of the decision on future derogation requests;
- Allowances that have been made in current and previous price controls (where relevant); and
- Any other relevant information.

### 2.3 Publishing Information on Derogations

19. Information on whether or not derogation requests have been granted or refused will be published on the Public Electricity Register as required by the Electricity (Northern Ireland) Order 1992<sup>2</sup>. The information will also be published on the UR's website.

20. The published information will include:-

- the requirement or requirements for which the derogation is granted or refused;
- the content of the derogation;
- commentary from the relevant system operators;
- the reasons for granting or refusing the derogation;
- the consequences resulting from granting the derogation.

---

<sup>2</sup> <http://www.legislation.gov.uk/nisi/1992/231/contents> Article 52

## 3. Procedures

### 3.1 Derogations from technical Grid Codes and standards

Table 1 below shows the process which will be followed for derogation requests from technical Grid codes and standards. The technical codes and standard to which this section relates, together with the relevant licence conditions are set out in Table 2.

**Table 1**

Information required	Action	Timeframe
See section 2.1 of this document	Derogation request submitted to UR	
	UR determines if request is complete (seeking information from relevant affected parties as necessary)	<b>Within 2 weeks</b>  (where additional information is required, it should be provided within <b>1 month</b> )
	UR assessment of request	<b>1 month</b>
	UR adopts decision	<b>Within 3 months from receipt of request</b> ( if additional information is required this may be extended by <b>1 month</b> starting from when the information is received
	UR notifies licensee of decision and publishes	<b>Within 1 week of decision</b>

**Table 2**

<b>Technical Code or Standard</b>	<b>Licence Condition</b>
SONI Grid Code <sup>3</sup>	SONI Transmission Licence <sup>4</sup> Condition 12
NIE Networks Limited Distribution Code <sup>5</sup>	NIE Networks Limited Distribution Licence <sup>6</sup> Condition 19 and 27
Wind Farm Power Station Settings Schedule <sup>7</sup>	NIE Networks Limited Distribution Licence Condition 27
	NIE Networks Limited Transmission Licence <sup>8</sup> Condition 19

<sup>3</sup> <http://www.soni.ltd.uk/media/documents/Operations/Grid-Code/SONI%20Grid%20Code%20Version%20Aug%202015.pdf>

<sup>4</sup> [https://www.uregni.gov.uk/sites/uregni.gov.uk/files/media-files/SONI\\_Transmission\\_Licence\\_-\\_Clean\\_with\\_LMA\\_DBC\\_Incent\\_Tariff\\_restriction\\_EED\\_FSA\\_January\\_2016.pdf](https://www.uregni.gov.uk/sites/uregni.gov.uk/files/media-files/SONI_Transmission_Licence_-_Clean_with_LMA_DBC_Incent_Tariff_restriction_EED_FSA_January_2016.pdf)

<sup>5</sup> <http://www.nienetworks.co.uk/documents/D-code/Distribution-Code-12-Feb-2015>

<sup>6</sup> [https://www.uregni.gov.uk/sites/uregni.gov.uk/files/media-files/NIE\\_Distribution\\_Licence\\_-\\_Condition\\_21\\_Modifications\\_-\\_effective\\_21\\_September\\_2016.pdf](https://www.uregni.gov.uk/sites/uregni.gov.uk/files/media-files/NIE_Distribution_Licence_-_Condition_21_Modifications_-_effective_21_September_2016.pdf)

<sup>7</sup> [http://www.soni.ltd.uk/media/documents/Operations/Grid-Code/SONI\\_GridCodeWFPS\\_SettingsScheduleVersion6\\_31.07.2015.pdf](http://www.soni.ltd.uk/media/documents/Operations/Grid-Code/SONI_GridCodeWFPS_SettingsScheduleVersion6_31.07.2015.pdf)

<sup>8</sup> [https://www.uregni.gov.uk/sites/uregni.gov.uk/files/media-files/NIE\\_Transmission\\_Licence\\_-\\_EED\\_Modifications\\_-\\_effective\\_23\\_November\\_2015.pdf](https://www.uregni.gov.uk/sites/uregni.gov.uk/files/media-files/NIE_Transmission_Licence_-_EED_Modifications_-_effective_23_November_2015.pdf)

### 3.2 Derogations from the Network Code on Requirements for Grid Connection of Generators<sup>9</sup>

#### Article 62 – Request for Derogation by a Power Generating Facility Owner

##### Information required

In addition to the information required by the UR set out in section 2.1, Article 62 requires:-

- An identification of the power-generating facility owner or prospective owner, and a contact person for communications;
- Description of the power generating module(s) (PGMs) for which the derogation is requested;
- Detailed description of the derogation and a reference to the provisions of the Regulation from which the derogation is requested;
- Detailed reasoning with supporting documents and cost benefit analysis set out in Article 39;
- Demonstration that the derogation would have no adverse impact on cross-border trade.

##### Process for Article 62 Derogation

Action	Time Frame
Request submitted to System Operator (SO)	
SO confirms if request is complete	<b>Within 2 weeks from receipt</b>  If further information is required, the PGM owner must submit this within <b>1 month</b> or the request may be deemed withdrawn
SO assesses request in co-ordination	

<sup>9</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL\\_2016\\_112\\_R\\_0001](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2016_112_R_0001)

<p>with the TSO and any affected Distribution System Operators (DSOs)</p> <p>(If the request refers to a type C or D PGM connected to the distribution system, the SO's assessment must be accompanied by an assessment by the relevant Transmission System Operator (TSO). TSO must provide this assessment within <b>2 months</b>)</p>	
<p>SO submits request to the UR</p>	<p><b>Within 6 months of receipt of request</b></p> <p>This period may be extended by <b>1 month</b> where the SO seeks further information from PGM owner or by <b>2 months</b> where the SO requests the TSO to submit an assessment of the request.</p>
<p>UR adopts and publishes decision</p>	<p><b>Within 6 months from the day after the request is received.</b> This period may be extended by <b>3 months</b> (starting when the information is received) where the UR seeks further information to assess the request.</p> <p>Any additional information should be provided within <b>2 months</b> or the request may be deemed withdrawn</p>



### 3.3 Derogations from the Network Code on Requirements for Grid Connection of Generators<sup>10</sup>

#### Article 63 – Request for Derogation by a relevant System Operator (SO) or Transmission System Operator (TSO)

##### Information required

In addition to the information required by the UR set out in section 2.1, Article 63 requires:-

- Identification of the relevant SO or TSO and a contact person for any communications;
- Description of the power generating module(s) (PGMs) for which the derogation is requested and the total installed capacity and number of PGMs;
- Detailed description of the proposed derogations and a reference to the provisions of the Regulation from which the derogation is requested;
- Detailed reasoning with supporting documents and cost benefit analysis set out in Article 39 (if applicable, the cost-benefit analysis should be carried out in co-ordination with the relevant TSO and adjacent DSO(s);
- Demonstration that the derogation would have no adverse impact on cross-border trade;

##### Process for Article 63 Derogation

Action	Time Frame
Request Submitted to UR by SO/TSO/DSO or CDSO	
Where request is submitted by the DSO	<b>Within 2 weeks from day after receipt</b>

<sup>10</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL\\_2016\\_112\\_R\\_0001](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2016_112_R_0001)

or CDSO, UR asks TSO to assess the request	
TSO confirms if request is complete	<b>Within 2 weeks from day after receipt</b>
TSO submits assessment to the UR	<b>Within 6 months of receipt of request</b>  This period may be extended by <b>1 month</b> where the TSO seeks further information from DSO/CDSO
UR adopts and publishes decision	<b>Within 6 months from the day after the request is received.</b> This period may be extended by <b>3 months</b> (starting when the information is received) where the UR seeks further information to assess the request.  Any additional information should be provided within <b>2 months</b> or the request may be deemed withdrawn.

### **3.4 Derogations from the Network Code on Requirements for Connection of High Voltage Direct Current (HVDC) Systems and Direct Current (DC) Connected Power Park Modules<sup>11</sup>**

#### **Article 79 – Request for Derogation by a HVDC system owner or DC connected power park module owner**

##### **Information required**

In addition to the information required by the UR set out in section 2.1, Article 79 requires:-

- An identification of the HVDC system owner or DC-connected power park module owner, and a contact person for communications;
- Description of the HDVC system or DC connected power park module;
- Detailed description of the proposed derogations and a reference to the provisions of the Regulation from which the derogation is requested;
- Detailed reasoning with supporting documents and cost benefit analysis set out in Article 66;
- Demonstration that the derogation would have no adverse impact on cross-border trade;
- In the case of a DC-connected power park module connected to one or more remote-end HVDC converter stations, evidence that the converter station will not be affected by the derogation or, alternatively, agreement from the converter station owner to the proposed derogation.

---

<sup>11</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32016R1447>

## Process for Article 79 Derogation

Action	Time Frame
Request submitted to System Operator (SO)	
SO confirms if request is complete	<p><b>Within 2 weeks from receipt</b></p> <p>If further information is required, it must be submitted within <b>1 month</b> or the request may be deemed withdrawn</p>
SO assesses request in co-ordination with the TSO and any affected Distribution System Operators (DSOs) as necessary	
SO submits request to the UR	<p><b>Within 6 months of receipt of request</b></p> <p>This period may be extended by <b>1 month</b> where the SO seeks further information from HVDC system owner or DC connected power park module owner (or prospective owner) or by <b>2 months</b> where the SO requests the TSO to submit an assessment of the request.</p>
UR adopts and publishes decision	<p><b>Within 6 months from the day after the request is received.</b> This period may be extended by <b>3 months</b> (starting when the information is received) where the UR seeks further information to assess the request.</p> <p>Any additional information should be provided within <b>2 months</b> or the request may be deemed withdrawn</p>

### 3.5 Derogations from the Network Code on Requirements for Connection of High Voltage Direct Current (HVDC) Systems and Direct Current (DC) Connected Power Park Modules<sup>12</sup>

#### **Article 80 – Request for Derogation by a relevant System Operator (SO) or Transmission System Operator (TSO)**

##### **Information required**

In addition to the information required by the UR set out in section 2.1, Article 80 requires:-

- An identification of the relevant SO or relevant TSO and a contact person for any communications;
- Description of the HDVC systems or DC connected power park modules for which a derogation is requested and the total installed capacity and number of HDVC systems or DC connected power park modules;
- Detailed description of the derogation and a reference to the provisions of the Regulation from which the derogation is requested;
- Detailed reasoning with supporting documents and cost benefit analysis set out in Article 66 (if applicable, the cost-benefit analysis should be carried out in co-ordination with the relevant TSO and adjacent DSO(s);
- Demonstration that the derogation would have no adverse impact on cross-border trade.

---

<sup>12</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32016R1447>

### Process for Article 80 Derogation

Action	Time Frame
Request Submitted to UR by SO/TSO/DSO or CDSO	
Where the request is submitted by a DSO or CDSO, the UR asks the TSO to assess the request	<b>Within 2 weeks from day after receipt</b>
TSO confirms if request is complete	<b>Within 2 weeks from day after receipt</b>  (If further information is required from the DSO or CDSO this must be submitted within <b>1 month</b> )
TSO submits assessment to the UR	<b>Within 6 months of receipt of request</b>  This period may be extended by <b>1 month</b> where the TSO seeks further information.
UR adopts and publishes decision	<b>Within 6 months from the day after the request is received.</b> This period may be extended by <b>3 months</b> (starting when the information is received) where the UR seeks further information to assess the request.  Any additional information should be provided within <b>2 months</b> or the request may be deemed withdrawn.

### 3.6 Derogations from the Network Code on Demand Connection<sup>13</sup>

#### **Article 52 – Request for a derogation by a demand facility owner, a distribution system operator (DSO) or a closed distribution system operator (CDSO)**

In addition to the information required by the UR set out in section 2.1, Article 52 requires:-

- an identification of the demand facility owner or prospective owner, the DSO/CDSO or prospective operator, and a contact person for any communications;
- a description of the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system, or the demand unit for which a derogation is requested;
- a reference to the provisions of this Regulation from which a derogation is requested and a detailed description of the requested derogation;
- detailed reasoning, with relevant supporting documents and cost-benefit analysis pursuant to the requirements of Article 49;
- demonstration that the requested derogation would have no adverse impact on cross-border trade.

---

<sup>13</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2016.223.01.0010.01.ENG&toc=OJ:L:2016:223:TOC](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2016.223.01.0010.01.ENG&toc=OJ:L:2016:223:TOC)

## Process for Article 52 Derogation

Action	Time Frame
Request submitted to System Operator (SO)	
SO confirms if request is complete	<p><b>Within 2 weeks from receipt</b></p> <p>If further information is required, it must be submitted within <b>1 month</b> or the request may be deemed withdrawn</p>
SO assesses request in co-ordination with the TSO and any affected DSOs as necessary	
SO submits request to the UR	<p><b>Within 6 months of receipt of request</b></p> <p>This period may be extended by <b>1 month</b> where the SO seeks further information from DSO or CDSO or by <b>2 months</b> where the SO requests the TSO to submit an assessment of the request.</p>
UR adopts and publishes decision	<p><b>Within 6 months from the day after the request is received.</b> This period may be extended by <b>3 months</b> (starting when the information is received) where the UR seeks further information to assess the request.</p> <p>Any additional information should be provided within <b>2 months</b> or the request may be deemed withdrawn</p>



### 3.7 Derogations from the Network Code on Demand Connection<sup>14</sup>

#### **Article 53 – Request for a derogation by a relevant System Operator (SO) or Transmission System Operator (TSO)**

In addition to the information required by the UR set out in section 2.1, Article 53 requires:-

- an identification of the relevant SO or relevant TSO and a contact person for any communications;
- a description of the transmission-connected demand facility, the transmission-connected distribution facility, the distribution system, or the demand unit for which a derogation is requested and the total installed capacity and number of transmission-connected demand facilities,
- a reference to the provisions of this Regulation from which a derogation is requested and a detailed description of the requested derogation;
- detailed reasoning, with relevant supporting documents and cost-benefit analysis pursuant to the requirements of Article 49 ( if applicable, the cost-benefit analysis shall be carried out in coordination with the relevant TSO and any adjacent DSO);
- demonstration that the requested derogation would have no adverse impact on cross-border trade.

---

<sup>14</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2016.223.01.0010.01.ENG&toc=OJ:L:2016:223:TOC](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2016.223.01.0010.01.ENG&toc=OJ:L:2016:223:TOC)

## Process for Article 53 Derogation

Action	Time Frame
Request Submitted to UR by SO/TSO/DSO	
Where request is submitted by DSO, UR asks the relevant TSO to assess the request	<b>Within 2 weeks from day after receipt</b>
TSO confirms if request is complete	<b>Within 2 weeks from day after receipt</b>  (If further information is required from the DSO this must be submitted within <b>1 month</b> )
TSO submits assessment to the UR	<b>Within 6 months of receipt of request</b>  This period may be extended by <b>1 month</b> where the TSO seeks further information.
UR notifies relevant parties and publishes decision	<b>Within 6 months from the day after the request is received.</b> This period may be extended by <b>3 months</b> (starting when the information is received) where the UR seeks further information to assess the request.  Any additional information should be provided within <b>2 months</b> or the request may be deemed withdrawn.

## 4. How to respond and next steps

21. The UR welcomes engagement from industry and other stakeholders who may have an interest in or be impacted by the proposed process for submission and assessment of derogation requests.
22. The UR would appreciate stakeholder views and comments on the minimum requirements of the request of submitting a derogation request set out in Section 2 and the procedures set out in Section 3 of this Consultation Paper.
23. We would invite stakeholders to send responses to [laura.kane@uregni.gov.uk](mailto:laura.kane@uregni.gov.uk) or [Electricity\\_Networks\\_Responses@uregni.gov.uk](mailto:Electricity_Networks_Responses@uregni.gov.uk) by 5pm on 17th January 2017.
24. After the closure date of this Consultation Paper all stakeholder responses will be considered in order to inform the development of a decision paper and accompanying guidance document. Our decision paper will be published on 17th February 2017.