

DISTRIBUTION CODE MODIFICATION PROPOSAL FORM

MODIFICATION PROPOSAL SUBMITTED BY: Keith Moore	DATE OF SUBMISSION OF PROPOSAL: 16 th May 2014	Modification Proposal Number: <i>(to be assigned by Review Panel Secretary)</i> #29
CONTACT DETAILS FOR MODIFICATION PROPOSAL ORIGINATOR: (IF NOT DISTRIBUTION CODE REVIEW PANEL		
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MODIFICATION PROPOSAL TITLE:	Changes required due to the restructuring of the Electricity Industry	
DISTRIBUTION CODE SECTION(S) AFFECTED BY PROPOSAL: To be applied to all sections of the Distribution Code		

MODIFICATION PROPOSAL DESCRIPTION (Clearly state the desired amendment and all text changes. Attach further information if necessary)

Since the last version of the Distribution Code was finalised in 2007, there have been a number of changes in the electricity industry, for example, ESB Networks Limited was incorporated in December 2008 as the licensed Distribution System Operator, as required under S.I. 280 of 2008. To reflect these changes to the structure of the electricity industry and, for the purposes of consistency to ensure that abbreviated/ defined terms are actually utilised throughout the Distribution Code, the following modifications should to be applied to the Distribution Code:

1. Apply the following terms throughout all sections of the code:

Replace “Electricity Supply Board” or “ESB” with “DSO” or “ESB Networks Ltd”, where appropriate

Replace “ESB Networks” with “DSO” or “ESB Networks Ltd”, where appropriate

Replace “Distribution System Operator” with “DSO”

Replace “Electricity Supply Board” with “ESB”

Replace “Distribution Licence” with “DSO Licence”

Replace “Electricity Regulation Act 1999” with “Act”

Replace “Transmission System Operator” with “TSO”

2. Insert new definitions relevant to this modification proposal as follows:

Distribution System Asset Owner (DAO)	ESB in its capacity as the licensed owner of the Distribution System under its DAO Licence.
DAO Licence	The licence granted to the DAO by the Commission for Energy Regulation pursuant to section 14(1)(k) of the Act authorising the DAO to discharge the functions of the Distribution System Asset Owner.
ESB	Electricity Supply Board, a statutory corporation and licensed owner of the Transmission System and the Distribution System.
ESB Networks Limited	The Distribution System Operator and wholly owned subsidiary of ESB established in accordance with Statutory Instrument No. 280 of 2008 (<i>European Communities (Internal Market in Electricity) (Electricity Supply Board) Regulations, 2008</i>) to have responsibility for operating the Distribution System.

TAO Licence	The licence granted to the TAO by the Commission for Energy Regulation pursuant to section 14(1)(f) of the Act authorising the TAO to discharge the functions of the Transmission System Owner
Transmission System Asset Owner (TAO)	ESB in its capacity as licensed owner of Transmission System under its TAO Licence.
TSO Licence	The licence granted to the TSO by the Commission for Energy Regulation pursuant to section 14(1)(e) of the Act authorising the TSO to discharge the function of the Transmission System Operator.
EirGrid	The Transmission System Operator (TSO) established in accordance with Statutory Instrument (SI) No. 445 of 2000 (modified by Statutory Instrument 60 (2005)) to have responsibility for operating the Transmission System.

3. **The following existing definitions are relevant to this modification proposal and should be amended as follows:**

Existing definition:

Distribution Code This document produced by ESB pursuant to the Electricity Regulation Act 1999.

Amended definition:

Distribution Code This document produced by the DSO pursuant to the DSO Licence.

Existing definition:

Distribution Licence The licence issued to ESB to distribute electricity.

Amended definition:

DSO Licence The licence granted to the DSO by the Commission for Energy Regulation pursuant to section 14(1)(g) of the Act authorising the DSO to discharge the functions of the Distribution System Operator

Existing definition:

Distribution System Operator ESB in its capacity as the licensed operator responsible for the ownership, maintenance and development of the Distribution System.

Amended definition:

Distribution System Operator (DSO) ESB Networks Ltd in its capacity as the licensed operator responsible for the operation, maintenance and

development of the Distribution System under its DSO Licence.

Existing definition:

Transmission System Operator (TSO) EirGrid in its capacity as licensed operator of the Transmission System.

Amended definition:

Transmission System Operator (TSO) EirGrid in its capacity as the licensed operator of the Transmission System under its TSO Licence.

4. Proposed changes to the Preface of the Distribution Code which sets out the electricity industry structure:

Section 1 of the Preface to the Distribution Code sets out the electricity industry structure by describing the principal bodies that make up the industry. Due to the changes in the structure of the industry it is proposed to make a number of changes to this section of the code to provide a more accurate description of the structure.

The proposed changes to the text in this section have been highlighted below:

1. INDUSTRY STRUCTURE

The ~~Electricity Supply Industry~~ **electricity industry** comprises the following principal bodies:-

- (a) The Transmission System Operator (TSO) operates the Transmission System. The Transmission System transports the electricity, generated by Generating Units, to and from the Distribution System, through which most Customers will be supplied. Some Generating Plant is connected directly to the Distribution System and is also referred to as Generation. **EirGrid holds the TSO Licence.**
- (b) The Transmission System Asset Owner (TAO) owns the Transmission System. ESB holds the TAO Licence. **ESB holds the TAO Licence.**
- (c) The Distribution System Operator (DSO) is responsible for operating and maintaining a secure, reliable and efficient electricity Distribution System **in accordance with its DSO Licence obligations.** The Distribution System transports electricity **to or** from the Transmission System or from Generation Units to the final customer. **ESB Networks Ltd holds the DSO Licence.**
- (d) **The Distribution System Asset Owner (DAO) owns the Distribution System. ESB holds the DAO Licence.**
- (e) Suppliers supply electricity to Customers. For this purpose, Suppliers will be entitled to use both the Transmission System and the Distribution System for the transport of electricity from Generating Units to Customers.
- (f) Generators generate electricity which is fed onto the Transmission or Distribution Systems. Generating Units are classified according to their voltage, output power and whether or not they are subject to Central Dispatch by the TSO.

- (g) Customers purchase electricity from Suppliers. Some Customers have their own generating plant for supplying all or part of their own needs. These are referred to as Customers with CHP or Customers with Auto-production.
- (h) Dispatchable Demand Customers are customers who are subject to Central Dispatch and have a Demand Reduction Capability of 4MW or more
- (i) The ~~Commission~~ **Commission for Energy Regulation** was established by the ~~Electricity Regulation Act 1999~~ **Act** to regulate the ~~E~~lectricity ~~I~~ndustry.
- (j) The Single ~~Energy~~ **Electricity** Market (SEM) is the wholesale all-island electricity market.

5. Remove the following clause from Section 5 of the Preface - 'Assumptions and Commentary':

"A thorough review of the provisions of this Distribution Code will be required when all other relevant documentation (licences, market protocols, other agreements etc.) are available and have been reviewed."

This clause was originally included in the Distribution Code to highlight the need for possible future revisions to the code which might arise as a result of other documents being developed which were related to the changes being applied to the electricity industry at the time.

It would be appropriate to remove this clause now that unbundling and market opening has taken place.

MODIFICATION PROPOSAL JUSTIFICATION

(Clearly state the reason for the modification. Attach further information if necessary)

Under Article 15 of EU Directive 2003/54/EC transposed into Irish law through Statutory Instrument No. 280 of 2008, the Distribution System Operator must be independent in terms of its legal form, organisation and decision making from other activities of ESB, not relating to distribution. The model for this legal unbundling of the distribution business adopted in SI 280 of 2008 provides for a separate operator and owner of the distribution system.

ESB remains the owner of the distribution system, known as the Distribution Asset Owner (DAO). In January 2009 a revised Distribution System Owner (DAO) Licence was re-issued to ESB.

ESB Networks Limited was established to act as the independent Distribution System Operator (DSO) in the Republic Of Ireland. ESB Networks Limited was incorporated in December 2008 and became the holder of the DSO Licence in January 2009.

These modifications to the code are required to reflect the changes in the Industry structure as highlighted above.

IMPLICATIONS OF NOT IMPLEMENTING THIS MODIFICATION

The existing version of the distribution code does not reflect some of the changes to the structure of the industry, particularly those required by S.I. 280 of 2008.

PLEASE SUBMIT MODIFICATION PROPOSALS TO THE PANEL SECRETARY BY E-MAIL TO: DistCodePanel@ESB.ie