

Grid Code

Market

Terms:	B5
Version:	1.0
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## B.5 Terms for Curtailable Transmission<sup>1</sup>

### 0. Changes to the previous version

The present version is the initial one.

### 1. Introduction

- 1.1 These Terms are adopted on the basis of the Electricity Act, No. 65/2003, as subsequently amended, and of Regulations No. 511/2003 on the implementation of the Electricity Act as subsequently amended, No. 513/2003 on system management, No. 1050/2004 on electricity trading and metering, and No. 1048/2004 on the quality and secure delivery of electricity.
- 1.2 These Terms have been confirmed by the Minister pursuant to Article 9, Paragraph 6, of the Electricity Act.
- 1.3 These Terms apply solely to curtailment allowances included in Landsnet agreements with distribution system operators, with the exception of curtailments that follow from Article 9, Paragraph 9, of the Electricity Act.

### 2. Definitions

The following definitions apply in these Terms:

- 2.1 A *customer* is any party which buys electricity for its own use and is not a power intensive user.
- 2.2 *Distribution system operator* is a company licensed to distribute electricity in a designated area.
- 2.3 *System constraints (bottlenecks)* are situations in which the transmission capacity of transmission facilities or part of a transmission system is insufficient, requiring limitations in transmission of electricity.
- 2.4 *N-1 supply* implies that an outage of any single unit in the transmission system will not cause any limitation to delivery or interruption to supply at the relevant delivery point.
- 2.5 *Curtailable electricity* refers to electricity consumption which a producer is permitted to curtail, depending on the sales terms for the particular company regarding *curtailable electricity*.
- 2.6 *Curtailable transmission* encompasses the electricity consumption which Landsnet may order curtailed due to the instances listed in Article 5.1, with the exemption of curtailments and rationing based on Article 9, Paragraph 9, of the Electricity Act are exempted.
- 2.7 An *electric power plant/installation* is a facility used for generating electricity. Two or more units forming a natural whole and which are connected to the transmission system or a distribution system through common substations constitute a single power station.
- 2.8 *Disturbance* is an outage, forced or unintended disconnection or failed reconnection as a result of faults in the power grid.

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<sup>1</sup> This is a translation from the Icelandic version of the grid code. In case of discrepancy the Icelandic version shall apply.

- 2.9 *Curtailement* is an outage or temporarily limitation of the curtailable transmission to a consumer; such curtailment may occur either *manually* or *automatically*. *Automatic curtailment* is executed by special equipment of the transmission system in cases of load limitation or of the frequency or voltage dropping below a certain limit. *Manual curtailment* is executed by Landsnet, or shall be executed by the *distribution system operator* whenever Landsnet so requests.
- 2.10 *Temporary transmission congestion* is a system constraint which has not been designated as permanent transmission congestion and does not result from a disturbance in operations.
- 2.11 *Permanent transmission congestion* is a system constraint which persists for structural reasons at a particular location and is not caused by operational disturbances.

### **3. These Terms in general**

- 3.1 It is partly by means of agreements on curtailable transmission that Landsnet undertakes its legal obligations to guarantee security and quality in electricity delivery. Such agreements enable Landsnet to utilise the transmission system better than would otherwise be possible.
- 3.2 Every distribution system operator shall conclude an agreement with Landsnet on curtailable transmission. Such an agreement shall have an appendix which lists customers of curtailable transmission from the distribution system operator. The customers shall be subject to the approval of Landsnet. The distribution system operator shall conclude agreements with the respective customers. Landsnet's approval of a customer for curtailable transmission shall depend on whether that customer is in an area which does not benefit from n-1 supply or whether that customer buys curtailable electricity. However, a distribution system customer shall not be approved if such transmission entails the need for Landsnet's investment in the transmission system or if Landsnet considers such approval incompatible with the objectives of the Electricity Act concerning a secure operation of the electricity system. Landsnet's refusal to approve a customer for curtailable transmission must be reasoned.
- 3.3 Landsnet may approve a customer for curtailable transmission on the condition that an agreement on curtailable distribution will be made between the customer and the distribution system operator.

### **4. Obligations of the distribution system operator**

- 4.1 A distribution system operator shall have a connection agreement with Landsnet.
- 4.2 The rated power of the equipment to be installed at any one point for the consumption of a customer of curtailable transmission must reach a minimum of 1 MW.
- 4.3 The requirements for metering equipment and the handling of meter and settlement data concerning curtailable transmission shall be the same as those applying to electricity delivery in general, that is, the requirements must comply with the Regulation on electricity trading and metering, No. 1050/2004, as subsequently amended, and the Terms No. B6 for the Communication of Basic Documents, Metering Data and Settlement Information between Electricity Market Participants.
- 4.4 The distribution system operator shall ensure that the supply of curtailable transmission can be tripped by tripping mechanisms, that are connected to a load control system or a remote control system of the distribution utility, or by some other method which Landsnet considers adequate to secure that power delivery can be curtailed whenever Landsnet so requests. It is impermissible to connect equipment receiving curtailable transmission to the electricity distribution system in any other manner than by means of the above-mentioned tripping mechanisms.
- 4.5 Landsnet decides when curtailments occur, cf. Article 5.1. Landsnet shall be in charge of executing curtailment, or else the distribution system operator according to instructions from Landsnet.
- 4.6 Landsnet will notify the distribution system operator of imminent curtailment or outage with the maximum notice possible in each instance, and give information insofar as possible on the extent and duration to be expected for this curtailment or interruption. If possible, this notice shall not be less than two hours.

- 4.7 At Landsnet's request, the distribution system operator shall ensure that the customer has curtailment equipment available, in addition to a connection to the Landsnet energy management system.
- 4.8 At Landsnet's request, the distribution system operator shall ensure that the consumer has automatic curtailment equipment available to deal with underfrequency and undervoltage. Configuration of this equipment shall be decided by Landsnet, in consultation with the relevant distribution system operator.
- 4.9 When a distribution system operator has received instructions to perform a curtailment, the operator shall confirm to Landsnet as soon as possible that curtailment has been accomplished, along with information on the total power curtailed.

## 5. Rights and obligations of Landsnet

- 5.1 Landsnet is authorised to curtail power when any of the following apply:

- Necessity of restricting power to prevent overloading
- Disturbances in the transmission system
- Preventive measures to ensure transmission system security
- Temporary power shortages due to disturbances at power plants
- Temporary transmission congestions
- Maintenance of the transmission system
- Periodic testing or
- Other instances requiring curtailment to guarantee the secure operation of the power system.

Curtailment due to operational disturbances at power plants shall be as brief as possible, in any case never lasting longer than 24 hours.

- 5.2 Landsnet will, with as much advance notice as is possible in each case, notify distribution system operators, as well as any other Landsnet customers who request this, of the impending curtailment, giving all information possible on the probable extent and duration of curtailment.
- 5.3 Landsnet will present information about the curtailment on its website with as much advance notice as can be achieved in each case, specifying which distribution utilities and areas of Iceland will be affected and the expected extent and duration of the curtailment.

## 6. Tariff for curtailable transmission

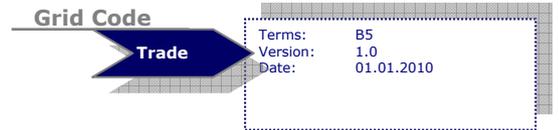
- 6.1 The transmission charges for curtailable transmission shall be in accordance with the Landsnet transmission tariff.

## 7. Liability

- 7.1 The stipulations on liability in the General Terms on Electricity Transmission and System Management (A1) shall also apply to the present Terms.
- 7.2 The force majeure stipulations in the General Terms on Electricity Transmission and System Management (A1) shall also apply to the present Terms.

## 8. Breach of terms

- 8.1 Should either of the parties to an agreement neglect its obligations according to these Terms or to an agreement on curtailable transmission and should the non-performance be considered significant, the other party is authorised to cancel the agreement on curtailable transmission or to request that the National Energy Authority of Iceland act on the basis of Chapter VII of the Electricity Act.
- 8.2 If it should be demonstrated that power was not curtailed to a consumer of curtailable transmission even though Landsnet had so requested, double power charges shall be collected



from the distribution utility involved in regard to the particular customer of curtailable transmission for the month when curtailment should have occurred. Should such an instance be repeated, curtailable transmission will no longer be offered to the particular customer, and the appendix to that distribution system operator's agreement shall be altered accordingly.

## **9. Surveillance and remedies**

- 9.1 The National Energy Authority supervises the operation of companies pursuant to Act No. 65/2003, including their compliance with the conditions applying to such operations pursuant to laws, regulations and these Terms.
- 9.2 In case of disagreement on the implementation or interpretation of provisions in these Terms, the National Energy Authority, and the Appeals Committee on Electricity where applicable, shall be requested to rule in instances where they have the power to make a ruling on the basis of Chapter VII of the Electricity Act. If a dispute cannot be appealed to the National Energy Authority, the case may be referred to the District Court of Reykjavik for resolution.

## **10. References and appendices**

- 10.1 Agreement on curtailable transmission.
- 10.2 A.1 General terms on electricity transmission and system management.
- 10.3 Terms B.6, for the Communication of Basic Documents, Metering Data and Settlement Information between Electricity Market Participants.