ELEXON

Issue 98 Workgroup 2 Summary

Summary

1.   Meeting Objectives

The Chair welcomed attendees and presented the meeting objectives:

- Recap of Workgroup Meeting 1
- Discuss action updates
- Discuss and confirm the solution
- Confirm next steps following the conclusion of the Issue group

2.   Discussion and problems faced when dealing with dynamic parameters

2.1   A Workgroup member reiterated the importance of developing sets of parameters that apply equally to all unit types, and highlighted practices where units may be treated differently which should be standardised in any future work on dynamic parameters.

2.2   It was noted that some plant slow down their Run-Up rates when coming back from outage in the interests of safety. In a situation where a plant would be left turned off for a number of hours to limit damage, but was then required to be turned back on due to an unexpected outage, you cannot submit multiple sets of dynamic parameters to illustrate those increased costs as a result of the increased risk incurred for the damage.

2.3   A Workgroup member stated that a desirable outcome from this process should include an understanding at Ofgem and NGESO about how different contexts and operating modes of generation units affect what they are able to do at a given time, and articulating what is permitted under the relevant legislation.

2.4   Workgroup members highlighted ways in which the operating characteristics of units have changed since the Grid Code was written, for example the move of Combined Cycle Gas Turbines (CCGTs) from baseload to two-shifting to flexibility provision. The introduction of new optionality for plant operation and revenue generation by providing system stability services will lead to a greater range of valid dynamic parameters than those currently available.

2.5   A Workgroup member asked NGESO whether EBS (Electricity Balancing System), a balancing system including automated scheduling and dispatch) would have enabled more options for dynamic parameters. NGESO confirmed this would have been the case. NGESO highlighted that a significant constraint in what they can accommodate relates to the capabilities of IT system, and in particular balancing system optimisation.

2.6   The Workgroup discussed issues relating to starting and stopping generating units and how limits on these values impact on the use of parameters such as Minimum Zero Time/Minimum Non-Zero Time. Reasons for adapting these, or otherwise needing multiple sets of pricing, include hitting statutory outage limits and emissions limits but reasons change over time and are difficult to communicate.

2.7   The Workgroup highlighted the effectiveness of the Super SEL contract, and noted that reducing bid prices would also accommodate some more real-life flexibility availability at generating units.

2.8   A Workgroup member highlighted how frequently they came up against IT constraints when trying to operate assets, and suggested that assets not getting used as a result of these constraints is resulting in assets withdrawing from the balancing market. They highlighted the importance of building markets that work for the assets that participate in them, and suggested the current rules and IT systems are too inflexible to make best use of the assets which are currently available.

3.   NGESO and Ofgem clarifications

3.2   Workgroup members asked NGESO to confirm whether they have the ability to optimise when seeing prices going down rather than up with output. NGESO stated that there is flexibility in the Grid code so Workgroup members requested a few paragraphs from NGESO about where in the Grid code that flexibility is. Some

Parties had concerns that if they were operating flexibly, Ofgem would not be satisfied the units are operating in accordance with Grid Code/legislation. NGESO did also state that they need to limit the number of options available to them to enable optimisation to run in the required timeframes.

3.3   NGESO highlighted a number of examples where operation of generating units is unusual or unexplained, but that they would seek to engage with BM participants to understand what is happening.

3.4   NGESO provided an overview of their program to enhance control room functionality, which will include a review of parameters and how they can best represent the operating characteristics of assets in the market.

3.5   Ofgem stated that their interpretation of what is permitted is based on the Grid Code as currently written, and that if the Grid Code were rewritten to account for operational realities of assets participating in the market that their interpretation of the interaction between the Grid Code and REMIT may also change. Ofgem agreed that Parties should have commercial control over the operation of their assets, provided that operation is consistent with the details of Codes, Licenses and legislation.

3.6   The group agreed in a future meeting to consider in more specific detail, which parameters should be changed and how they can be changed. This would be in order to give more specific guidance on how to proceed with the Grid code Modification. The Workgroup noted that the Dynamic Parameters are more tightly defined than other parameters in the Grid Code.

3.6.1 If agreed that most parameters could be changed, it would be better to agree which parameters cannot be changed.

3.7   The Workgroup suggested there is a job in specifically listing out what members want to get out of this Issue group and wanted NGESO to contribute to this list in order for the process to be open and fair.

4.   Comments from the Workgroup

4.2   Parties should be able to change their dynamic parameters more frequently with acknowledgement that there is nearly always a cost/benefit trade-off between technical cost and risk/market value of flexibility.

4.3   DSOs should need similar parameters if we want to bring it down to the smallest generators.

4.4   Altering the Bid Offer Acceptance (BOA) prices would be a quick win. The group wanted to ask Grid whether this would be a feasible Modification or if it would be expensive and take a disproportionately long time.

4.5   It would be worth assessing the present dynamic parameter definitions to understand if they are too strongly worded.

4.6   The scope is too big. We should work on the highest impact dynamic parameter as a use case and the group should agree which one.

5.   Next steps/Actions

- **NGESO** to inform the Workgroup of where there is flexibility in the Grid code.
- **NGESO** to provide an update giving more clarity on the Modern Dispatch Instructor.
- **NGESO** to determine whether a Mod to alter BOA prices would be feasible.
- **Workgroup members** to submit any further considerations on what they would like from any parameter changes.
- Hold another Workgroup meeting in early March 2022.