

Modification proposal:	Balancing and Settlement Code (BSC) P451: Updating BSC Black Start provisions and compensation arrangements (P451)		
Decision:	The Authority ¹ directs that this modification be made ²		
Target audience:	National Grid Electricity System Operator, Parties to the BSC, the BSC Panel and other interested parties		
Date of publication:	22 March 2024	Implementation date:	Five working days after Authority decision

Background

The Electricity System Operator’s (ESO) Grid Code modification, GC0156: Facilitating the implementation of the Electricity System Restoration Standard³, was approved on 05 February 2024.⁴ This facilitates the implementation of the ESO’s new approach to “Black Start”⁵ called “System Restoration”. GC0156 proposes to update all the references to Black Start to System Restoration in the Grid Code. Therefore a change is required in the Balancing and Settlement Code (BSC)⁶ in order for both codes to be aligned.

Furthermore, the ESO have introduced an approach through Distributed Restart⁷ that will allow Distributed Energy Resources (DERs) to be used as System Restoration Contractors. These

¹ References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ <https://www.nationalgrideso.com/industry-information/codes/gc/modifications/gc0156-facilitating-implementation-electricity-system>

⁴ <https://www.ofgem.gov.uk/sites/default/files/2024-02/GC0156%20Authority%20Decision.pdf>

⁵ Black Start was the ESO’s procedure to recover from a total or partial shutdown of the GB Transmission system. This has now changed name to System Restoration.

⁶ The BSC is a legal document which defines the rules and governance for the balancing mechanism and imbalance settlement processes.

⁷ <https://www.nationalgrideso.com/future-energy/projects/distributed-restart>

types of Restoration Contractors will be connected to a Distribution System and will be operated by BSC or non-BSC parties. Currently the BSC does not allow non-BSC parties to claim Black Start compensation.

The modification proposal

P451, raised by the ESO (the Proposer) on 03 March 2023, intends to update all BSC references to 'Black Start' to 'System Restoration'. It also aims to update BSC section G 'Contingencies' to allow non-BSC parties who have a contract with ESO to provide System Restoration services to claim BSC System Restoration compensation.

The Proposer believes that BSC code objectives⁸ (a), (c) and (d) are better facilitated by this change and that there is a neutral impact on the other code objectives.

BSC Panel⁹ recommendation

At the BSC Panel (the Panel) meeting on 14 December 2023, the Panel considered that P451 would better facilitate the BSC objectives, and therefore the Panel unanimously recommended its approval. The Panel unanimously agreed that BSC objectives (a), (c) and (d), are better facilitated through implementation of P451. Overall, the Panel unanimously recommended to the Authority that P451 should be approved.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 15 December 2024. We have considered and taken into account the responses to the industry consultations which are attached to the FMR.¹⁰ We have concluded that:

⁸ Applicable BSC objectives are set out in standard condition C3(3) of NGENSO's Transmission Licence, available here: <https://epr.ofgem.gov.uk/Content/Documents/Electricity%20transmission%20full%20set%20of%20consolidated%20standard%20licence%20conditions%20-%20Current%20Version.pdf>

⁹ The BSC Panel is established and constituted pursuant to and in accordance with Section B of the BSC and [Standard Special Licence Condition C3 of the Electricity Transmission Licence](#).

¹⁰ BSC modification proposals, modification reports and representations can be viewed on the [Elexon website](#)

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the BSC;¹¹ and
- directing that the modification be made is consistent with our principal objective and statutory duties.¹²

Reasons for our decision

We consider that the modification proposal will better facilitate BSC objectives (a), (c) and (d) and has a neutral impact on the other applicable objectives.

We are aware that the workgroup noted a low response rate to the industry consultation and that there was little representation of the impacted parties (non-BSC parties) in the workgroup for P451. We recognise the efforts made by the ESO and Elexon to engage with these parties to ensure their views were captured. However, as this did not materialise, we fully expect that the ESO will engage with non-BSC parties who participate in tender rounds for System Restoration services, so they are aware of this mechanism that allows them to claim for compensation in the event of a partial or total shutdown.

It was noted by the workgroup and the Panel that non-BSC parties would be unable to directly claim for any compensation and that their Supplier would need to make the claim for the non-BSC party. In this case it should be noted that the Authority fully expects Suppliers to support non-BSC parties in making these claims.

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

The Proposer suggested that objective (a) will be better facilitated by P451. The Panel unanimously agreed with this view.

¹¹ As set out in [Standard Condition C3\(3\) of the Electricity Transmission Licence](#).

¹² The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

We agree with the Proposer and the Panel. This is because P451 will facilitate the findings made from the Distribute ReStart project¹³ that DERs can provide System Restoration services to the ESO. P451 will allow DERs who may be non-BSC parties to claim compensation if they have a Restoration Contract. This should incentivise DERs to participate in System Restoration. The ESO has highlighted in their 2023/24 Assurance Framework¹⁴ that in order to be compliant with the ESRS by December 2026 they must implement the learnings from Distributed ReStart. Therefore P451 will enable the ESO to discharge Special Licence Condition 2.2.

(c) promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

The Proposer put forward that P451 would better facilitate objective (c). The Panel unanimously agreed with this assessment.

We agree with the Proposer and the Panel as P451 will allow non-BSC parties to claim compensation as a result of providing System Restoration services via a Restoration Contract to the ESO in a Partial or Total Shutdown event. This will likely create a wider range of potential Restoration Contractors to tender for System Restoration services, thus increasing competition.

(d) promoting efficiency in the implementation and administration of the balancing and settlement arrangements

The Proposer suggested that there would be a positive impact on objective (d). The Panel unanimously agreed with this assessment.

We agree with the Proposer and the Panel as P451 will allow the BSC System Restoration processes and terminology to align with other industry codes such as the Grid Code.

¹³ <https://www.nationalgrideso.com/future-energy/projects/distributed-restart>

¹⁴ <https://www.nationalgrideso.com/document/288896/download>

Ofgem's principal objective and statutory duties

Finally, we have reviewed the proposal submitted to us with regard to our statutory duties and consider that approval of P451 is the course of action which is most consistent with our principal objective and statutory duties.

Decision notice

In accordance with Standard Condition C3 of the Transmission Licence, the Authority hereby directs that modification proposal BSC P451: *Updating BSC Black Start provisions and compensation arrangements* be made.

Adam Gilham

Head of Electricity System Operator Regulation

Signed on behalf of the Authority and authorised for that purpose