

P421 'Align the BSC with Grid Code modification GC0144 for TERRE Market suspension'

This Modification aligns the BSC with the provisions introduced into the Grid Code under GC0144 'Alignment of Market Suspension Rights to the EU Emergency and Restoration Code Article 35.1(b)'



Elexon recommends P421 is progressed directly to the Report Phase with an initial recommendation to approve



Elexon does consider that P421 impacts the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- Generators, Suppliers and VLPs

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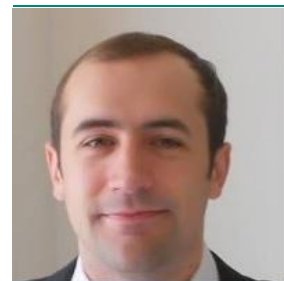
Contact

Chris Arnold

020 7380 4221

bsc.change@elexon.co.uk

chris.arnold@elexon.co.uk



About This Document



Not sure where to start? We suggest reading the following sections:

- Have 5 mins? Read section 1
- Have 15 mins? Read sections 1, 4, 5 and 6
- Have 30 mins? Read all sections
- Have longer? Read all sections and the annexes and attachments

This document is an Initial Written Assessment (IWA), which Elexon will present to the Panel on 8 July 2021. The Panel will consider the recommendations and agree how to progress P421.

There are three parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress, including the Workgroup's proposed membership and Terms of Reference.
- Attachment A contains the P421 Proposal Form.
- Attachment B contains the P421 draft legal text.

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What is the issue?

The BSC does not cover the TERRE suspension scenario detailed in paragraph BC4.10(c) of the Grid Code. This paragraph relates to Terre Market suspension as a result of the operators of the TERRE Central Platform [LIBRA] notifying National Electricity Transmission System Operator (NETSO) that the TERRE market has been or is to be suspended. Additionally, provisions in the BSC outlining notification processes in the event of a TERRE Market suspension should be aligned with the Grid Code. Grid Code paragraph BC4.10 was implemented by NGESO on 26 May 2021 as part of their programme to implement the [Network Code on Electricity Emergency and Restoration \(NCER\)](#).

What is the proposed solution?

Align BSC Section Q5A with Grid Code paragraph BC4.10. The solution changes the TERRE Market suspension provisions in BSC paragraph Q5A.1 to expressly provide for the circumstances detailed in BC4.10(c) of the Grid Code. The solution also makes updates to ensure that the notification processes and obligations of the NETSO and BSCCo set out in the BSC and the Grid Code are aligned in respect of the suspension scenarios detailed in Grid Code paragraphs BC4.10 (b) and (c)s.

Impacts and costs

P421 is expected to have minimal impacts on market participants and Elexon. The costs for Elexon and industry to implement are expected to be **<£1k** as this is a document only change.

Implementation

The Proposer recommends an Implementation Date for P421 of:

- **4 November 2021** as part of the November 2021 BSC release.

This is to ensure that the BSC accurately reflects the Grid Code provisions as soon as practicable.

Recommendation

The Proposer recommends that this Modification should be sent straight to the Report Phase. The proposed draft legal text will alter BSC section Q5A, which forms part of the terms and conditions for Balancing in GB, so the 'EBGL change process' will need to be followed, requiring a one calendar month consultation. As P421 impacts the EBGL Article 18 balancing terms and conditions, it will need to be submitted to Ofgem for decision (not a Self-Governance Modification Proposal)

2 Why Change?

What is the issue?

National Grid Electricity System Operator's (NGESO's) Grid Code Modification GC0144 'Alignment of Market Suspension Rights to the EU Emergency and Restoration Code Article 35.1(b)' introduced section BC4.10. BC4.10 describes three scenarios in which TERRE market suspension might occur. This is part of NGESO's wider programme of work to implement Commission Regulation (EU) 2017/2196 establishing a network code on electricity emergency and restoration (NCER). Reg (EU) 2017/2196 was retained as UK law at the end of the Brexit Transition Period on 31 December 2020 and as such is now a UK legislative requirement.

The BSC already provides for TERRE suspension in the certain scenarios (detailed in paragraphs (a) and (b) of BC4.10). BC4.10(a) of the Grid Code provides for TERRE Market suspension where the Balancing Mechanism is suspended in a Black Start situation (in accordance with Grid Code paragraph OC9.4.6). BSC Section G3 sets out Black Start provisions, including for TERRE Market suspension. Paragraph BC4.10(b) of the Grid Code provides for TERRE Market suspension in the event of outages of computer systems (as per Grid Code paragraph BC4.9); BSC paragraph Q5A.1 provides for this. BSC paragraph Q5A.2 sets out the activities that will be suspended and actions BSCCo will take if the TERRE Market is suspended in either scenario.

The BSC does not cover TERRE market suspension as a result of LIBRA operators notifying NETSO that the TERRE Market has been or is to be suspended (as described in Grid Code Paragraph BC4.10(c)). The Proposer believes that a small document only change is required to ensure the BSC and Grid Code align. Additionally, minor updates to ensure the notification processes and obligations of the NETSO and BSCCo set out in the BSC and the Grid Code are aligned in respect of the suspension scenarios detailed in BC4.10 (b) and (c) are required.



What is a Black Start situation?

Black Start is the procedure to recover from a total or partial shutdown of the GB Transmission System which has caused an extensive loss of supplies. This entails isolated power stations being started individually and gradually being reconnected to each other in order to form an interconnected system again.

TERRE suspension scenario alignment		
Event	BSC	Grid Code
Black Start situation	G3	BC4.10(a), OC9.4.6)
Outages of computer systems leading to the suspension of the TERRE market	Q5A.1	BC4.10(b), BC4.9
LIBRA operators notifying NETSO that the TERRE Market has been or is to be suspended	Not currently covered	BC4.10(c))

Table 1: TERRE suspension scenarios and obligations under the BSC and Grid Code

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Background

NCER Rules

[Commission Regulation \(EU\) 2017/2196](#) establishing a network code on electricity emergency and restoration sets out rules for the management of the Transmission System in case of emergency or blackout, as well as other different system critical states (defined in [System Operation Guideline](#), SO GL). Chapter IV addresses the suspension and restoration of market activities.

GC0144 – Alignment of Market Suspension Rights to the EU Emergency and Restoration Code Article 35.1(b)

Grid Code Modification [GC0144 'Alignment of Market Suspension Rights to the EU Emergency and Restoration Code Article 35.1\(b\)'](#) was raised by NGESO on 19 May 2020. GC0144 ensured that Article 35.1(b) of the NCER is reflected in the GB Codes after Ofgem raised concerns that this was not the case in its response to the final submission of the Market Suspension Proposals.

The Modification sought to clarify three key areas. These were:

1. Under what conditions NGESO would suspend the GB electricity market.
2. What criteria would constitute an emergency condition under Article 18(3) of the EU System Operator Guideline ([EU 2017/1485 - SOGL](#)).
3. The conditions under which the TERRE market would be suspended.

GC0144 introduced clarification text that provided further details on the above areas. This was implemented on 26 May 2021; further information is available in the [GC0144 Final Modification Report](#).



Proposed solution

P421 will align BSC Section Q5A with Grid Code provisions introduced by GC0144. The solution changes the TERRE Market Suspension provisions (BSC Section Q5A) to expressly provide for the circumstances in Grid Code BC4.10 b) and c). The solution also updates the notification processes and obligations of the NETSO and BSCCo so that they are aligned in the BSC and the Grid Code in respect of the suspension scenarios detailed in BC4.10 (b) and (c).

Benefits

This Modification will ensure clarity and consistency between Grid Code and the BSC. Whilst this Modification is currently not required for compliance purposes, as the UK cannot currently participate in the TERRE market, if this changes, the updates in this Modification will be required.

The Proposer believes raising this Modification at this time is required to ensure that provisions in the BSC are accurate and up to date.

Applicable BSC Objectives

The Proposer believes this Modification will better facilitate the following Applicable BSC Objectives:

Applicable BSC Objective	Rationale
a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence	Clarity and consistency on TERRE market suspension provisions across relevant Codes will aid the Transmission Company efficiently discharge its obligations in such an event
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Clarity and consistency on TERRE market suspension provisions will allow for more efficient and co-ordinated operation of the National Electricity Transmission System
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	Clarity and consistency on TERRE market suspension provisions across relevant Codes will allow greater efficiency in the implementation of the balancing and settlement arrangements
(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]	As the proposed amendments will ensure that the BSC accurately reflects the provisions relating to TERRE market suspension in the NCER this Modification would (in the event that the UK could participate in the TERRE market) aid compliance with a legally binding decision of the European Commission.

Table 2: Views on Applicable BSC objectives

What are the Applicable BSC Objectives?

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

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(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

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

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

(g) Compliance with the Transmission Losses Principle

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Implementation approach

The Proposer recommends an Implementation Date for P421 of:

- **4 November 2021** as part of the November 2021 BSC release.

This is to ensure that the BSC accurately reflects the Grid Code provisions as soon as practicable.

4 Proposed Progression

Proposed Progression

Due to the straightforward nature of the proposed changes, we believe that P421 should be sent directly to the Report Phase. Any assessment by a Workgroup during the Assessment Phase would provide no further benefit in this case as the solution is self-evident and fully defined.

EBGL Impact

The draft legal text makes changes to BSC Section Q5A which, as of 11 June 2021 following Authority approval of the NCER Rules, now constitute EBGL Article 18 Terms and Conditions¹ as per EBGL Art 18(2). The EBGL Amendment Procedure requires a consultation period of at least one calendar month which has been captured in the recommended timetable below.

Self Governance

The Proposer does not believe that this Proposal should proceed as a Self-Governance Modification due to the EBGL impacts, which require Authority approval.

Next Steps

We recommend that P421 proceeds to a one calendar month Report Phase Consultation from 14 July 2021 to the 14 August 2021.

Timetable

Proposed Progression Timetable for P421	
Event	Date
Present Initial Written Assessment to Panel	8 July 2021
Report Phase Consultation	14 July 2021 – 14 August 2021
Present Draft Modification Report to Panel	9 September 2021
Issue Final Modification Report to Authority	15 September 2021

¹ Please note that Section Q5A is not listed in the EBGL Article 18 Terms and Conditions mapping in Annex F-2, the updated mapping is being considered as part of P421 which seeks to address this.

5 Likely Impacts and costs

Estimated implementation costs

The costs to implement this Modification will be **low (<£1k)**. These costs are associated with the development of the legal drafting for Section Q.

Impact on BSC Parties and Party Agents		
Party/Party Agent	Potential Impact	Potential cost
Suppliers, Generators and Virtual Lead Parties	We expect a small impact to Suppliers, Generators and Virtual Lead Parties who may be required to update processes relating to TERRE market suspension in light of this proposal	L

Impact on the NETSO	
Potential Impact	Potential cost
No impacts identified	None

Impact on BSCCo		
Area of Elexon	Potential Impact	Potential cost
None	No impacts identified	None

Impact on BSC Settlement Risks	
No impacts identified	

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
None	No impacts identified

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Potential Impact
None	No impacts identified

Impact on Code	
Code Section	Potential Impact
BSC Section Q	To be amended as per Attachment B to meet the solution requirements detailed in Section 3.

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Impact on EBGL Article 18 terms and conditions

Section Q5A of the BSC constitutes EBGL Article 18 Terms and Conditions.

Impact on Code Subsidiary Documents

CSD	Potential Impact
None	No impacts identified

Impact on other Configurable Items

Configurable Item	Potential Impact
None	No impacts identified

Impact on Core Industry Documents and other documents

Document	Potential Impact
Ancillary Services Agreements	No impacts identified ²
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Distribution Connection and Use of System Agreement	
Grid Code	
Master Registration Agreement	
Supplemental Agreements	
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

Impact on a Significant Code Review (SCR) or other significant industry change projects

No impacts identified. We have requested that Ofgem treat this Modification as a SCR exempt Modification on 1 July 2021.

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² Please note that the changes associated amendments to the Grid Code have already been implemented under GC0144 so no further amendments are impacted

Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
1) Improved safety and reliability	Neutral
2) Lower bills than would otherwise be the case	Neutral
3) Reduced environmental damage	Neutral
4) Improved quality of service	Neutral
5) Benefits for society as a whole	Neutral



What are the consumer benefit areas?

1) Will this change mean that the energy system can operate more safely and reliably now and in the future in a way that benefits end consumers?

2) Will this change lower consumers' bills by controlling, reducing, and optimising spend, for example on balancing and operating the system?

3) Will this proposal support:

i) new providers and technologies?

ii) a move to hydrogen or lower greenhouse gases?

iii) the journey toward statutory net-zero targets?

iv) decarbonisation?

4) Will this change improve the quality of service for some or all end consumers. Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.

5) Are there any other identified changes to society, such as jobs or the economy.

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6 Recommendations

We invite the Panel to:

- **AGREE** that P421 progresses directly to the Report Phase;
- **AGREE** that P421:
 - **DOES** better facilitate Applicable BSC Objective (a);
 - **DOES** better facilitate Applicable BSC Objective (b);
 - **DOES** better facilitate Applicable BSC Objective (d); and
 - **DOES** better facilitate Applicable BSC Objective (e);
- **AGREE** that P421 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC and is consistent with the EBGL Objectives;
- **AGREE** an initial recommendation that P421 should be **approved**
- **AGREE** an initial Implementation Date of:
 - **4 November 2021** as part of the November 2021 BSC release.
- **AGREE** the draft legal text;
- **NOTE** that Elexon will issue the P421 draft Modification Report (including the draft BSC legal text) for a one month consultation (as it impacts EBGL terms and conditions) and will present the results to the Panel at its meeting on 9 September 2021.

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronym	
Acronym	Definition
BSC	Balancing and Settlement Code
CSD	Code Subsidiary Document
EBGL	Electricity Balancing Guidelines
IWA	Initial Written Assessment
NCER	Network Code on Electricity Emergency and Restoration
NETSO	National Electricity Transmission System Operator
NGESO	National Grid Electricity System Operator
SCR	Significant Code Review
SOGL	System Operation Guideline
TERRE	Trans European Replacement Reserve Exchange

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3, 5	NCER	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R2196
5	System Operator Guideline	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.220.01.0001.01.ENG&toc=OJ:L:2017:220:TOC
5	GC0144 'Alignment of Market Suspension Rights to the EU Emergency and Restoration Code Article 35.1(b)'	https://www.nationalgrideso.com/industry-information/codes/grid-code-old/modifications/gc0144-alignment-market-suspension-rights-eu
5	GC0144 Final Modification Report	https://www.nationalgrideso.com/document/188686/download

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