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## P421 'Align the BSC with Grid Code Modification GC0144 for TERRE Market Suspension' Update

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### 1. Background

- 1.1 P421 'Align the BSC with Grid Code Modification GC0144 for TERRE Market Suspension' seeks to align 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)'.
- 1.2 GC0144 is part of National Grid Electricity System Operator's (NETSO) wider programme to implement the 'network code on electricity emergency and restoration' (NCER) and was a pre-requisite to Ofgem approving the NCER Rules. The NCER Rules sets out requirements for the management of transmission systems in case of emergency or blackout, as well as other different system critical states.
- 1.3 For the most part, the BSC already aligns with GC0144, except for one provision relating to actions in the event of LIBRA balancing platform ceasing to operate for various reasons. Full details of the scope of the solution as well as the draft redlining can be found in the [P421 Initial Written Assessment \(IWA\)](#).
- 1.4 On 8 July 2021 the Panel considered the P421 IWA and deferred making a decision on the progression route of the Modification until the 12 August 2021 Panel meeting as it required more information to make a decision (in accordance with Section F 2.2.5).

### 2. Outstanding Panel Questions

- 2.1 The Panel deferred its decision on P421 due to a number of outstanding questions. These were:
  - 1) Is there a legal obligation for the BSC to align with the Grid Code?
  - 2) As Great Britain (GB) is not currently able to participate in TERRE, why is this Modification needed?
  - 3) What are the risks and implications if this Modification is not progressed at this stage?
- 2.2 The Proposer, NGENSO, and Elexon have further considered these questions and detail further views on these questions in the sections below.
- 2.3 More information related to the initial Panel discussions can be found in the July 2021 minutes on the [July 2021 BSC Panel meeting webpage](#) which are expected to be approved on 12 August 2021.

### 3. Is there a legal obligation for the BSC to align with Grid Code?

- 3.1 Following legal review of this question, we can confirm that there is no express obligation within Section F of the BSC that requires the BSC Modifications to align with the Grid Code. However, the Proposer and Elexon do believe that there are obligations that suggest that the BSC and Grid Code are required to be aligned. Further, it should be considered good practice to keep the energy codes aligned.
- 3.2 Section B 1.2.1(b) (i) and (ii) state that the Panel shall conduct its business under the BSC with a view to achieving:

*'...the efficient discharge by the NETSO of the obligations imposed under the Transmission Licence'*

And;

*'...the efficient, economic and co-ordinated operation by the NETSO of the Transmission System'*

3.3 The above sections indicate that the requirements of the Grid Code (at least to some degree) and how they fit within the BSC may need to be considered by the Panel when evaluating and recommending Modifications to the BSC to properly achieve the outlined objectives.

3.4 Section H1.6.2 states that:

*'In the event of any conflict between the provisions of the Grid Code and the provisions of the Code, no Party shall be liable hereunder or under the Grid Code as a result of complying with its obligations under the Code or under the Grid Code provided that each Party shall take such steps within its power as may be necessary, subject to and in accordance with the provisions of the Code and the Grid Code relating to modifications, to resolve such conflict as soon as possible.'*

3.5 This makes clear that if there are conflicts / inconsistencies (as described in Section H1.6.4) between the Grid Code and the BSC the expectation in the BSC is for these to be resolved as soon as possible.

3.6 Section H1.6.6 states that:

*'BSCCo shall inform the Panel and the NETSO as soon as reasonably practicable where it becomes aware of any conflict or material inconsistency between the Code and another applicable Industry Code.'*

3.7 Providing for an additional scenario in which market suspension could occur in the Grid Code and not the BSC would likely be a conflict/material inconsistency, as the BSC doesn't set out any of the specific market activities that would need to be suspended or undertaken if the NETSO notified BSCCo that the TERRE Market was suspended due to a notification from the LIBRA platform operators.

#### **4. As Great Britain (GB) is not currently able to participate in TERRE, why is this Modification needed?**

4.1 GB market participants are not able to participate in TERRE presently. However, P421 is required on the basis that the main purpose of this Modification is to align the provisions in the BSC with the provisions detailed within the Grid Code for the NCER. We recognise that the circumstances are different with other 'alignment changes' specifically that we are not currently able to participate in TERRE. However, the Proposer contends that such changes are required to meet the obligations detailed in Section H of the BSC to align with the Grid Code.

#### **5. What are the risks and implications if this Modification is not progressed at this stage?**

5.1 Due to GB not participating in TERRE and the expectation that if this were to change industry would be given a relatively long lead time to implement changes, there is no risk of any material impact to any BSC Party by not implementing this Modification at this stage.

5.2 However, if TERRE provisions did come into effect, this Modification would be needed. Whilst there is no immediate risk, as TERRE is not currently live, there is a risk that the changes in P421 could get missed when updating provisions as it sits under NCER implementation<sup>1</sup> and so might not be picked up under TERRE implementation if it were to go live.

5.3 Additionally, progressing this Modification at a later date would be less efficient than progressing it now. The majority of the work associated with this Modification has already been completed (IWA and legal text).

#### **6. Proposer recommendation – submit Modification**

6.1 The Proposer (and Elexon) are still of the view that P421 should be submitted to the Report Phase. The reasons for this are:

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<sup>1</sup> P421 is not a Modification to facilitate TERRE, the Modification facilitates the rules for action in the event of market suspension under NCER. P421 was required to align to the Grid Code provisions introduced in GC0144 in the event of Market suspension. The reference to TERRE was a circumstance that could occur within those rules and was the part that was added under the modification to the BSC.

- i) Whilst there is not a specific obligation for the codes to be aligned, there are implicit obligations as highlighted previously in this document.
- ii) There is a low impact to BSC parties, but the modification being raised may present efficiencies in future in the event GB participants can use EU balancing platforms in future.
- iii) The modification and associated work has been largely completed.

## 7. Panel Options

7.1 As with any newly raised Modification Proposal, the Panel has the ability to either:

- a) Send the Modification to the Assessment Procedure; or
- b) Send the Modification to the Report Phase.

7.2 Please note that the Panel does not have the authority to withdraw the Modification. Only the Proposer may withdraw their Modification Proposal (in the Assessment Procedure). At the time of writing, the Proposer wishes to progress this Modification direct to the Report Phase (and does not want to withdraw it).

7.3 If the Modification is sent straight to the Report Phase the following progression plan is recommended:

Proposed Assessment Progression Timetable for P421	
Event	Date
Present Initial Written Assessment to Panel	12 August 2021
Report Phase Consultation (impacts EBGL t&c)	18 August 2021 – 18 September 2021
Present Draft Modification Report to Panel	14 October 2021
Issue Final Modification Report to Authority	20 October 2021

## 8. Recommendations

8.1 We invite you to<sup>2</sup>:

- a) **AGREE** that P421 progresses directly to the Report Phase;
- b) **AGREE** that P421:
  - i. **DOES** better facilitate Applicable BSC Objective (a);
  - ii. **DOES** better facilitate Applicable BSC Objective (b);
  - iii. **DOES** better facilitate Applicable BSC Objective (d);
  - iv. **DOES** better facilitate Applicable BSC Objective (e);
- c) **AGREE** that P421 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC and is consistent with the EBGL Objectives;
- d) **AGREE** an initial recommendation that P421 should be approved;
- e) **AGREE** an initial Implementation Date of:
  - **4 November 2021**, if the Authority's decision is received on or before 28 October 2021; or
  - **24 February 2022**, if the Authority's decision is received after 28 October 2021 but before 3 February 2022;
- f) **AGREE** the draft legal text; and

<sup>2</sup> Recommendations to submit P421 to the Assessment Procedure are detailed in Appendix 1, should the Panel decide not to submit P421 to the Report Phase.

- g) **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 14 October 2021.

## Appendices

### Appendix 1 – Assessment Procedure details

If the Modification is sent to the Assessment Procedure the following progression plan is recommended:

Proposed Assessment Progression Timetable for P421	
Event	Date
Present Initial Written Assessment to Panel	12 August 2021
Workgroup Meeting 1	W/C 13 September 2021
Workgroup Meeting 2	W/C 11 October 2021
Assessment Phase Consultation	1 – 22 November 2021
Workgroup Meeting 3	W/C 6 December 2021
Present Assessment Report to Panel	13 January 2022
Report Phase Consultation (impacts EBGL t&c)	19 January 2022 – 19 February 2022
Present Draft Modification Report to Panel	10 March 2022
Issue Final Modification Report to Authority	16 March 2022

We would require Workgroup Members with expertise in TERRE Market Suspension provisions, the NCER arrangements and GC0144 'Alignment of Market Suspension Rights to the EU Emergency and Restoration Code Article 35.1(b).

The following areas of consideration are recommended for the Terms of Reference:

- What impact will P421 have on the BSC Settlement Risks and what changes (if any) will be required to the Performance Assurance Arrangements?
- What changes are needed to BSC documents, systems and processes to support P421 and what are the related costs and lead times?
- Are there any Alternative Modifications?
- Should P421 be progressed as a Self-Governance Modification?
- Does P421 better facilitate the Applicable BSC Objectives than the current baseline?
- Does P421 impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL objectives?

The following recommendations are suggested if the Panel choose to send the Modification to the Assessment Phase

- a) **AGREE** that P421 progresses to the Assessment Procedure;

- b) **AGREE** the proposed Assessment Procedure timetable;
- c) **AGREE** the proposed membership for the P421 Workgroup; and
- d) **AGREE** the Workgroup's Terms of Reference.

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## **Attachments**

Attachment A – P421 Initial Written Assessment v1.0

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### **For more information, please contact:**

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