

NCER MARKET SUSPENSION RULES – RESPONSE PROFORMA

NGESO invites responses to the consultation by **17:00hrs, 16 January 2020**. The responses to the specific questions (below) or any other aspect of the sections for consultation can be provided by completing the following form.

Please complete this form regarding:

1. amended Market Suspension proposals in relation to Article 35 to 39 as provided in Table 1.

Please return the completed form to box.europeancodes.electricity@nationalgrideso.com

Respondent:	Steve Wilkin
Company Name:	ELEXON Limited
Does this response contain confidential information? If yes, please specify.	No – this response may be published in full
Name of Consultation this response is in relation to:	NC ER Market Suspension Rules (consultation issued 16 December 2019)

No	Question	Response (Y/N)	Response
1	<p>Do you agree with the amendments to Market Suspension Proposals?</p> <p>Please provide rationale.</p>	<p>Yes in part.</p> <p>.</p>	<p>We have some observations on the Proposals and provide these observations in responses 2 and 3 below.</p> <p>These observations come from the perspective of our need to know and plan for any required BSC Modifications resulting from the approved Proposals.</p> <p>We already know that BSC and Grid Code Modifications will be required to support any suspension of the TERRE arrangements and we welcome your inclusion of our suggested changes to achieve this (covering letter pages 4 and 5).</p> <p>However, there are other aspects where the prospect of BSC and Grid Code Modifications is not yet clear, in particular where the trigger events for market suspension may or may not change from those currently set out in the BSC and Grid Code. We concentrate on those below.</p>

2	<p>Do you agree that the proposal is consistent with the principle of minimum necessary change?</p> <p>please provide rationale</p>	Yes in part.	<p>Article 35(1) of the NCER sets out four scenarios, (a)-(d), in which NGESO may suspend the market.</p> <p>We believe that the current BSC rules for non-Black Start related Balancing Mechanism Outages and ECVAA (contract notification) System Outages, as contained in BSC Sections Q and P5 respectively, can be mapped to NCER Article 35(1) scenario (d). We have recommended adding new BSC Section Q provisions for suspending TERRE bids in the event of a (non-Black Start related) Replacement Reserve (RR) market Outage. We have not identified any other changes required to these existing BSC rules.</p> <p>We would suggest that the imbalance settlement rules to apply during any market suspension under NCER Article 35(1) scenarios (a), (b) and (c) are unchanged from those currently set out in BSC Section G3.2, whatever the specific triggers for the market suspension – with the exception of adding the suspension of TERRE bids to these rules. We believe this is in keeping with a least-change approach. We note that the Proposal appears to achieve this.</p> <p>However, the trigger events for suspending the market and applying these contingency imbalance settlement rules may need to change from those currently set out in BSC Section G3 and Grid Code OC9.4, depending on what proposal is made by NGESO and approved by Ofgem.</p> <p>BSC Section G3 and Grid Code OC9.4 currently recognises two trigger events for market suspension, both related to Black Start situations. These are either a Total Shutdown or a Partial Shutdown as defined in OC9 of the Grid Code. Further clarity is needed on whether changes are required to these existing triggers for the BSC's market suspension provisions, as follows.</p> <p>If blackout state is defined as now proposed by NGESO, i.e. loss of over 50% of national demand, then a Total Shutdown would meet this definition and would still be covered as a market suspension trigger event, as it can be linked with NCER Article 35(1) scenario (a). The BSC automatically suspends the market in a Total Shutdown.</p> <p>However, we believe that it may be difficult to map the current Partial Shutdown trigger to NCER Article 35(1)(a). This is because the BSC's Market Suspension Threshold for Partial Shutdowns can</p>
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			<p>be met in three different ways, two of which do not relate to a defined percentage of demand loss. Although loss of 5% or more of national demand would currently trigger market suspension in a Partial Shutdown, this is considerably less than the 50% loss proposed for blackout state. And if less than 5% of national demand is lost, the market may or may not still be suspended during a Partial Shutdown depending on whether either of the other parts of the Market Suspension Threshold are met.</p> <p>It is therefore unclear to us whether the BSC's existing Partial Shutdown trigger for market suspension can be retained with NGESO's current proposal. We believe that an argument could be made that it can be linked with NCER Article 35(1)(b) and/or (c) instead. However, we are currently unclear what trigger events NGESO is proposing for NCER Article 35(1) scenarios (b) and (c).</p> <p>For Article 35(1)(b), we note that NGESO appears to be proposing to add a new (non-Black Start) operational scenario to the Grid Code that could trigger market suspension under the BSC. We would require further clarity on the nature of this system scenario/event, and the actions that NGESO and Parties may be required to take during it, before we could form a view on whether it is appropriate to apply the same imbalance settlement rules to this market suspension scenario as are currently applied in a Black Start market suspension. In a Total or Partial Shutdown, Parties given 'black start instructions' by NGESO (as defined in the BSC by reference to specific types of instruction under the Grid Code) are able to claim compensation under BSC Section G3.3 for costs they incur in complying with these instructions. Consideration would need to be given to whether any specific compensation arrangements are required for actions taken by Parties during any new, non-Black Start, emergency system event(s). And particularly in the context of the requirements set out in NCER Article 39(3) that the rules should avoid distortions of incentives and avoid financial penalties on balance service providers and balance responsible parties in following the actions requested by the TSO.</p> <p>We note that NGESO has mapped existing BSC rules for market suspension during Partial Shutdowns to Article 35(1)(c). We agree that an argument could be made that these existing rules</p>
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No	Question	Response (Y/N)	Response
			<p>link to this scenario. However, we note that NGESO also appears to have mapped elements of the Partial Shutdown rules to Article 35(1)(a). We are unsure if the same market suspension rules can be mapped to two scenarios and, as above, are also unclear as to whether Partial Shutdowns can be mapped to Article 35(1)(a).</p> <p>In summary, we recommend that NGESO makes clear the trigger events it intends to use for market suspension under each of the four scenarios set out in NCER Article 35(1) (a)-(d). We can then suggest what BSC changes (if any) might be needed to align with these trigger events, based on a minimum change approach wherever possible. We note that, depending on the chosen triggers, changes are also likely to be required to the Grid Code. Any BSC and Grid Code Modifications would therefore need to be progressed in parallel.</p>
3	Do you have any other comments in relation to the proposal?	Yes	<p>Two comments as follows.</p> <ol style="list-style-type: none"> 1) In the first paragraph on page 6 of the cover letter, NGESO states 'BSC code changes ... will be made to ensure alignment for balancing capacity and balancing energy bids from arrangements with other TSOs'. In general we note that the BSC does not cover the settlement of balancing capacity bids and only recognises balancing capacity as part of the BSAD data received from NGESO and used in the calculation of imbalance prices. 2) In the mapping table attached to the cover letter of the proposal, row 35.5(c) is mapped to the BSC in the commentary, but there is no accompanying explicit BSC reference. A reference to BSC section G3 should be added to this row.