

## Grid Code Administrator Consultation Response Proforma

### GC0143: 'Last resort disconnection of Embedded Generation'

Industry parties are invited to respond to this Code Administrator Consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **17:00** on **5 May 2020** to [grid.code@nationalgrideso.com](mailto:grid.code@nationalgrideso.com). Please note that any responses received after the deadline or sent to a different email address may not be included within the Final Modification Report to the Authority.

Any queries on the content of the consultation should be addressed to Christine Brown at [christine.brown1@nationalgrideso.com](mailto:christine.brown1@nationalgrideso.com)

These responses will be included within the Draft Grid Code Modification Report to the Grid Code Panel and within the Final Grid Code Modification Report to the Authority.

<b>Respondent:</b>	<i>Jeremy Caplin</i> <a href="mailto:Jeremy.Caplin@ELEXON.co.uk">Jeremy.Caplin@ELEXON.co.uk</a> 0207 380 4328
<b>Company Name:</b>	<i>ELEXON</i>
<b>Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries)</b>	<i>For reference, the Applicable Grid Code objectives are:</i>  (a) To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity  (b) Facilitating effective competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the national electricity transmission system being made available to persons authorised to supply or generate electricity on terms which neither prevent nor restrict competition in the supply or generation of electricity);  (c) Subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in the national electricity transmission system operator area taken as a whole;  (d) To efficiently discharge the obligations imposed upon the licensee by this license and to comply with the Electricity Regulation and any relevant legally

	<p>binding decisions of the European Commission and/or the Agency; and</p> <p>(e) To promote efficiency in the implementation and administration of the Grid Code arrangements.</p>
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### Code Administrator Consultation questions

Q	Question	Response
1	<p><b>Do you believe GC0143 better facilitates the Grid Code Objectives? Please include your reasoning.</b></p>	<p>We believe that GC0143 is a solution that better facilitates Objective (c), security of supply.</p> <p>We believe that GC0143 has no impact on Objectives (a) and (e).</p> <p>We believe that GC0143 has the potential to have some negative impact on Objective (b), competition in the generation and supply of electricity, as some generators could be disproportionately financially impacted by actions taken at the instruction of NGESO. The potential lack of transparency of actions instructed by NGESO that will affect National Demand, and hence electricity prices, also risks negatively impacting on competition.</p> <p>We believe the potential lack of transparency also means that GC0143 has the opportunity to have some negative impact on Objective (d), compliance with European Regulations, particularly where actions instructed at a single Grid Supply Point could be open to interpretation as 'relieving a physical congestion' as defined under Article 13(1) of the EU Transparency Regulation.</p>
2	<p><b>Do you support the proposed implementation approach?</b></p>	<p>We believe that, given the concerns stated by ESO about forecast demand levels for Friday 8<sup>th</sup> May, the implementation approach is the best way of delivering the proposed Modification in the timeframe.</p>

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**Do you have any other comments in relation to GC0143?**

The Consultation states that embedded generators that are not BM participants will not receive compensation for any emergency actions instructed by the ESO. However, it is worth pointing out that in addition such generators, or their Balancing Responsible Parties, will also be liable under the BSC for imbalance charges arising from the change in their output.

It follows that this Modification does have an impact on the BSC, particularly in the area of Imbalance, potentially impacting both prices and volumes, and hence the Imbalance Charges due to individual Parties. We have been contacted by several Parties and BSC Panel Members to express concern about the implications of the Modification on the BSC. However, due to the limited time from when the modification was raised of the Modification on 30th April we have concluded that we will not recommend to the BSC Panel that an Urgent Modification to the BSC is raised at this time, as it is not clear that there is a single solution that would facilitate the Applicable BSC Objectives. We do however believe that the enduring solution to replace this Modification in October needs to be developed that takes account of the needs of the BSC as well as the Grid Code.

We are aware that the timescales between the Modification being raised and the target implementation date make it very difficult for any changes to be made to the Modification, however we would make the following points.

We note the assurance from the ESO that the powers proposed in the Modification would only be used as a last resort, but also note that this principle is not stated anywhere in the proposed legal text. It is also unclear what is meant by 'as a last resort'. It would be possible for ESO to procure advance contracts to take off large volumes of generation for the entire summer. Equally there are always balancing actions available in the BM, even if priced at £10,000/MWh. It would appear that the intention of ESO is to use the powers proposed in the Modification when all other economic options have been exhausted. This then becomes a subjective

judgement by ESO as to the definition of “economic”.

We continue to believe that information about instructions to disconnect embedded generation should be publically available to aid transparency of the ESO’s actions. A simple solution would be to publish the information on the BMRS, as this option is already available to the ESO and would require no IT changes. Such information could include:

- a. Notification on the BMRS that a generation disconnection instruction has been issued (we suggest within 1 hour of the event but could be less or more)
- b. Provision to ELEXON of details of instructions given (timings and volumes) to enable corrections to imbalance to be calculated if necessary. (We suggest within 24 hours of the event)
- c. Publication of warnings on the BMRS to mirror the three level Demand Control process (Electricity Margin Notice, High Risk of Demand Reduction, Demand Control Imminent).

We suggest that publication of this information could be legally required under Article 13 (1) of the EU Transparency Regulation anyway, if the action taken could be said to be ‘relieving a physical congestion’. This forms part of the definition of ‘redispatching’:

*For their control areas TSOs shall provide the following information to the ENTSO for Electricity: (a) information relating to redispatching per market time unit, specifying: — the action taken (that is to say production increase or decrease, load increase or decrease), — the identification, location and type of network elements concerned by the action, — the reason for the action, — capacity affected by the action taken (MW);*

And, if so, Article 13(2) then requires:

*in points (a) and (b) of paragraph 1 shall be published as soon as possible but no later than one hour after the operating period, except for the reasons which shall be published as soon as possible but not later than one day after the operating period;*

Q	Question	Response
		<p>The information could also be classed as REMIT inside information if it can be shown to impact wholesale market prices. If ESO wish to make use of the BMRS then ELEXON would be happy to work with them and facilitate this as a route to transparency</p> <p>We note that the Secretary of State already has powers under Section 34 of the Electricity Act to direct the operation of Generating Units greater than 10 MW. Further, if the Secretary of State were to issue a direction of a Security Period under section 34(4)(b) of the Act then the Fuel Security Code would be applicable. While clearly not created for this purpose, this would provide an established mechanism for NGENSO, DNOs and generators to recover exceptional costs incurred. We note that the Fuel Security Code therefore could offer an alternative to this Modification, and one that would allow for recovery of exceptional costs incurred.</p>