

Richard Woodward
National Grid,
National Grid House,
Warwick Technology Park,
Gallows Hill,
Warwick
CV34 6DA

27 May 2016

Dear Richard,

RE: GC0048: Requirements for Generators – GB Banding Thresholds – consultation response

ELEXON welcomes the opportunity to respond to National Grid's consultation entitled 'GC0048: Requirements for Generators – GB Banding Thresholds'. The views expressed in this response are those of ELEXON Ltd, and do not seek to represent those of the BSC Panel or Parties to the BSC.

ELEXON fulfils the role of the Balancing and Settlement Code Company (BSCCo). This means that we are responsible for the successful operation of the Balancing and Settlement Code (BSC). Given our role as a Code Administrator, we have not responded to questions (i)-(v) and have provided general comments in respect of questions (vi) and (vii) as set out in the consultation document. In particular our response highlights that we do not believe the changes proposed by GC0048 to the Grid Code will directly impact the BSC or ELEXON's delivery of the BSC arrangements.

However we note that implementation of certain options proposed by GC0048 might indirectly require change to the BSC. For example to ensure that the provisions and effect of the two codes remain consistent and to tackle operational challenges for ELEXON in its delivery of the BSC and for market participants who may consequently choose to participate in the BSC arrangements.

Bearing in mind the potential risks, we ask that National Grid and the GC0048 Issue Group ensure they continue to give due consideration to potential cross code impacts and where necessary work with ELEXON to identify and coordinate any consequential or necessary changes to the BSC.

Context

The Requirements for Generators (RfG) European Network Code introduces, amongst other things, a requirement to establish a common set of generator types¹ ('A', 'B', 'C' and 'D') and associated functions or services that these different types of generator will need to provide to the System Operator. The RfG requires that the thresholds that separate each band are by the maximum generating capacity of the generator and its voltage of connection. The use of generator types to define the requirements to provide certain services is similar to the existing Power Station types ('Small', 'Medium' and 'Large') and obligations on Power Stations defined in the Grid Code.

National Grid raised Grid Code Issue GC0048 on 4 September 2013 in order to consider how to give effect to these RfG requirements in the Grid Code.

¹ Sometimes referred to as 'bands'.

The GC0048 Issue Group considered three options for implementing the RfG generator types – a ‘high’, ‘medium’ and ‘low’ option. The following table summarises the different options.

	Type A	Type B	Type C	Type D
High	<110kV and 800W-1MW	<110kV and 1-50MW	<110kV and 50-75MW	≥110kV or >75MW
Medium	<110kV and 800W-1MW	<110kV and 1-30MW	<110kV and 30-50MW	≥110kV or >50MW
Low	<110kV and 800W-1MW	<110kV and 1-5MW	<110kV and 5-10MW	≥110kV or >10MW

Further to consideration by the GC0048 Issue Group, of the three options National Grid’s consultation proposes to implement the ‘high’ option. This would essentially maintain the current distinction between ‘Large’, ‘Medium’ and ‘Small’ generators and the requirements for these generators to provide different services to the System Operator.

Irrespective of the option National Grid considers that the services required of types ‘C’ and ‘D’ imply participation in the Balancing Mechanism (BM). National Grid considers that the current requirements on ‘Medium’ and ‘Large’ Power Stations also imply participation in the Balancing Mechanism (BM).

In order to participate in the BM, participants must register Metering Systems and Balancing Mechanism Units for their sites in accordance with the BSC.

Immediate impact of implementing any option

Whilst there may be a correlation between participation in the BM and the size of generator and the services they are expected to provide, ELEXON notes that BM participation is on a voluntary basis.

Our understanding is that none of the GC0048 options would introduce an explicit requirement on generators to participate in the BM. Nor would they introduce new or change any of the existing requirements for registering Metering Systems or BMUs under the BSC.

Therefore we don’t envisage that any of the options proposed under GC0048 would require a specific, consequential change to the BSC or impact provision of BSC Central Systems by ELEXON or participation by market participants under the BSC.

Furthermore, our understanding is that National Grid’s primary proposal is to implement the ‘high’ option and that this would, in effect, maintain the status quo – that is, the expectation that ‘medium’ and ‘large’ power stations continue to provide Type ‘C’ and ‘D’ services.

Potential impact of medium and low options

GC0048 has the potential to introduce new requirements on generators to provide services to the SO. This effect is likely to be most significant should National Grid decide to implement either the ‘medium’ or ‘low’ option.

Regardless of which option is proposed for implementation, National Grid should consider being clear about how it expects generators to provide the different services associated with each generator type. From ELEXON’s point of view this is particularly important in relation to National Grid’s implication that generators providing type ‘C’ and ‘D’ services would also participate in the BM. That is, should either the ‘medium’ or ‘low’ option be implemented then the range of generators affected by types ‘C’ and ‘D’

is likely to increase and so, according to National Grid's implication, we might expect more generators choosing to participate in the BM.

Companies that choose to participate in the BM (particularly for the first time) will need to consider the costs of such participation. Should there be a material increase in the number of generators that participate in the BM (with an associated material increase in the volume of BMU registrations), ELEXON may need to consider any impacts on BSC Central Systems and the support we provide to BSC Parties².

However, as it stands participation in the BM remains voluntary and National Grid has not made clear whether or not it expects, or will require, any particular type 'C' or 'D' services to be provided via the BM. Consequently we cannot be certain what the impact of implementing the 'medium' or 'low' option might be for the BSC (if any impact at all).

With these risks in mind we encourage National Grid and the GC0048 Issue Group to continue to bear in mind the impacts of GC0048 on the BSC to ensure that any consequential impacts or changes can be identified early, communicated to ELEXON and co-ordinated where appropriate (e.g. in accordance with the [Code Administrators' Joint Working Practices](#)).

If you have any questions in relation to our response, please do not hesitate to contact me at nicholas.rubin@elexon.co.uk or on 020 7380 4007.

Yours sincerely,

Nicholas Rubin
Market Advisor

² In order to give a sense of typical rate of BMU registration, ELEXON registered 74 BMUs in 2015/16 and expects to register 109 BMUs in 2016/17. ELEXON's 2016/17 expectations are based on forecasts provided to it by National Grid.