

## Network Code on Emergency and Restoration (“NCER”)

### 1. Question for consideration

Does Commission Regulation 2017/2196 establishing a network code on electricity emergency and restoration (NCER) (which will be implemented in GB through Grid Code modifications GC0127 and GC0128) permit the exclusion [it is not just a question of whether ERNC permits such an exclusion, but that if permitted then has that exclusion been justified in terms of (i) non-discrimination in terms of those (CUSC) parties that are not excluded and (ii) that such an exclusion will or will not be detrimental in dealing with a system emergency or system restoration. In terms of (i) I don’t think the case for discriminatory treatment of CUSC parties has been made. In terms of (ii) based on the evidence in the Interim Report on the 9<sup>th</sup> August as regards both the ~500MW of embedded generation and the 472MW (from a total of 1,824MW) of storage I have my doubt that we can say that excluding these plant from the SDP (or SRP) would not be detrimental in terms of dealing with a similar system defence situation – on the contrary, the Interim Report points to the increasing need to involve both embedded generation and storage in the SDP arrangements.] of certain parties (e.g. small generators) from the obligations within this Regulation?

### 2. Intent of the NCER

As per Article 1, [it is of particular relevance to take into account the recitals when considering the purpose of the Regulation (and not just limit ourselves to Article 1 alone) and I’d highlight in that regard recitals 6 and 7] the purpose behind NCER is to ensure Member States [and more specifically the TSO – NGESO] have systems and processes in place to safeguard operational security, prevent the propagation or deterioration of an incident to avoid a widespread disturbance and a blackout state and to ensure for the efficient and rapid restoration of the electricity system following an emergency or blackout state.

Throughout the NCER there are also references to the need to ensure that requirements are the most economic and efficient to achieve the intended purpose. In particular, the requirement for Member States to focus on highest overall efficiency and lowest total costs for all parties involved when applying NCER1 and for included measures to have a minimal impact and be economically efficient2.

### 3. The proposed approach

The approach proposed in the System Defence and System Restoration Plans (Plans) (and complemented through Grid Code modifications GC0127 and GC0128) to capture parties who have

to satisfy Grid Code requirements only (essentially CUSC parties) does appear to reflect the spirit of NCER. In particular:

- Given the costs and timescales we believe would be incurred for smaller parties, it would appear disproportionate to ask them to i) modify their plants [is it clear that plant modification, as compared to how it is operate, is required in order to comply with ERNC?] or ii) comply with the GB Grid Code process (and the additional requirements this entails) in order to comply with the NCER when it is not clear that this size of plant is essential to preventing a widespread disturbance [the 9<sup>th</sup> August event suggests otherwise in terms of the actions of ~500MW of embedded generation] or blackout or vital to enabling quick restoration [the 9<sup>th</sup> August event suggests otherwise in terms of the actions of embedded generation and storage] in such circumstances. It is also noted that in the longer term the Grid Code modification GC0117 (which seeks to improve transparency and consistency of access arrangements across GB by the creation of a pan-GB commonality of Power Generating Module requirements) could achieve the same objective, and therefore might be a better approach to achieving this objective whilst enabling the NCER to be implemented within GB in a timely manner.

- Focusing the application of NCER to only CUSC parties, i.e. those with contracts with National Grid Electricity System Operator Limited (NGESO), ensures there is a direct contractual link to these parties and the means by which to enact the Plans – via contractual instruction [but ERNC, with its requirement for terms and conditions for System Defence Providers and System Restoration Providers, specifically envisages that such contracts will be put in place for all System Defence Providers (and SR providers) so it is irrelevant, for the purposes of ERNC compliance, to say that there is currently no such contractual arrangement in place with the non CUSC parties]. Extending the application of NCER beyond this would require currently non-contracted parties to enter into contracts with NGESO [but this is specifically catered for in ERNC via requirement for NGESO to have terms and conditions, which have been approved by the NRA (Ofgem)], which would be a substantial administrative and time consuming process for all involved.

In our view, provided the proposed approach captures the policy intent behind the NCER [which is that SGUs, including Type B plant and aggregators as per Article 2 scope, provide their capabilities in terms of system defence or restoration to the TSO and are utilised by the TSO....otherwise why were they included within the scope of the ERNC if not to be utilised?], there is an element of flexibility given to Member States [but not the TSO] regarding their interpretation and implementation of NCER. We believe that the current proposal does reflect the NCER policy intent and is the most economic and efficient solution. A similar approach to interpretation was taken on the code mods for implementation of the System Operator Guideline (Regulation (EU) 2017/1485) through Grid Code Modification GC0106.

We would note that the current interpretation proposed appears sound based on how the network is currently run and the type of generation on the system. As the system develops and evolves, and if [it is not an 'if' situation – ERNC is incorporated into UK law as per the Withdrawal Act] the Regulation continues to be applicable, we would recommend a regular review to ensure that the requirements in the Plans and Grid Code continue to reflect the ability to prevent black outs and

ensure a quick restoration time. We are aware that Grid Code modification GC0117 already has an established workgroup (following the issues of GC0106) and could be a more efficient way of introducing these arrangements to a wider audience on the basis that the lower thresholds proposed are taken forward.

#### 4. Risk of challenge

We understand that one of the main concerns with the proposed approach is the risk of judicial review challenge, as we have seen in the capacity market. We believe this risk is low as we consider we are working to the intent of NCER, ensuring avoidance of black outs and quick restoration times in the most economic and efficient way. Should we not proceed with the current proposal, the greater risk may be the smaller plant owners challenging the decision to require them to make these changes at significant cost [with associated contractual arrangements] and minimal benefit [in light of the 9<sup>th</sup> August event it is difficult to accept, at this stage, that it would of 'minimal benefit' given the consumer impacts that arose from that incident] to GB and European system more generally.

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