



Making a positive difference  
for energy consumers

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Dear Trisha,

**GC109 'The open, transparent, non-discriminatory and timely publication of the various GB electricity Warnings or Notices or Alerts or Declarations or Instructions or Directions etc., issued by or to the Network Operator(s)' – decision on urgency**

GC109 was raised by SSE Generation (the Proposer) on 14 February 2018.<sup>1</sup> It aims to introduce a process for publishing emergency electricity system warnings/instructions to all market participants on a consistent and transparent basis. On 4 July 2018, the Grid Code Review Panel (the Panel) wrote to us requesting our decision on whether to grant urgency for GC109. The majority view of the Panel was that urgency should be granted. This letter confirms that we do not consider GC109 should be treated as urgent.

Separately to our decision on the merits of the urgency request, we note that issues related to GC109 were raised informally with the Electricity System Operator (ESO) some time ago. We strongly encourage the ESO to consider its obligations in relation to supporting transparency in system operation and promoting competition in markets, including the guidance provided in our ESO Roles and Principles document.<sup>2</sup> We believe the ESO should explore whether there are ways to increase transparency around system warnings as soon as possible, and potentially outside of the industry codes process if appropriate.

**Background to the proposal**

Various warnings/instructions are provided to electricity market participants by the ESO during 'emergency' situations. For example, notices are provided to the market when the ESO may believe there is insufficient electricity available to meet expected demand. The ESO may also direct parties to take emergency actions in these situations. Currently, these warnings/instructions are published across different platforms and some may be provided directly to certain market participants, separately from the rest of the market. This may create an unfair competitive advantage for some parties, as these companies would hold information about the system before other parties do. A lack of coherence in the different electricity system warnings/instructions may also create barriers to entry and lead to inefficiency in the provision of security of supply.

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<sup>1</sup> GC109 is available on National Grid's website: <https://www.nationalgrid.com/uk/electricity/codes/grid-code>

<sup>2</sup> ESO Roles and Principles: [https://www.ofgem.gov.uk/system/files/docs/2018/02/eso\\_roles\\_and\\_principles.pdf](https://www.ofgem.gov.uk/system/files/docs/2018/02/eso_roles_and_principles.pdf)

The Proposer raised GC109 on 14 February 2018 to establish a process for publishing these warnings/instructions to all market participants on a consistent and transparent basis. The Proposer recommended that a solution should be implemented before winter 2018/19.

In June 2018, the Panel held a prioritisation exercise for Grid Code modifications. Following this exercise, the timetable for GC109 was updated. Under the non-urgent timetable, GC109 is due to be submitted to the Authority for consideration in January 2019. However, the Proposer and several stakeholders considered it important that GC109 (if approved) is implemented before the start of winter 2018/19 (October 2018). On 28 June 2018, the Proposer therefore requested that GC109 is treated as urgent.

## **The proposal**

GC109 proposes that the Grid Code is amended to set out a procedure for the timely, transparent and consistent publication of the various emergency electricity system warnings/instructions. The final details of the proposal would be developed through the modification process. However, the Proposer suggests that the solution should be a simple process, for example, extending mailing lists or publishing all alerts online in one place.

## **Panel discussion**

The Panel considered the request for urgency for GC109 at its meeting held on 28 June 2018. Some Panel members considered that GC109 should be treated as urgent, in particular noting that a number of stakeholders had written to the Panel to express concerns around the immediate significant impact of the modification. Other Panel members considered that the work needed to be completed but did not agree that it was urgent.

The Panel wrote to us on 4 July with its recommendation on the urgency request. The majority view of the Panel was that GC109 should be treated as urgent. The Panel set out, in an Appendix to its letter, an urgent timetable for development of GC109 for the Authority's consideration.

## **Our views**

In reaching our decision, we have considered the details contained within the proposal, the Proposer's justification for urgency and the views of the Panel. We have assessed the request against the criteria set out in our published guidance<sup>3</sup>, in particular whether it is linked to "*an imminent issue or current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholder(s)*".

The request for urgency for GC109 suggests that if the defects identified in GC109 are not addressed in time for the beginning of winter 2018/19, then this may have a significant commercial impact on parties. This is because, if an emergency situation were to occur, the proposer considers that certain parties could be 'placed in an advantageous position as a result of asymmetry of information'. The urgency request provides an example of a participant in the Firm Frequency Response market who may benefit from an information advantage if an emergency situation were to occur this winter. However, there is limited discussion of the potential size of the commercial impact or the likelihood in which this situation could occur.

We do not consider that the arguments raised by the Proposer in the request are substantiated with sufficient evidence or explanation of how failure to consider GC109 on an urgent basis would result in a *significant* commercial impact on market participants. In the absence of this evidence, we are not satisfied that there would be a significant overall

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<sup>3</sup> The guidance document is available here: <https://www.ofgem.gov.uk/publications-and-updates/ofgem-guidance-code-modification-urgency-criteria-0>

impact on the market from not progressing GC109 on an urgent basis. We therefore do not agree that this modification is treated as urgent.

For the avoidance of doubt, in not granting this request for urgency, we have made no assessment on the merits of the proposal and nothing in this letter in any way fetters the discretion of the Authority in respect of this proposal.

### **Code prioritisation and ESO obligations**

Separately to our decision on this urgency request, we would also like to take this opportunity to make some additional comments. These relate to the background of this urgency request, including the recent code prioritisation exercise and the ESO's wider obligations in relation to transparency and promoting competition in markets.

#### *Code prioritisation*

We note that the recent code prioritisation exercise carried out at the Grid Code Review Panel was done with general consensus amongst Panel members. We support the Panel taking a more strategic approach to code development, particularly taking into account the volume of change happening in the market. We also support the prioritisation of modifications relating to SO Separation and EU network code requirements and would like to stress the importance of these modifications being progressed to schedule.

It is also important that code administrators have the necessary capabilities to efficiently support industry in progressing change proposals. We would expect the ESO to ensure this activity is appropriately resourced.

#### *The ESO's obligations and incentives*

We would also like to remind stakeholders about the ESO's new regulatory and incentives framework. In particular, we are keen to stress the importance of the ESO Roles and Principles, which we first published in July 2017. Under its existing obligations, we expect the ESO to proactively support transparency in system operation and promote competition in markets. Where market participants raise issues in this area, we expect the ESO to actively consider and respond to them in a timely and efficient manner. This may include, for example, taking measures to publish additional or more accessible information on its website, proactively raising code modifications or taking an active role in supporting and driving forward modifications raised by other parties.

We note stakeholder feedback that issues related to GC109 were raised informally with the ESO some time ago. We also note that a number of stakeholders believe that they are important issues that could be addressed relatively easily. We think the ESO should consider whether it could be proactively taking steps to better understand and address these points and/or whether this change needed to be raised by an industry party through a Grid Code modification.

We believe the ESO should explore whether there are ways to increase transparency around system warnings as soon as possible, potentially outside of the industry codes process if appropriate.

Yours sincerely,

**Peter Bingham**  
**Chief Engineer**