

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. 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

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.

Respondent:	Giulia Barranu, giulia.barranu@gazprom-mt.com
Company Name:	Gazprom Marketing & Trading Ltd
Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries)	<p><i>For reference, the Applicable Grid Code objectives are:</i></p> <ul style="list-style-type: none"> (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 binding decisions of the European Commission and/or the Agency; and (e) To promote efficiency in the implementation and administration of the Grid Code arrangements.

Code Administrator Consultation questions

Q	Question	Response
1	<p>Do you believe GC0143 better facilitates the Grid Code Objectives? Please include your reasoning.</p>	<p>We believe that GC0143 does not better facilitate the Grid Code Objectives. Although the proposed solution aims to promote the security and efficiency of the system, it does not pursue this objective in a fair way, and it discriminates against embedded generators that do not participate in the Balancing Mechanism (BM) - which is against objective B.</p> <p>In specific, when an action is taken in the BM, participants receive a payment from the System Operator (SO). Conversely, in the proposed solution, embedded generators can be disconnected from the system without receiving any form of payment, which is extremely concerning. Also, the SO will have the possibility to take a 'free option', instructing the DNOs to disconnect embedded generators, instead of taking more expensive actions. Participants will have no guarantee on whether the disconnection has been instructed as an actual last resort option. In these circumstances, the disconnected generators might end up paying from subsequent actions taken by the Grid, with a double hit. We can take an example of when the SO instructs demand control actions as a last resort measure to manage the system. In this case the actions are priced at the Value of Loss Load (now at £6,000/MWh), which is included in the cash-out price calculation. Thus, as the embedded generator is forcedly made short with no compensation, it may also have to pay a higher imbalance price.</p> <p>The proposed solution does not promote transparency, as market participants will not be able to see the actions taken by the SO, with a consequential lack of reliable price signals for the market. Also, in demand control events, the Suppliers will have their imbalance account adjusted to reflect that their customers have been disconnected. In the proposed solution, this will not happen, and Suppliers will not have any visibility on these actions taken by the SO.</p> <p>Furthermore, there are important Health and Safety aspects that we need to take into</p>

		<p>consideration. If a generator is suddenly disconnected from the distribution system, the plant could be damaged and eventual leaks (e.g. methane from landfill sites and biodigesters) could harm the environment and the people in the surrounding areas. This is in addition to the costs that generators owners may have to face to repair the damaged plants and to the loss of revenues that could have been made if there were not damages. In case the disconnection will go through with no issues, it is not clear how the SO will instruct the plant to restart, as this is not usually done automatically. In the current situation, we should avoid circumstances where we ask the staff to travel to restart manually the plants, putting them at risk.</p>
2	<p>Do you support the proposed implementation approach?</p>	<p>We do not support the proposed implementation approach. If implemented, this Modification will be rushed through, with a negative impact on Embedded Generators and Suppliers that have not been thoroughly assessed. We understand the intent of the Proposer to prevent any security of supply issues during this unprecedented situation. However, we do believe that there should be a more appropriate solution, which will not have such a detrimental impact on market participants for the reasons explained above. For example, this Modification and other possible solutions should have been discussed with market participants in advance, as National Grid ESO has been holding weekly calls with the Industry on COVID-19 since several weeks.</p>
3	<p>Do you have any other comments in relation to GC0143?</p>	<p>As noted above, we believe that if the embedded generator is disconnected from the distribution system, it should be compensated. Thus, there should be further considerations on the compensation amount to be paid to the embedded generators.</p>