

Mr Jonathan Brearley  
CEO, Ofgem  
10 South Colonnade  
Canary Wharf  
London E14 4PU

Flexibility First Forum  
Tuesday 5 May 2020

Dear Jonathan,

### **National Grid: Last resort disconnection of Embedded Generation**

We recognise the exceptional circumstances that the Coronavirus period is creating and wanted to thank Ofgem for the constructive approach it has taken to liaising with industry during the crisis. We recognise that over this time exceptional responses from actors in the energy system may be required.

We wanted to get in touch to outline some issues that arise from the pending National Grid Code modification that will provide the ESO with “last resort” capabilities to instruct a DNO to disconnect embedded generators connected to its system.

We entirely support action taken to prevent a blackout or other security of supply issues and appreciate the tight turnaround timetable that the National Grid has indicated needs to be met.

A number of key points emerge from this modification:

- We welcome the sunset clause the National Grid has included in the modification and the acknowledgement that a more sustainable, enduring solution should be developed. Nonetheless, we would like to be certain that such a measure, in its current form, cannot set a long term precedent.
- The modification recognises that while generators participating in the BM are compensated for any emergency actions instructed by the ESO, there is no such route available to embedded generators that are not Balancing Mechanism (BM) participants. No compensation for switching off this embedded generation is proposed. We appreciate that this is a wider- ongoing discussion, separate to the powers needed at this time, but how these instructions interact should be considered fully in developing an enduring solution.
- We would also like to highlight the lack of available detail in the existing modification around when the National Grid could instruct the network companies to switch off embedded generation. We welcome the recognition that this should only be used as a “last resort” and that all commercial options should be used before this instruction is

**given. However, we would urge Ofgem to seek clarification on the manner and parameters under which this modification is used.**

Given the blackout of last summer and the risk to supply outlined in this modification, establishing a low-carbon and market-based tool for the networks to draw upon is a more critical component than ever in ensuring the continued resilience of our energy system. These stress events have demonstrated the need for a functioning flexibility market beyond the existing BM. Not only does BM participation need to expand to a wider range of users, but this needs to be complemented by a market framework that enables network companies the ability to procure demand response flexibility over different timeframes and from a collection of different, decentralised users. There already exists a wide range of flexible technologies and assets that could be supporting the grid during this time.

We understand that the National Grid's code modification is necessary to address immediate energy supply risks. However, given National Grid's commitment to an electricity system capable of handling 100% zero carbon generation by 2025, in the longer term it's critical that current Ofgem reforms and the RII02 process deliver the market frameworks to enable available, flexible technologies and storage assets to support the system, for the benefit of consumers, security of supply and decarbonisation.

We would welcome clarity on revenue recovery and the circumstances under which this modification could be used, and look forward to working constructively with the National Grid and Ofgem to develop an enduring solution that contributes to a resilient energy system.

Your sincerely,

**This letter has been sent to you from the following companies:**

- **The ADE**
- **BEAMA**
- **Caplor**
- **Electron**
- **E.ON**
- **Energy Unlocked**
- **Flexitricity**
- **Kaluza**
- **Moixa**
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