

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:	<i>Kit Dixon - kit.dixon@goodenergy.co.uk</i>
Company Name:	<i>Good Energy</i>
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
---	----------	----------

<p>1</p>	<p>Do you believe GC0143 better facilitates the Grid Code Objectives? Please include your reasoning.</p>	<p>We understand, now more than ever, that security of supply is of paramount importance, and that National Grid should have at their disposal a full suite of grid services with which to mitigate against system stress events. However, the proposed modification achieves this only at the expense of the Grid Code objectives.</p> <p>The lack of a mechanism by which embedded generators will be compensated for being disconnected impedes objective (b) of the GC – distorting competition in both the generation and supply of electricity.</p> <p>Generation: Embedded generators, many of them renewable, will lose out on both power and subsidy payments with no possibility of recouping this revenue. This is disproportionately punitive on smaller generators, who are less likely to hold contracts with ESO for existing flexibility services. There has not been sufficient time for the recently-launched ODFM to become fully established and therefore be considered a viable alternative to the revenue streams available to larger generators through the BM.</p> <p>Although National Grid ESO is able to reduce the output of transmission-connect generators that have not submitted bids into the BM, their provision of other grid services (eg. Reactive power, frequency response etc.) means they may be kept on for other reasons. Increasing the risk of disconnection to embedded plant.</p> <p>In addition, the ESO communicated that the significant safety risks associated by the short-notice shutdown of nuclear plant makes them unlikely to be disconnected. It is iniquitous that renewables are being penalised over and above renewable plant owing to their being safer by design.</p> <p>Beyond the loss of power and subsidy revenues, embedded generators who are disconnected without notice will face a number of logistical challenges, and the related costs accompanying them. Some older sites may be unable to disconnect export capability without also interrupting import, which can lengthen the total</p>
----------	---	--

Q	Question	Response
		<p>period the site is offline by days at a time - far beyond what is required by the ESO.</p> <p>Even where lengthy stoppages can be avoided, extra site O&M visits and security will often be required when disconnections are made, bringing their own associated costs. This will be exacerbated by the likely paucity in engineers on call over a bank holiday such as May 8th.</p> <p>Supply: Due to this arrangement, suppliers who contract with large numbers of those smaller embedded generation will face a degree of uncertainty regarding their imbalance position for as long as their unpaid disconnection remains a possibility. This is not the case for off-takers who contract with larger generators participating in the BM, or those providing non-BM grid services (as under P354).</p>
2	<p>Do you support the proposed implementation approach?</p>	<p>No. As stated above, we strongly feel that generators should be compensated for any instruction by NG ESO to DNOs resulting in disconnection. This should be commensurate to the PPAs they hold, as well as any subsidies they would have received. It would be appropriate for generators, or their offtakers, to provide reasonable estimates of their lost generation in order to calculate this amount.</p> <p>Additionally, we feel the sunset clause of 25th of October is inappropriate. This lengthy period exposes both generation and supply market participants to six months of risk. These last resort, contingency measures should persist for only a very short time (such as the 26th of May, after the late May Bank-holiday). National Grid would then have adequate time to submit a new modification proposal for a more equitable enduring solution, which can be reviewed by the industry. This should be one where all parties are duly compensated for any instance in which they are required to turn off/down, and that any accompanying changes (such as necessary changes to balancing procedures under the BSC) are noted and undertaken in a measured fashion.</p>

Q	Question	Response
3	<p>Do you have any other comments in relation to GC0143?</p>	<p>At the time of consultation, the UK's lockdown has been in force for over a month. While we appreciate that it has been a busy time for all businesses, to allow only four working days from announcing the change to the anticipated implementation date is concerning. There is little time for businesses to prepare, and none for any complementary regulatory work to take place.</p> <p>We welcome the development of the Optional Downward Flexibility Management (ODFM) service going live on May 7th – particularly if it means that ESO can deal with periods of low demand with more finesse than is provided for by GC0143. However, there has been little consultation with industry on the design of this service – which makes it difficult to communicate with any generators with whom we contract, which may wish to take advantage of it.</p> <p>Although National Grid has been keen to reassure stakeholders that it is not likely to need to rely on the changes made by GC0143, it risks creating the impression of embedded generators as a riskier investment proposition. This would have a detrimental impact on deployment of renewables, and the transition to net zero.</p>