

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:	Paul Youngman
Company Name:	Drax Power 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	Do you believe GC0143 better facilitates the Grid Code Objectives? Please include your reasoning.	<p>As presented by the ESO this modification quite clearly better facilitates Grid Code objective (c) by improving system security during this Friday's bank holiday and expected periods of low demand over the summer, given the ESO asserts it may not be able to securely operate the system otherwise.</p> <p>Whilst it can, on one hand, be seen to better facilitate Grid Code objective (d) by introducing a method to discharge Commission Regulation (EU) 2017/2196 Article 21 paragraph 1(b) by allowing the ESO access to change the level of active power from non-BM Providers in times of system inadequacy (in this case by dropping the active power to zero), which legally these parties need to do to be compliant. On the other hand, it can be argued that the way this is being implemented is not meeting the 'efficiently' requirement of Grid Code objective (d), in that there will be no request for these non-BM Providers to de-load in a controlled manner, but instead the ESO will just instruct the DNO to disconnect these sites by suddenly opening a circuit breaker. Hence these non-BM Providers will be left having to recover their plant from the resultant consequences of the sudden disconnections, whilst at the same time having temporarily lost their income stream.</p> <p>It is not clear with respect to Grid Code objectives (a) and (b) whether this modification better facilitates these objectives or not. If a BM Provider is required to shutdown by the ESO they are paid compensation whereas non-BM providers in this case will not be, which arguably puts them at a relative disadvantage. Non-BM Providers will also have lost their income stream for the period of the disconnection. However, without fully analysing the reduced costs associated with embedded connection arrangements it cannot be assessed whether the uncompensated disconnection costs outweigh the continuous effect of the reduced</p>

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		<p>connection costs. Similarly, there is a situation with Suppliers who will have agreements to purchase the power generated by these non-BM Providers and hence will therefore be short of generated power if these non-BM Providers are disconnected and will thus bear imbalance costs. Again, without fully analysing the costs associated with energy purchases from embedded site and energy purchases from imbalance costs, it cannot be assessed whether the lack of compensation to Suppliers is reasonable or not, and what if any impact this could have on effective competition in both the near or longer term.</p>
2	<p>Do you support the proposed implementation approach?</p>	<p>In principle yes given that the ESO is asserting they may not be able to securely operate the system during this Friday's bank holiday without this modification.</p> <p>We expect Ofgem to require the ESO to put in place appropriate transparency and reporting measures that will signal to the market the likelihood of these measures being utilised by the ESO. This should include clear tests for the use of existing commercial tools (and that these are exhausted first) in preference to disconnection so that it is clear to market participants that disconnection of embedded generation is a last resort. This transparency should help reduce uncertainty for embedded generators and suppliers during this interim period.</p> <p>The time-limited nature of this modification reduces the risk of any enduring unforeseen consequences manifesting and in the meantime allows an enduring solution to be properly developed.</p> <p>However, we are concerned that this modification has been needed in such an urgent manner. Commission Regulation (EU) 2017/2196 Article 21 paragraph 1(b) along with various other articles are written to allow the ESO to take special actions in the event that some unforeseen situation occurs and should have already been fully considered and incorporated in the relevant codes. While Covid-19 was unforeseen, Commission Regulation (EU) 2017/2196 was</p>

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		<p>published on 24 November 2017. The standard GB approach to Commission Regulations has been to incorporate requirements into the relevant code documents without requiring GB users to be fully appraised of the Commission Regulations. This approach has led to certain elements of the Regulations being prioritised, while others remain outstanding, with this particular section being one of these. There should be a review to confirm which other requirements have not yet been incorporated and examine the implications to avoid this situation occurring in future.</p> <p>Going forward there needs to be a full assessment of the requirements of this modification. Similarly, there needs to be a full assessment of all other Commission Regulations which have not been suitably implemented as this Urgent modification process may not be available in future. Fortunately proposed modification GC0132 has not been approved, nor implemented, as this would prohibit applying Urgency to this proposed modification. This is because modification GC0143 proposes to change Balance Code 2, which is listed in the letter to the Authority dated 8 October 2019 proposing the “Terms and Conditions for Balancing Service Providers and Balancing responsible Parties” and hence would need to meet Commission Regulation (EU) 2017/2195 consultation requirements, which does not allow Urgency.</p>
3	<p>Do you have any other comments in relation to GC0143?</p>	<p>There needs to be a full assessment of a modification to replace the GC0143 modification on an enduring basis which considers the following items:-</p> <ul style="list-style-type: none"> • How is it constructed to only execute non-BM generation in times of last resort? • Compensation requirements for non-BM parties for providing non contracted balancing services at ESO’s request. • Compensation requirements for Supplier’s whose trading position is impacted by the ESO actions on non-BM parties. • Disconnection arrangements for non-BM parties, i.e. should the DNOs just open their

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		<p>connection circuit breaker or should there be shutdown requests issued followed by controlled site shutdown.</p> <ul style="list-style-type: none"> • If circuit breakers are opened there is the risk that demand is also disconnected at the non-BM parties' sites . • Selecting which non-BM parties to be disconnected. • How frequently is it anticipated that this situation will occur? • Commercial services will need to be developed to supplement / replace these temporary provisions. <p>This also needs to consider all possible requests to both non-BM and BM parties to provide services they are technically capable of providing, but do not have active contract arrangements in place, where legally the Generator needs to comply with the request under Commission Regulations.</p>