

Code Administrator Consultation

GC0144: Alignment of Market Suspension Rights to the EU Emergency and Restoration Code Article 35.1(b)

Overview: The purpose of this modification is to clarify the Grid Code so it is clear what criteria the market would be suspended under Article 35.1 (b) of the EU Emergency Restoration Code. In addition, the modification also seeks to clarify under what conditions the TERRE market would be suspended and to align these provisions.

Modification process & timetable

1	<ul style="list-style-type: none"> • Proposal form • 21 May 2020
2	<ul style="list-style-type: none"> • Workgroup Consultation • 7 December 2020 - 5 January 2021
3	<ul style="list-style-type: none"> • Workgroup Report • 15 January 2021
4	<ul style="list-style-type: none"> • Code Administrator Consultation • 11 February 2021 - 11 March 2021
5	<ul style="list-style-type: none"> • Draft Modification Report • 17 March 2021
6	<ul style="list-style-type: none"> • Final Modification Report • 5 April 2021
7	<ul style="list-style-type: none"> • Implementation • May 2021

Have 5 minutes? Read our [Executive summary](#)

Have 20 minutes? Read the full [Code Administrator Consultation](#)

Have 30 minutes? Read the full Code Administrator Consultation and annexes

Status summary: The Workgroup have finalised the Proposer's solution. We are now consulting on this proposed change.

This modification is expected to have a: **Low impact** on all parties.

Modification drivers: Transparency of *EU Compliance*

Governance route	This modification has been assessed by a Workgroup and Ofgem will make the decision on whether it should be implemented.	
Who can I talk to about the change?	<p>Proposer: Tony Johnson, National Grid ESO</p> <p>Antony.Johnson@nationalgrideso.com Phone: 07966 734856</p>	<p>Code Administrator Chair: Jennifer Groome</p> <p>jennifer.groome@nationalgrideso.com Phone: 07966 130854</p>
How do I respond?	Send your response proforma to grid.code@nationalgrideso.com by 5pm on 11 March 2021 .	

Executive Summary

This modification is to clarify the conditions under which the market will be suspended (in accordance with Article 35.1(b) of the Emergency Restoration Code and to clarify the conditions under which the TERRE market is suspended.

What is the issue?

As part of its final submission for the Market Suspension Proposals in January 2020, the ESO and Elexon believed that the arrangements for Market suspension were catered for in the GB Industry Codes through OC9.4.6 of the Grid Code and Section G3 of the BSC.

In its response to the Submission, Ofgem advised that Article 35.1(b) of the Emergency Restoration Code was not adequately reflected in the GB Codes.

In addition, and as a separate issue the Grid Code does not currently clarify or align the conditions under which the TERRE Market is suspended.

The modification is therefore required for alignment purposes only with no material impact proposed.

What is the solution and when will it come into effect?

Proposers solution:

This modification will clarify:

1. Under what conditions National Grid ESO would suspend the market.
2. What criteria would constitute an emergency condition under Article 18(3) of the EU System Operator Guideline (EU 2017/1485 - SOGL).
3. The conditions under which the TERRE market would be suspended.

Implementation date:

May 2021 – 10 working days after decision.

Workgroup conclusions:

The Workgroup concluded unanimously (5 out of 5 votes) that the Original better facilitated the Applicable Objectives than the Baseline.

What is the impact if this change is made?

Since there is no proposal to change the conditions under which the market is suspended from those already in place (OC9.4.6 / BSC Section G3) and TERRE has not yet gone live, it is believed that this Grid Code modification will have a low impact on all parties.

Interactions

Other codes: There are interactions with TERRE for market suspension which will require a minor change to the Balancing and Settlement Code (BSC). BSC Section Q5A (Suspension of the TERRE Market) will be updated to reference the new market suspension provisions in BC4.10.

Brexit: until the outcome of the formal Brexit negotiations have been concluded, the approach is to follow the current obligations and timeframes.

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What is the issue?

In January 2020, National Grid ESO submitted its final proposals for the Market Suspension arrangements under the European Network Code Electricity Emergency and Restoration Code¹ (EU 2017/2196) (NCER) to Ofgem for approval. This, together with other material, was based on [Ofgem's Request for Amendment](#)² which was received on 21 November 2019 following National Grid's initial submission on 17 May 2019.

Since the ESO submission in January 2020, Ofgem have been in contact with the ESO advising that it did not believe there was sufficient evidence in the Grid Code defining how the parameters listed in Article 18(3) of the EU System Operator Guideline (EU 2017/1485 - SOGL) as referenced in Article 35.1(b) of the NCER were reflected in the Grid Code and ultimately the conditions under which the market would be suspended.

In addition, and as a separate issue, the Grid Code does not currently clarify or align the conditions under which the TERRE Market is suspended.

Article 35.1(b) Market Suspension

Article 35.1(b) of the NCER states:

1. A TSO may temporarily suspend one or more market activities laid down in paragraph 2 where:

(b) the TSO has exhausted all options provided by the market and the continuation of market activities under the emergency state would deteriorate one or more of the conditions referred to in Article 18(3) of Regulation (EU) 2017/1485; or

OC9.4.6 of the Grid Code states the conditions under which the market is suspended. In summary, this occurs under two conditions, these being: -

- A Total Shutdown or:
- A Partial Shutdown and where the Market Suspension Threshold has been met.

There are only three conditions under which the Market Suspension Threshold can be met, these being (as also defined in section 2.1.7 of Issue 3 of the System Restoration Plan): -

- The ESO determines that the spot time Initial National Demand Out-Turn is equal to or lower than 95% of the baseline forecast (this means that 5% or more of demand has been lost); or
- No more baseline forecast data is available to the ESO; or
- 72 hours have elapsed since the Partial Shutdown commenced

In addition, the GB Grid Code does not state the conditions under which the Transmission System would be under an Emergency State. These are detailed in section 2.1.1 of Issue 3 of the System Defence Plan but in summary would be considered to be one of the following events.

- A situation where there is a violation of one of more criteria as defined under the National Electricity Transmission System Security and Quality of Supply Standard (NETS SQSS); or

¹ [National Grid ESO's final January 2020 submission](#)

² [Ofgem's Request for Amendment](#)

- A situation when Unacceptable Frequency Conditions as defined under the National Electricity Transmission System Security and Quality of Supply Standard (NETS SQSS) have occurred; or
- At least one measure of the System Defence Plan is activated or
- There is a failure of the computing facilities used to control and operate the Transmission System or unplanned outages of Electronic Communication and Computing Facilities as provided for in BC2.9.7 or the loss of communication, computing and data facilities with other Transmission Licensees as provided for in STCP 06-4.

It is not clear from the Grid Code i) what constitutes an Emergency State on the Transmission System and ii) how these relate to Market Suspension. The National Regulatory Authority (Ofgem) have also alerted the ESO to the fact that this linkage is not clear.

The ESO note that Article 35.1 is not mandatory in so far as Article 35.1 states “A TSO *may* temporarily suspend one or more market activities laid down....” The ESO note these points are addressed in section 2.1.1 of Issue 3 of the System Defence Plan and section 2.1.7 of Issue 3 of the System Restoration Plan but agree with the National Regulatory Authority that the definition of a Transmission System being in an Emergency State and the conditions for market suspension are not clear and a modification to the Grid Code is required to achieve this alignment.

The materiality of this change is limited, however there is a risk that if not implemented, the linkage between the requirements in Article 35.1(b) of the NCER and GB Grid Code are unclear and hence it is debatable if the requirements of the NCER have been fully implemented or if market suspension would be considered achievable in all of the conditions set out in the NCER.

TERRE Market Suspension

When TERRE was introduced through Grid Code Modification [GC0097: Grid Code Processes Supporting TERRE](#) the Grid Code did not adequately cater for suspension of the TERRE Market. This modification therefore proposes to address this defect.

What is the solution?

Proposer’s solution:

In order to address the defect, the Grid Code needs to articulate what is considered to be an emergency condition under Article 18(3) of the EU System Operator Guideline (EU 2017/1485) as referenced in section 2.1.1 of Issue 3 of the Defence Plan and under what conditions the market would be suspended as referenced in section 2.1.7 of Issue 3 of the System Restoration Plan.

It is proposed to introduce a new section of the Grid Code (BC.2.9.8) which specifically outlines what criteria would constitute an emergency condition and then link this to the conditions under which the market would be suspended.

It is the proposers view that this modification is solely for the purposes of providing clarity in terms of what constitutes an emergency condition and when the market would be suspended. It is not proposed to amend the conditions under which the market is suspended as currently defined in OC9.4.6 of the Grid Code.

In addition, a new section BC4.10 will be introduced into BC4 to clarify the conditions when the TERRE market is suspended.

Workgroup Considerations

The Workgroup convened three times to discuss the perceived issue, detail the scope of the proposed defect, devise potential solutions and assess the proposal in terms of the Applicable Code Objectives.

The Workgroup held their Workgroup Consultation between 7 December 2020 – 5 January 2021 and received one response. The full response can be found in Annex 4.

Consideration of the proposer's solution

After suggested clarifications were made to the TERRE Market Suspension legal text, the Workgroup agreed with the proposed solution. Other matters discussed were Brexit Impacts, associated BSC modifications and the Workgroups recommendation for what the market suspension conditions should be for Manually Activated Reserve Initiative³ (MARI) when it is implemented in future.

TERRE Market Suspension legal text

The workgroup discussed the draft legal text surrounding TERRE Market Suspension. Workgroup members noted that the legal text needs to advise (as in the case of the Balancing Mechanism) the minimum period of time for which the market is likely to be suspended and any minimum notice period of when the market is likely to be re-opened to give participants sufficient time to re-enter the market. The feedback was taken onboard by the Proposer and the legal text was amended to clarify this.

It was suggested that when the TERRE Market is suspended by “Notification by The Company...” (BC4.10) it needs to be made clearer or justified under what conditions it has been suspended i.e., in accordance with existing rules. The feedback was taken onboard by the Proposer and the Workgroup agreed to a minor change to the proposed legal text in the new paragraph BC4.10 to clarify the text and remove a potential ambiguity. The change ensured alignment between the new BC4.10 text and the language in section G3 of the BSC in respect of the process to determine when a TERRE Market suspension period commences in a Black Start scenario.

Brexit Impact

The Workgroup considered whether Brexit has any impact on the modification. The Workgroup were advised that there are ongoing negotiations, but that the adopted approach is to assume that we remain with the current set of rules and timelines until instructed otherwise. It was noted that there are various industry workgroups covering what arrangements would be put in place but until the outcome of the formal Brexit negotiations is concluded, the approach is to follow the current obligations and timeframes.

Associated BSC Modifications

The workgroup queried what impact the modification would have on the Balancing and Settlement Code. Workgroup members representing Elexon advised the workgroup that the TERRE market suspension aspect of the modification will require a minor BSC modification. BSC Section Q5A (Suspension of the TERRE Market) will be updated to reference the new market suspension provisions in BC4.10. It is anticipated this proposed BSC Modification would go straight to Report phase, and timing for implementation should align with GC0144.

Manually Activated Reserve Initiative

³ Manually Activated Reserves Initiative (MARI) is the European implementation project for the creation of the European mFRR platform.

A discussion was held on whether MARI market suspension should be included within this modification however, due to the timings of these modifications GC0144 will be implemented before GC0145⁴ (MARI). Therefore, the MARI text will not be in the baseline legal text for this modification. The Workgroup recommend that the same market suspension rules as developed for TERRE should be followed for MARI and as a consequence included in an updated version of the legal text for MARI as part of the GC0145 solution.

Since the last GC0144 workgroup meeting took place the modification GC0145 has been formally withdrawn, and therefore the information stated above can be removed from consideration but has been kept in the report for transparency purposes.

Consideration of other options

No alternative solutions have been raised by the Workgroup.

Workgroup consultation summary

One consultation response was received from National Grid ESO, which echoed the points in the Proposal. No new material or alternatives were raised as part of the Workgroup Consultation. NGESO's response can be found in Annex 4.

Post-Workgroup Consultation

After the Workgroup Consultation, the Workgroup agreed to a minor change to the proposed legal text in the new paragraph BC4.10 to clarify the text and remove a potential ambiguity. The change ensured alignment between the new BC4.10 text and the language in section G3 of the BSC in respect of the process to determine when a TERRE Market suspension period commences in a Black Start scenario. The proposer had no issue with this being included as part of his original solution and therefore no alternative was raised. The legal text has been amended to include the change:

“In the case of a market suspension under BC4.10 (b) or (c) the Company shall (as soon as is practicable) determine, in its reasonable opinion, the time and date from when the TERRE market is to be suspended. The Company shall also notify Users and the BSCCo of the time of TERRE market suspension and the reason for the suspension.”

Legal text

At the January 2021 Grid Code Panel where the GC0144 Workgroup Report was presented, there were some comments raised by Panel members to amend the legal text. Following the Panel, the proposer worked with the Panel members to agree the amendments, and the updated version was then circulated to both the Workgroup and Panel to review for 5 working days. During the review period there was one additional comment raised by Elexon, which was shared with the Workgroup and Panel. The Proposer agreed to make the suggested amendment and there were no additional comments received.

The legal text can be found in Annex 3.

⁴ [GC0145 - Updating the Grid Code to include the Manually Activated Reserve Initiative \(MARI\)](#)

What is the impact of this change?

Since there is no proposal to change the conditions under which the market is suspended from those already in place (OC9.4.6 / BSC Section G3) and TERRE has not yet gone live, it is believed that this Grid Code modification will have a low impact on all parties.

As the solution proposes to change Balancing Code 2 (the introduction of BC2.9.8) and BC4 (the introduction of BC4.10) this modification will change the Terms & Conditions relating to Balancing Service Providers and also to System Defence and System Restoration Service Providers. It will therefore require the modification process set out under Article 18⁵ of the European Electricity Balancing Guideline⁶ (EBGL – EU Regulation 2017/2195) to be followed. The main consideration of this is that the modification must be consulted on for a minimum of 1 month.

Workgroup vote

The Workgroup met on 11 January 2021 to carry out their Workgroup vote. The full Workgroup vote can be found in Annex 5. The table below provides a summary of the Workgroup members view on the best option to implement this change.

The Applicable Grid Code Objectives are:

Grid code

- 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

The Workgroup concluded unanimously (5 out of 5 votes) that the Original better facilitated the Applicable Objectives than the Baseline.

Option	Number of voters that voted this option as better than the Baseline
Original	5

⁵ [EBGL Article 18 T&Cs](#)

⁶ [EBGL guidelines](#)

When will this change take place?

Implementation date:

May 2021 – 10 working days after decision.

Date decision required by:

The decision is required by May 2021.

Implementation approach:

As currently proposed, there is no impact on systems or processes as this modification achieves alignment only rather than making any changes.

How to respond

Code Administrator consultation questions

- Do you believe that GC0144 Original proposal better facilitates the Applicable Objectives?
- Do you support the implementation approach?
- Do you have any further comments?

Views are invited on the proposals outlined in this consultation, which should be received by 5pm on **11 March 2021**. Please send your response to grid.code@nationalgrideso.com using the response pro-forma which can be found on the [modification page](#).

If you wish to submit a confidential response, please note that information provided in response to this consultation will be published on National Grid ESO's website unless the response is clearly marked "Private & Confidential", we will contact you to establish the extent of the confidentiality. A response marked "Private & Confidential" will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the CUSC Modifications Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response. Please note an automatic confidentiality disclaimer generated by your IT System will not in itself, mean that your response is treated as if it had been marked "Private and Confidential".

Acronyms, key terms and reference material

Acronym / key term	Meaning
Baseline	The code/standard as it is currently
BSC	Balancing Settlement Code
BSSCo	Balancing and Settlement Code Company
MARI	Manually Activated Reserve Initiative
NCER	Network Code on Electricity Emergency and Restoration
NGESO	National Grid Electricity System Operator
SOGL	System Operation Guideline
TERRE	Trans European Replacement Reserve Exchange
TSO	Transmission System Operator

Reference material:

1. The following documents can be found [here](#):
 - **Market Suspension Proposals**
 - [Ofgem's Request for Amendment - Received November 2019](#)
 - [ESO's Final Submission - Submitted January 2020](#)
 - [System Defence Plan – Submitted December 2019 - Awaiting Approval](#)
 - [System Restoration Plan – Submitted December 2019 - Awaiting Approval](#)
 - [EU NCER Test Plan – Submitted December 2019 - Awaiting Approval](#)
 - [Terms and Conditions related to Emergency and Restoration EU Network Code - Submitted December 2019](#)
2. [GC0145 - Updating the Grid Code to include the Manually Activated Reserve Initiative \(MARI\)](#)
3. [GC0097 - Grid Code Processes Supporting TERRE](#)

Annexes

Annex	Information
Annex 1	GC0144 Proposal Form
Annex 2	GC0144 Terms of Reference
Annex 3	GC0144 Legal Text
Annex 4	GC0144 Workgroup Consultation Response - NGESO
Annex 5	GC0144 Workgroup Vote