

**Workgroup Consultation Response Proforma****GC0147: Last resort disconnection of Embedded Generation – enduring solution**

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to [grid.code@nationalgrideso.com](mailto:grid.code@nationalgrideso.com) by **5pm** on **27 November 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

If you have any queries on the content of this consultation, please contact **Nisar Ahmed**, [Nisar.Ahmed@nationalgrideso.com](mailto:Nisar.Ahmed@nationalgrideso.com) or [grid.code@nationalgrideso.com](mailto:grid.code@nationalgrideso.com)

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**For reference the Applicable Grid Code Objectives are:**

- 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*

**Please express your views regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.**

Standard Workgroup Consultation questions		
1	Do you believe that the GC0147 Original Proposal better facilitates the Applicable Grid Code Objectives?	<p>No. We believe that the original proposal does not better facilitate the Grid Code objectives. The modification improves some aspects of the solution introduced under GC0143 but does not address the substantive issues and concerns of parties raised through the GC0143 modification process or in Ofgem’s decision letter. We feel many of the concern’s parties had relating to GC0143 remain in the original proposal for GC0147.</p> <p>The original proposal does not address the negative impact on relevant objective (a) operation of an efficient, co-ordinated and economic system for the transmission of electricity. Under the proposal there is not a clear and transparent measure as to how the decision to disconnect embedded generators is made or enacted. The question of what constitutes all commercial actions, who is re-dispatched and how this is enacted is largely left to interpretation of both the ESO and the Distribution Networks (DN’s). This is inefficient as neither the site nor supplier can predict the scale of impact on their operations and cannot make decisions to adequately mitigate these risks. The impact on competition under objective (b) is similarly negative. The original does not address the criticisms highlighted in GC0143 and the workgroup with respect to undermining competition and potentially distorting any market for services that may be used by the ESO prior to the issuing of the emergency instruction to a DN. We also believe the original proposal is negative against objective (d) as it is not compliant with aspects of the Clean Energy Package (Art 13.1 <i>based on non-discriminatory objective criteria</i> 13.2 <i>market based</i> and 13.7 <i>subject to financial compensation</i>). It is noted that the recast of the electricity regulation has been adopted into UK law.</p> <p>We also note that any assessment against objective (c) in terms of improving system security, is dependent on the modification not having a negative impact on relevant objectives (a) or (b).</p>
2	Do you support the proposed implementation approach?	<p>We would expect the proposer to be developing a holistic solution that addresses the outcome of GC0143. The proposer should, with the code administrator,</p>

		ensure that any code changes can be raised across codes supported by joint working groups.
3	Do you have any other comments?	Our additional comments are captured within the specific questions below.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	Not currently, though we reserve the right to do so in the future.
<b>Specific GC0147 Workgroup Consultation questions</b>		
5	How can it be ensured that all reasonable commercial alternatives have been pursued first before emergency instructions are used as a last resort?	<p>All commercial actions that would have the desired outcome and avoid generator disconnection should be enacted. There needs to be clear communication in advance by the system operators of the commercial actions available within their network and that may be taken in different circumstances/ system states, and the escalation process.</p> <p>At the time of an emerging issue the networks need to provide information to the market in near real time as to the system state, actions that have already been taken and actions that remain prior to any 'last resort' measures.</p> <p>The emergency arrangements for gas allow for a graduated path from normal commercial operation through to direct control by the NEC- the pathway to transitioning from one state to another. This is detailed in the UNC and supported by the E1 document that provides an industry overview of the emergency arrangements. This is relatively well understood and transparent to industry. And so we would recommend considering this as a framework or benchmark for good practice that could be adopted within the electricity arrangements.</p>
6	Are there any further alternatives to emergency disconnection that have not been considered?	This area has not been fully discussed by the working group. We would welcome commercial solutions that would negate the need for any 'last resort' actions. Our view is the ESO and DN's should address the underlying lack of generation turndown in low demand situations on the wider system/ within DN's through commercial contracts for flexibility.
7	In terms of possible safety implications of	No comment.

	disconnection, are there any specific risks in relation to this solution? What is the additional risk?	
8	How should embedded generators that are not participants in the balancing mechanism be compensated for emergency control actions including disconnection? Is it your opinion that they should be compensated?	<p>There are obligations on system operators to provide compensation under article 13.7 of regulation 2019/943 the CEP. It is mandatory to provide compensation for any re-dispatch, but the method is not described in the regulation. The original modification is not compliant with this article and remains silent on a compliant form of compensation.</p> <p>The balancing mechanism is an option that could be explored. Alternatively, there could be backstop payment that would be paid to disconnected parties for use of the last resort measure. This would impact networks allowed revenue ensuring an incentive on them to procure sufficient flexibility.</p> <p>Where a party is disconnected, arrangements should be made to ensure that supplier counterparties remain whole and in balance despite the emergency action. This would require a fully automated solution to be successfully applied to electricity arrangements. A similar Emergency Curtailment Quantity process exists for the gas emergency demand reduction arrangements and believe similar could be considered in electricity.</p>
9	What mechanism could compensation be achieved by?	As Above.
10	Would modifications to any other GB Codes be required? [for example, imbalance and cash-out arrangements in the BSC, arrangements with DNOs, suppliers or embedded generators in the CUSC and DCUSA)	Yes, the workgroup has advised the proposer to develop a fully formed solution and work with code administrators to bring together a cross code working group to address all requirements in parallel across all relevant codes.
11	Is compensation a requirement of the Clean Energy Package legislation? Please	Yes. Using market based mechanisms and providing compensation for using non-market based mechanisms to re-dispatch is an explicit requirement of the CEP.

	expand where possible on why or why not.	<p>Article 13.2 requires that re-despatch be undertaken using market based mechanisms.</p> <p>Article 13.7 states <i>Where non-market based re-dispatching is used, it shall be subject to financial compensation by the system operator requesting the re-dispatching to the operator of the re-dispatched generation, energy storage or demand response facility except in the case of producers that have accepted a connection agreement under which there is no guarantee of firm delivery of energy.</i></p> <p>This article also sets out the minimum criteria that should be used to calculate compensation.</p>
<b>Form/Implementation of instructions</b>		
12	What form should an instruction take? (eg % or MW; registered capacity or active power output)	No comment.
13	What priority order should generators reasonably be disconnected in?	There is some guidance within the Article 6 of the CEP that could be expanded upon in both Grid and Distribution code to ensure a fair and equitable use as a last resort measure.
14	What arrangements are necessary for restoration?	We have no comment at this time but recognise that as well as transparency, entering disconnection parties will need to be clear as to what stage of the emergency the system is in as normal operation is reinstated.
15	How much of the detail of how an instruction should be implemented needs to be codified rather than in a guidance document?	The question here is how much should be put in the codes and how much in guidance. Where there are obligations relevant to the ESO, DN's or connected parties, these should be clear and within the Codes. Where there is an explanation of the process or description that leads to deeper understanding of the process this may be in a guidance document.
<b>Legal Text</b>		
16	Do you agree with the proposed Grid Code legal text? Please provide the rationale for your response and	No comment, other than it is not clear from the legal text that notifications and other activities are being enacted with parties on a consistent basis. For instance, reading the detail of the OC7 changes, it appears that in some circumstances the ESO could take action without notifying parties other than the relevant DN that action was required. This seems to be counter to the modifications intention to ensure transparency of any

	any specific comments.	actions. Further detailed analysis should be conducted by the workgroup to better align the legal text with the CEP (where appropriate) rather than developing new definitions or terms. As highlighted in this response our view is that the original proposal does not provide a full solution and will require further workgroup development.
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