

**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>Assuming that the GC0147 Original solution is fully in compliance with the requirements set out in Regulation 2019/943 and in particular Article 13 <b>then</b> we do believe that it <b>does better facilitate Applicable Objective (c)</b> for the reasons noted by the Proposer in the proposal form. However, as noted below, if this is not the case then it would not better facilitate Applicable Objective (c).</p> <p>In terms of Applicable Objective (d), given the statements from the Authority in respect of GC0127 then, in our view, the GC0147 proposed solution is incompatible with the obligations within the Emergency &amp; Restoration Network Code and therefore <b>does not better facilitate Applicable Objective (d)</b>: “<i>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</i>” and we examine this in further detail under Question 3 (‘any other comments’) below.</p> <p>This failure to ensure compliance with the EU Law requirements (which remain retained UK Law after 1<sup>st</sup> January 2020) overrides any benefits associated with Applicable Objective (c).</p> <p><b>Therefore, overall GC0147 is <u>not</u> better than the Baseline.</b></p> <p>Furthermore, as noted above, in respect of Applicable Objective (c), <b>if</b> the solution is not in compliance with the Regulation (and in particular as regards financial compensation) then it would also <b>not better facilitate Applicable Objectives (a), (b), (c) or (e)</b> as:</p> <ul style="list-style-type: none"> <li>a) it would not result in an economic and efficient system for the transmission of electricity;</li> <li>b) it would not facilitate effective competition in the generation and supply of electricity;</li> </ul>

		<p>c) it would not facilitate efficiency of the electricity generation, transmission and distribution systems;</p> <p>d) it would not better facilitate efficiently discharge the obligations imposed upon the ESO by its license and would not be in compliance with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency; and</p> <p>e) it would not efficiency in the implementation and administration of the Grid Code arrangements.</p> <p>For example, <u>if</u> this proposal results in the ESO issuing Emergency Instructions to disconnect some embedded generation when other commercial options / actions, including via the Balancing Mechanism, are available to the ESO (but are not taken by the ESO ahead of issuing the EIs) then this would be detrimental in terms of ‘facilitating effective competition in generation’ (as the competitive market will have been distorted by the ESO’s issuance of the GC0147 related Emergency Instructions) and therefore GC0147 would not better achieve this Applicable Objective.</p>
2	Do you support the proposed implementation approach?	Yes, we support the proposed implementation approach.
3	Do you have any other comments?	<b>[Yes, see below]</b>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No.
<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	It important to recognise that <u>all</u> available market-based resources (irrespective of whether, or not, they are ‘all <i>reasonable</i> commercial alternatives’ as stated here) must be used before <u>any</u> emergency instructions to curtail non-market based generation, energy storage or demand response - as stated in

	<p>are used as a last resort?</p>	<p>Article 13(3) of the Clean Energy Package (Regulation 2019/943):</p> <p><i>“3. Non-market-based redispatching of generation, energy storage and demand response may only be used where: (a) no market-based alternative is available; (b) all available market-based resources have been used;”</i></p> <p>This also accords with the requirement in Article 12(1):</p> <p><u>“The dispatching of power-generating facilities and demand response shall be non-discriminatory, transparent and, unless otherwise provided under paragraphs 2 to 6, market based.”</u> [emphasis added]</p> <p>To do otherwise would leave the system operator in breach of its legal obligations.</p> <p>It should also be noted that the statements from the Proposer, in their proposal, did not identify this ‘reasonable’ caveat (that is included within this Question 5) as part of the Original proposal – see, for example:</p> <ol style="list-style-type: none"> <li>1) [Purpose of the Modification, page 1] <i>“as a last resort in an emergency situation and after <u>having exhausted all other commercially available options</u>”</i> [emphasis added.]</li> <li>2) [Why Change, page 6] <i>“as a last resort and <u>if all commercially available options</u> through either this [ODFM] service or any other future arrangements plus actions in the Balancing Mechanism (BM) <u>had been taken</u>,”</i> [emphasis added.]</li> <li>3) [Solution, page 8] <i>“This would only be pursued as a last resort <u>if no further actions were available to the ESO either commercially or in the BM.</u>”</i> [emphasis added.]</li> <li>4) [Relevant Objectives, page 10] <i>“As this is required as a means of last resort to be used</i></li> </ol>
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		<u>only on the exhaustion of all commercial alternatives</u> " [emphasis added.]
6	Are there any further alternatives to emergency disconnection that have not been considered?	As long as ' <i>all available market-based resources have been used</i> ' by the ESO (or DSOs) and the ESO (or DSOs) have ensured that they comply with the Article 13(6) then we are not certain that there are any further alternatives to emergency disconnection.
7	In terms of possible safety implications of disconnection, are there any specific risks in relation to this solution? What is the additional risk?	<p>As noted on page 12 of the consultation document the safety "<i>risk would not be unique to GC0147 as disconnection can already occur for reasons other than emergency disconnection and is an inherent issue with operating any equipment that it must have safe shutdown mechanisms</i>".</p> <p>Therefore, we are not aware of any additional GC0147 specific safety implications in relation to the proposed solution.</p>
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>All non-market based generation, energy storage and demand response; according to Article 13 of the Clean Energy Package (2019/943); must receive financial compensation as the wording in the first sentence of Article 13(7) explicitly makes clear:</p> <p><i>"Where non-market based redispatching is used, it <b>shall be subject to financial compensation</b> by the system operator requesting the redispatching to the operator of the redispatched 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> [emphasis added]</p> <p>The use of 'shall', rather than 'may,' makes this point.</p> <p>As noted in Ofgem GC0143 decision letter:</p> <p><i>"We [Ofgem] do not consider that this modification allows parties to avoid any liability that may be incurred Article 13 paragraph 7, if it is engaged."</i></p> <p>Given the above, it is incumbent upon the TSO (namely NG ESO) and the 14 DSOs (namely the DNOs in GB) and, potentially, the IDNOs, to take such steps as are necessary for them to ensure</p>

		<p>their compliance with their obligations to pay financial compensation to non-market based generation, energy storage and demand response in the event that the system operator initiates redispatching; that being “a <i>measure, including curtailment, that is activated by one or more transmission system operators or distribution system operators by altering the generation, load pattern, or both, in order to change physical flows in the electricity system and relieve a physical congestion or otherwise ensure system security</i>” (as defined in Article 2, (26)).</p> <p>In simple terms, this can either be on a ‘pro-active’ basis (writing out to all those affected parties to pay them financial compensation in accordance with the methodological approach set out in Article 13(7)), or on a ‘reactive’ basis (whereby those affected parties submit claims for payment to the system operator concerned).</p> <p>In either event, it seems to us incumbent upon the GC0147 Workgroup to develop a workable solution to whichever of these two approaches is to be adopted. To leave this matter unaddressed would not be in the interest of the overwhelming smaller parties / individual consumers who will be affected if the GC0147 was to be utilised in anger.</p>
9	What mechanism could compensation be achieved by?	<p>Financial compensation of non-market based resources should not place an undue burden on those parties who were redispatched and, therefore a pro-active’ approach is the most appropriate way to proceed. This would mean that the relevant system operator writes to all those affected parties to pay them the financial compensation they are due, in accordance with the methodological approach set out in Article 13(7).</p> <p>This also accords with the principle that the Authority has adopted with the ‘guaranteed standards’ payments.</p> <p>Notwithstanding the above, it will be necessary (with any financial compensation mechanism) to develop a proxy for ‘Power Available’ which could, for example, use a ‘nominal’ wind/solar output for the</p>



		region within which the generator is located, perhaps based on NGESO's forecast output.
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)	<p>If a Modification to the BSC is required along the lines suggested in the question then it is important to address the point Ofgem noted in the GC0143 decision letter, namely:</p> <p><i>"We do not consider that this modification allows parties to avoid any liability that may be incurred Article 13 paragraph 7, if it is engaged."</i></p> <p>As Article 13(7) states:</p> <p><i>"Where non-market based redispatching is used, it <b>shall</b> be subject to <u>financial compensation by the system operator requesting the redispatching to the operator of the redispatched generation, energy storage or demand response facility</u> except in the case of producers that have accepted a connection agreement under which there is no guarantee of firm delivery of energy." [emphasis added]</i></p> <p>A solution based, for example, around imbalance and cash-out arrangements in the BSC would not see the relevant system operator discharge their liability which, according to Article 13(7), is to pay financial compensation to the operator of the redispatched resource.</p> <p>This is because there is no certainty, in the BSC example, that the BM registered party (such as the Supplier or Aggregator) will pass on 100% of the financial compensation (paid to them by the system operator) to the operator of the resources concerned.</p>
11	Is compensation a requirement of the Clean Energy Package legislation? Please expand where possible on why or why not.	<p>Yes, where non-market based redispatching is used, then compensation is a requirement of the Clean Energy Package as set out in regulation 2019/943 as the wording in the first sentence of Article 13(7) explicitly makes clear:</p> <p><i>"Where non-market based redispatching is used, it <b>shall</b> be subject to <u>financial compensation by the system operator requesting the redispatching to the operator of the redispatched generation, energy storage or demand response facility</u> except in the</i></p>

		<p><i>case of producers that have accepted a connection agreement under which there is no guarantee of firm delivery of energy.” [emphasis added]</i></p> <p>The use of ‘shall’, rather than ‘may,’ makes this point. Those who hold a counterview will need to explain firstly how a ‘shall’ can be read as a ‘may’ and secondly, <b>if</b> that is the case, then when, for example, ‘shall’ is used elsewhere in the Clean Energy Package (and the Network Codes) in terms of obligations placed on market and non-market based generators, energy storage and demand response resources it will be read, likewise, as a ‘may’. The CEP wording should be interpreted consistently.</p> <p>The second sentence of Article 13(7) confirms that compensation is due, as it details the level of that financial compensation; to be provided by the relevant system operator; and make it clear that it:</p> <p><i>“... shall be at least equal to the higher of the following elements or a combination of both if applying only the higher would lead to an unjustifiably low or an unjustifiably high compensation”?</i></p>
<b>Form/Implementation of instructions</b>		
12	What form should an instruction take? (eg % or MW; registered capacity or active power output)	<p>Given that the ESO is comfortable that it has sufficient real time visibility of all the necessary data from Type A<sup>1</sup> and above generators as well as all of aggregators of demand in generation across GB for system operation purposes (as per it not needing GC0106 WACM2), then the ESO instruction should be based on active power output of the non-market resources that it wishes to redispatch.</p> <p>Notwithstanding the form of the instruction from the ESO (be that a percentage of, say, demand connected or a MW figure) it will be imperative that the DSO ensures that the liability it has, according to Article 13(6), regarding who goes off last is fully respected.</p>

<sup>1</sup> Type A (as well as Types B, C and D) generators are defined within the Grid Code by reference to plant size and start, with Type A, at 800w.



13	What priority order should generators reasonably be disconnected in? Have a link in the report to the guidance note on priority order.	<p>The priority order for generation should be based on the legal criteria that the system operator (at transmission or distribution) is bound to comply with as set out in Article 13.</p> <p>To do otherwise would place the system operator at risk of a breach of their Licence obligations.</p>
14	What arrangements are necessary for restoration?	In accordance with Article 13, the restoration should reflect the requirements upon the TSO and DSOs in terms of renewable generation and high efficiency co-generation; i.e. any renewable generation should be restored first, followed next by generation from high efficiency co-generation.
15	How much of the detail of how an instruction should be implemented needs to be codified rather than in a guidance document?	<p>The instruction relates directly to the Grid Code, therefore the necessary details of how an instruction should be implemented needs to be codified to ensure a legally robust and unambiguous solution that has been approved by Ofgem.</p> <p>Any guidance document:</p> <ul style="list-style-type: none"> <li>(i) has <u>no</u> legal standing;</li> <li>(ii) is not approved by Ofgem;</li> <li>(iii) is subject to arbitrary change, without consultation, at potentially zero notice to the stakeholders (who maybe directly impacted by it);</li> <li>(iv) does <u>not</u> deliver the GC0147 solution the Proposer has stated, namely that:</li> </ul> <p><i><u>“By ensuring detailed implementation clarity, structure and legally unambiguous ability for the ESO to instruct Distribution Network Operators (DNOs) to disconnect embedded generation as a last resort and in an emergency situation, this modification lessens the risk of any impact on security of supply during very low demand periods and has a clear positive impact therefore on objective (c).”</u></i> [emphasis added.]</p> <ul style="list-style-type: none"> <li>(v) does not conform with ‘good industry practice’; and</li> <li>(vi) does not comply with Article 4(1) (g) of the System Operation Guideline<sup>2</sup> in</li> </ul>

<sup>2</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1485&from=EN>

		respect of “ensuring and enhancing the transparency and reliability of information on transmission system operation”.
<b>Legal Text</b>		
16	Do you agree with the proposed Grid Code legal text? Please provide the rationale for your response and any specific comments.	Given our comments above we do not agree with the proposed Grid Code legal text changes. The draft legal text needs to reflect the points we have detailed in this consultation response.

### Question 3 Do you have any other comments?

As noted under Question 1 above, in respect of **Applicable Objective (d)**, there is a requirement for the GC0147 solution to be in compliance with the Emergency & Restoration Network Code (also known as ‘ERNC’ and ‘NCER’).

As it is currently drafted **the GC0147 solution is not in compliance with the obligations contained within the Emergency & Restoration Network Code** in terms of, specifically, Appendix A of the System Defence Plan<sup>3</sup> as summarised by Ofgem in its GC0127 Decision Letter; namely that:

*“The SDP and SRP currently only identify measures to be implemented by CUSC parties and we do not believe that it is appropriate for the Grid Code to contradict the scope of the application of these plans.”*

This is because Appendix A of the System Defence Plan (version 3) sets out which types of new and existing generators etc., that the plan is applicable to and it perhaps best summarised by the following quote from Table A1 (page 24 of 53) of the SDP:

*“List of GB Parties considered to be SGUs for purposes of the System Defence Plan (GB SGU’s): Any Generator who does not have a CUSC Contract (i.e. Embedded) and owns or operates a Power Station comprising one or more Type C or Type D Power Generating Modules. **Not applicable.**”* [emphasis added]

It is similarly the case with new and existing Types A and B generators as well as aggregators, as listed further on in Table A1.

The reference in Table A1 shown above goes on to state that:

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<sup>3</sup> The latest ESO version of SDP (which is with Ofgem for approval) can be found at: <https://www.nationalgrideso.com/document/160016/download>

*“Under the current GB Framework, there is currently no requirement for Non-CUSC Parties who own or operate a Type C or Type D Power Generating Module to contribute to the System Defence Plan. This however is subject to review and the ESO expect to work with all Stakeholders in the future to consider the approach to including Non-CUSC Parties within the System Defence Plan.”* [emphasis added]

This review of the SDP (to extend it to some or all non CUSC parties) has not been undertaken to date and cannot now be undertaken until such time as Ofgem either approves the System Defence Plan proposal from the ESO or sends it back with a request to amend it.

Absent change to the System Defence Plan (in accordance with the change procedure detailed in the Emergency & Restoration Network Code) it will not be possible to introduce the GC0147 solution into the Grid Code as it would be in direct conflict with the SDP.

We set out our rationale for this view in more detail in our 5<sup>th</sup> May 2020 response to the GC0143 Code Administrator Consultation which, as Ofgem noted in their GC0143 decision letter, would be addressed in the enduring solution; namely GC0147; and we have reproduced the relevant section (in our GC0143 response) here as it is directly relevant to GC0147.

**In summary, given:**

- (i) that the existing edition of the System Defence Plan, dated 20<sup>th</sup> December 2019, is still with the NRA for a decision;**
- (ii) that the scope of System Defence Plan, in the context of generation connected at distribution, is limited to plant(s) with a CUSC contract with the ESO;**
- (iii) the Authority’s statement in the GC0127 decision letter (that it is not appropriate for the Grid Code to contradict the scope of the application of the System Defence Plan); and**
- (iv) the statements within the GC0147 proposal from the ESO that that change is to *clarify* the existing Grid Code arrangements;**

**then it follows that the GC0147 amendment cannot ‘clarify’ by extending the scope of what (embedded generation) parties the Grid Code / System Defence Plan extends to – as that would not be a mere ‘clarification’. Accordingly, GC0147 can only apply to embedded generation which falls within the Significant Grid User definition established in Appendix A of the System Defence Plan, namely only to those embedded generators with a CUSC contract and, as a result, the ESO (TSO) and DNOs (DSOs) when issuing or acting upon any Emergency Instruction will need to limit their disconnection actions to those embedded generators with a CUSC contract only.”**

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“Given the Authority’s very recent decision<sup>4</sup>, some three months ago<sup>5</sup>, in respect of approving the GC0127 Original proposal and rejecting the WAGCM1<sup>6</sup> proposal we are not certain how this GC0143 change, if it extends to disconnecting New and Existing Types A, B, C or D embedded generators who do not have a CUSC contract, is compatible with that GC0127 decision and the System Defence Plan<sup>7</sup>.

WAGCM1 would have extended the System Defence Plan measures to include non-CUSC parties in GB - as Ofgem summarised<sup>8</sup>:

*“WAGCM1 intends to include non-CUSC parties listed in the scope of application of the NCER Regulation as per Article 2 of the NCER Regulation. The legal text for WAGCM1 tries to achieve this by creating a new section of the Grid Code for non-CUSC parties. In practice, it states that non-CUSC parties will have to comply with the relevant provisions of the NCER Regulation, and that defence/restoration service providers<sup>9</sup> will have to comply with the SDP/SRP.”*

In the GC0127 decision letter, the Authority sets out its reasoning<sup>10</sup> for rejecting WAGCM1, including that:

*“by requiring non-CUSC parties who are defence or restoration service providers to comply with the SDP<sup>11</sup> and SRP<sup>12</sup>, we understand that the WAGCM would unduly extend the scope of application of the SDP and SRP. The SDP and SRP currently only identify measures to be implemented by CUSC parties and we do not believe that it is appropriate for the Grid Code to contradict the scope of the application of these plans. In this respect, we do not believe that WAGCM1 better promotes security or efficiency of the electricity system compared to the original.” [emphasis added]*

The Authority also noted in its GC0127 decision letter that:

*“... there is no obligation to extend the scope of application of those articles through modifications of the Grid Code and we do not believe that it is efficient to place such obligations on parties where it is not necessary for ensuring system security. Nevertheless, if a future edition of the SDP puts requirements on parties that are currently not in scope of the plan, we would expect the Grid Code to be amended to ensure its consistency with the SDP.” [emphasis added]*

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<sup>4</sup> <https://www.nationalgrideso.com/document/162761/download>

<sup>5</sup> Issued on 5<sup>th</sup> February 2020

<sup>6</sup> As well as the WAGCMs 2 and 3 proposals.

<sup>7</sup> <https://www.nationalgrideso.com/document/160016/download>

<sup>8</sup> On page 5 of the letter.

<sup>9</sup> “Parties who have obligations under the SDP and/or SRP”

<sup>10</sup> On page 7.

<sup>11</sup> ‘System Defence Plan’, which is directly relevant to GC0143.

<sup>12</sup> ‘System Restoration Plan’ which is less relevant to GC0143.

In the context of GC0143, the latest version of the System Defence Plan<sup>13</sup> (dated 20<sup>th</sup> December 2019) sets out, within Appendix A<sup>14</sup> (“GB Parties within the scope of the System Defence Plan”) which parties in GB fall within (and thus those parties out with) the scope of the plan in the following terms<sup>15</sup>:

*“In accordance with EU NCER, Art 2 defines the SGU’s [Significant Grid User(s)] who fall within the scope of the European Emergency and Restoration Code. Table A1 defines the EU Criteria and how this translates to GB Parties including which of those parties are included within the scope of the EU Emergency and Restoration Code and those which are not” [emphasis added]*

As set out on in Appendix A, the SDP does not apply to any New<sup>16</sup>:

*“...Generator who does not have a CUSC Contract (i.e. Embedded) and owns or operates a Power Station comprising one or more Type C or Type D Power Generating Modules.”*

It goes on to set out that the SDP does not apply to any Existing<sup>17</sup>

*“...Generator who does not have a CUSC Contract (i.e. Embedded) and owns or operates a Power Station comprising one or more Generating Units or Power Park Modules which i) have a maximum output of greater than 10MW but less than 50MW and connected below 110kV (equivalent to a Type C Power Generating Module) or ii) connected at 110kV or above or has a rated power output of 50MW or above (equivalent to a Type D Power Generating Module)”*

The SDP makes clear it does not apply to any New<sup>18</sup>:

*“ ...Generator who does not have a CUSC Contract (i.e. Embedded) and owns or operates a Power Station comprising one or more Type B Power Generating Modules”*

The SDP also does not apply to any Existing<sup>19</sup>

*“...Generator who does not have a CUSC Contract (i.e. Embedded) and owns or operates a Power Station comprising one or more Generating Units or Power Park Modules which have a maximum output of greater than 1MW but less than 10MW and connected below 110kV (equivalent to a Type B Power Generating Module).”*

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<sup>13</sup> <https://www.nationalgrideso.com/document/160016/download>

<sup>14</sup> Pages 22-40.

<sup>15</sup> On page 22.

<sup>16</sup> See page 23 of the SDP.

<sup>17</sup> See page 24 of SDP.

<sup>18</sup> See page 25 of the SDP.

<sup>19</sup> See page 26 of the SDP.



Similarly, the SDP is clear that it does not apply<sup>20</sup> to New or Exiting Type A generators who do not have a CUSC contract.

The risk that at times of adverse system security (such as the ESO has set out in the GC0143 proposal) the scope of the SDP would not be extended to all relevant embedded generators in GB was, for example, set out in the GC0127 Workgroup deliberations (as noted on pages 19-20 of the GC0127 Final Modification Report<sup>21</sup>):

*“...one Workgroup member<sup>22</sup> considered that the definitions of an ‘SGU’, a ‘System Defence Provider’ and a ‘System Restoration Provider’ within E&R NC is, in their view, much wider than that suggested by the Proposer and that this was in order to ensure that the system is secure from events which could endanger the security of the system and, in the event of a blackout, support the speedy restoration of the system and thus electricity supplies to end consumers. The Workgroup member noted, for example, that taking into account National Grid ESO’s Interim Report into 9 August 2019 event that limiting System Defence Providers / SGUs to just those parties with a CUSC contract with National Grid ESO would be limiting the ability for National Grid ESO to call upon other providers which were envisaged within E&R NC to be used to help maintain system security; such as Type B generators (Article 2(2)(b)) and redispatchers of power generating modules and demand facilities (Article 2(2)(e)), if a similar emergency situation arose on the system.”*

The legal aspects of applying the GC0127 / SDP obligations to embedded generation was explored by the GC0127 Workgroup as set out in Appendix 5 and Appendix 6 of the Final Modification Report. Appendix 5 sets out the ESO’s legal views and a number of those statements<sup>23</sup> seem, only a few months later, to be out of date. Appendix 6, which provides comments on Appendix 5, was prepared by the SSE Generation representative on the GC0127 Workgroup.

We also note that within the context of the System Defence Plan, that the requirements set out in Article 12 (3)-(5) (of the NCER) on the TSO (ESO) and / or DSOs to notify, “by 18 December 2018”, Significant Grid Users in GB that are “connected to distribution systems of the measures which are to be implemented on their installations”<sup>24</sup> has still not been undertaken in GB.

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<sup>20</sup> See pages 35-36 of the SDP.

<sup>21</sup> <https://www.nationalgrideso.com/document/163746/download>

<sup>22</sup> The Workgroup member referred to here was the person on the GC0127 Workgroup from SSE Generation (namely Garth Graham, the respondent to this GC0143 consultation response)..

<sup>23</sup> Such as “Given the costs and timescales we believe would be incurred for smaller parties, it would appear disproportionate to ask them to i) modify their plants or ii) comply with the GB Grid Code process (and the additional requirements this entails) in order to comply with the NCER when it is not clear that this size of plant is essential to preventing a widespread disturbance” And “Focusing the application of NCER to only CUSC parties, i.e. those with contracts with National Grid Electricity System Operator Limited (NGESO), ensures there is a direct contractual link to these parties and the means by which to enact the Plans – via contractual instruction. Extending the application of NCER beyond this would require currently non-contracted parties to enter into contracts with NGESO, which would be a substantial administrative and time consuming process for all involved.”

<sup>24</sup> NCER Article 12 (4) and (5).



This Article 12 notification, by the TSO (ESO) or DSO(s) ensures that the Significant Grid Users in GB are aware that their (generation<sup>25</sup>) assets form part of the operational plan for emergency situations, and therefore that those assets are at risk of disconnection. The provision of that notification thus allows the relevant embedded generators to appropriately prepare for such an emergency circumstance.

Equally, by not being classified as a Significant Grid User, according to the System Defence Plan, and / or not receiving the requisite Article 12 (3)-(5) notification then any embedded generator in GB can take comfort in the knowledge that the system defence measures that the TSO (ESO) can invoke directly (or indirectly via the DSO) in an emergency do not extend to them.

This could have implications in terms of the GC0143 solution.

**Therefore, given:**

- (v) that the existing edition of the System Defence Plan, dated 20<sup>th</sup> December 2019, is still with the NRA for a decision;
- (vi) that the scope of System Defence Plan, in the context of generation connected at distribution, is limited to plant(s) with a CUSC contract with the ESO;
- (vii) the Authority's statement in the GC0127 decision letter (that it is not appropriate for the Grid Code to contradict the scope of the application of the System Defence Plan); and
- (viii) the statements<sup>26</sup> within the GC0143 proposal from the ESO that that change is just to *clarify* the existing Grid Code arrangements;

then it follows that the GC0143 amendment cannot '*clarify*' by extending the scope of what (embedded generation) parties the Grid Code / System Defence Plan extends to – as that would not be a mere '*clarification*'. Accordingly, GC0143 can only apply to embedded generation which falls within the Significant Grid User definition established in Appendix A of the System Defence Plan, namely only to those embedded generators with a CUSC contract and, as a result, the ESO (TSO) and DNOs (DSOs) when issuing or acting upon any Emergency Instruction, arising from the new paragraph (f) of BC2.9.3.3, will need to limit their disconnection actions to those embedded generators with a CUSC contract only."

[end].

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<sup>25</sup> In the context of GC0143, 'generation' is the relevant asset(s), but SGUs can include non-generation assets.

<sup>26</sup> See, for example, Section 3 of the GC0143 proposal - "*Currently in the Grid Code the ability of the ESO to make such instructions is ambiguous and would potentially leave DNOs in a position that they would feel exposed them to legal risk; therefore, the proposed changes seek to clarify these arrangements.*" [emphasis added]