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GC0147: Legal position on Clean Energy Package

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**Last resort disconnection of Embedded
Generation – enduring solution**

Relevant Extracts from Clean Energy Package

Art 13 para 7 of [Reg \(EU\) 2019/943](#) on the internal market for electricity states:

- *7. Where non-market based redispatching is used, it shall be subject to financial compensation 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.*

And again in art 13 on redispatching it says:

- *6. Where non-market-based downward redispatching is used, the following principles shall apply:*
- *(a) power-generating facilities using renewable energy sources shall only be subject to downward redispatching if no other alternative exists or if other solutions would result in significantly disproportionate costs or severe risks to network security;*
- *(b) electricity generated in a high-efficiency cogeneration process shall only be subject to downward redispatching if, other than downward redispatching of power-generating facilities using renewable energy sources, no other alternative exists or if other solutions would result in disproportionate costs or severe risks to network security;*

Redispatching is defined as follows:

- *(26) ‘redispatching’ means a 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;*

And associated with this:

- *(29) ‘central dispatching model’ means a scheduling and dispatching model where the generation schedules and consumption schedules as well as dispatching of power-generating facilities and demand facilities, in reference to dispatchable facilities, are determined by a transmission system operator within an integrated scheduling process;*

Is compensation for disconnection required by the CEP?

#1

Art 13(7) of the CEP sets out that financial compensation is required where non-market based redispatching is employed.

Arguably redispatching means a change in a generator's output and position in the market. It could be argued that redispatching does not cover disconnection as this is not consistent with adjusting a market position; also a unit being redispatched implies that it has also been dispatched.

Dispatching/redispatching are only possible in the case of dispatchable facilities and the definition of 'central dispatching model' is clear that this is where dispatching can be carried out by the transmission system operator. So it would appear that redispatching is not applicable to non-BM embedded generators, although there are some grey areas regarding BEGAs and BELLAs.

Is compensation for disconnection required by the CEP?

#2

The only exception under Art 13(7) of the CEP to having to provide compensation for non-market based redispatching is where the party being redispatched has “accepted a connection agreement under which there is no guarantee of firm delivery of energy”. This will be a question of fact.

Unpacking the points in this relating specifically to GB systems and practices:

- It refers to a “connection agreement”. In the context of EG this on normal reading would suggest the agreement that the EG has with the DNO (ie the agreement governing its connection to the distribution system). Could argue that where the ESO has an agreement (BELLA/BEGA) with EG it is nevertheless a “connection agreement”. Also that the connection agreements between the ESO and DNOs which often reference the non firmness of any export at GSPs are relevant.
- As the CEP assumes a connection agreement, to say that not having a connection agreement with the ESO equates to having a connection agreement with no guarantee of firm delivery seems a bit odd. So as a minimum this would depend (again in the GB context) on the arrangements that the EG has with its DNO and what firmness is given in these agreements, particularly with reference to events on the transmission system.
- Art 13(7) seems to assume you will have a connection agreement with the operator who is redispatching you so as above we would want to equate “connection agreement” to the BELLA/BEGA and DNO agreement with the ESO
- Firm delivery of energy – where a generator doesn’t have TEC there certainly isn’t firmness and in some cases (for example exporting GSPs/charging reforms etc) there is not even assumed access/use of the transmission system. Other areas such as ANM schemes, intertripping, caps and restrictions and technical limits all suggest that access is not a guarantee.

The conclusion would be that this is a grey area but that it is not clear that non-BM embedded generators have firm access rights unless these were conferred in the connection agreements held between the generator and the DNO and the DNO and ESO.

Does disconnection of all other generation have to be prioritized over measures affecting renewable generation/CHP?

Art 13(6) of the CEP similarly to 13(7) only applies in the case of non market based redispatching. On this basis it could be interpreted as not applying to non-BM embedded generators.

In addition, it specifies that redispatching of renewables/CHP is allowable where this is undertaken to avert 'severe risks to network security' which will be relevant to a last resort emergency situation.

Conclusion:

Prioritising keeping renewables/CHP on the system will be one of the considerations in an emergency but not the only one – and the main objective will be maintaining system security.

