

Grid Code Alternative Form

GC0147 Alternative 6:

Obligation on ESO to develop market mechanism if last resort solution is to be implemented (applying to WAGCM 2)

Overview: This alternative is a variation on Alternative WAGCM 2 (Compensation re-opener for Embedded Generators subject to emergency disconnection). It requires that the provision of a 'last resort' mechanism through GC0147 is only implemented when a relevant market mechanism (such as an enduring ODFM or something similar) has been agreed and implemented. If no such market mechanism is deemed necessary by the NGESO (and therefore not implemented), then the last resort measures (as defined by GC0147) cannot be implemented.

Proposer: Matthew Cullen, E.ON/npower

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What is the proposed alternative solution?

The proposed alternative solution will add the following clauses to the Original Proposal.

BC2.9.2.7 For the avoidance of doubt, in the case of BC2.9.1.2 (f) upon implementation of an **Emergency Instruction** by a **Network Operator** no arrangements for compensation apply. In the event that **Embedded Generation Control** is instructed by **The Company** in relation to more than one event in any 12-month period then **The Company** will refer this to the **Grid Code Review Panel** for their decision on whether compensation arrangements need to be progressed. Where such a decision is sought from the **Grid Code Review Panel** in response to a second event in a 12-month period, any resulting arrangements shall be considered for application to this and any subsequent events in that or a future 12-month period unless ruled otherwise by the **Authority**. The data associated with any such event will be communicated by the **Network Operators** implementing an **Embedded Generation Control** instruction as set out under OC6B.5.11 and will be retained by **The Company** until a final decision is made by the Grid Code Review Panel or **Authority**, as the case may be, on compensation arrangements.

OC6B.5.11 Where **Embedded Generation Control** is instructed by **The Company** on more than one occasion during a 12-month period, on the second and any subsequent occasion that it is instructed in that or any future 12-month period, each **Network Operator** will supply to **The Company**:

- a) an estimate of the **Active Power** output reduction achieved, in MW, at the time of implementation for each Power Station where **Embedded Generation Control** is implemented; and
- b) the time **Embedded Generation Control** is implemented
- c) the time when the **Network Operator** confirms to the **Generator** that they can resume normal operations.

This information shall be supplied within a week of implementing the **Embedded Generation Control Instruction**.

OCB6B.3.2.5 **The Company** shall only implement **Embedded Generation Control** (OCB6) if an appropriate commercial mechanism that will be employed before any **Embedded Generation Control** is undertaken has been agreed with industry and has been fully implemented. This mechanism must be open to all parties who would be impacted by any **Embedded Generation Control**.

By Commercial Mechanism, the above clause assumes something similar to the Optional Downward Flexibility Management service that was used in 2020.

What is the difference between this and the Original Proposal?

This Alternative is a variation on Alternative WAGCM 2 (Compensation re-opener for Embedded Generators subject to emergency disconnection)

Several members of the working group have expressed concern that NGESO appears to be putting more effort into putting in place 'last resort' measures than in developing an enduring commercial market akin to ODFM. Whilst we appreciate that early indications are that NGESO will not need a downward flexibility market in the foreseeable future, it seems counterintuitive to push forward on a 'last resort' modification which will also not be needed.

The only difference between this alternative and WAGCM 2 (Compensation re-opener for Embedded Generators subject to emergency disconnection). is to make implementation of the 'last resort' proposal contingent on a market mechanism having been put in place to procure downward flexibility. In the working group, Ofgem were very clear that they expect NGESO to exhaust all commercial options before a last resort measure can be implemented. This alternative makes this requirement part of the Grid Code.

What is the impact of this change?

The only impact of this change is to require NGESO to have developed and implemented a commercial market to procure downward flexibility before it can make use of any 'last resort' measures. As NGESO have stated that this would be their intention anyhow, it should not add any additional cost that would not have been needed and purely makes it a Grid Code requirement for NGESO to follow.

Proposer's Assessment against Grid Code Objectives	
Relevant Objective	Identified impact
(a) To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity	Positive/Negative/None: None
(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);	Positive/Negative/None: Positive
(c) Subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in	Positive/Negative/None: Positive

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	Positive/Negative/None: None
(e) To promote efficiency in the implementation and administration of the Grid Code arrangements	Positive/Negative/None: None

As with WAGCM 2 (Compensation re-opener for Embedded Generators subject to emergency disconnection)-, a 'last resort' solution lessens the risk of any impact on security of supply during very low demand periods and has a clear positive impact on objective (c).

By ensuring that NGESO have exhausted all commercial markets there is a positive impact on (b) in facilitating competition but since an emergency instruction is a last resort and it is hoped that it will never be used, so the impact to users will be very small.

When will this change take place?

Implementation date:

As per original

Implementation approach:

As per the original.

Acronyms, key terms and reference material

Acronym / key term	Meaning
ODFM	Optional Downward Flexibility Management
NGESO	National Grid Electricity System Operator