

**Code Administrator 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 1 March 2021**. 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 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 or WAGCM1- [See Below]

	7 better facilitates the Applicable Objectives?	
2	Do you support the proposed implementation approach?	If approved then we support the proposed implementation approach.
3	Do you have any other comments?	[See Below]

### Question 1 Do you believe that the GC0147 Original Proposal or WAGCM1-7 better facilitates the Applicable Objectives?

We set out in tabular form our voting for the eight options against each of the Applicable Objectives and Overall.

Original	<i>neutral</i>	<i>No</i>	<i>Yes</i>	<i>No</i>	<i>neutral</i>	<i>No</i>
WAGCM 1	<i>neutral</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>neutral</i>	<i>Yes</i>
WAGCM 2	<i>neutral</i>	<i>No</i>	<i>Yes</i>	<i>No</i>	<i>neutral</i>	<i>No</i>
WAGCM 3	<i>neutral</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>neutral</i>	<i>Yes</i>
WAGCM 4	<i>neutral</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>	<i>neutral</i>	<i>No</i>
WAGCM 5	<i>neutral</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>neutral</i>	<i>Yes</i>
WAGCM 6	<i>neutral</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>	<i>neutral</i>	<i>No</i>
WAGCM 7	<i>neutral</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>neutral</i>	<i>Yes</i>

In respect of Applicable Objectives (a) and (e) all eight options are neutral.

In respect of Applicable Objective (c) in our view the security of supply arguments that have been made for the Original proposal (and upon which the alternatives draw) shows each of the eight options are better.

Having made those points on those three Applicable Objectives we now turn to the other two Applicable Objectives and the overall situation for each of the eight options.

The **Original**, because it fails to address the EU legal requirements in respect of compensation to be paid according to Article 13, is neither better in terms of Applicable Objective (b) or (d) and overall these negative attributes outweigh the positive attributes in terms of (c).

**WAGCM 1** is an improvement on the Original in terms of the matter of compensation and therefore is better in terms of Applicable Objective (b) and (d) as well as overall.

**WAGCM 2**, because it fails to address the EU legal requirements in respect of compensation to be paid according to Article 13, is neither better in terms of Applicable Objective (b) or (d) and overall these negative attributes outweigh the positive attributes in terms of (c).

**WAGCM 3** is an improvement on the Original in terms of the matter of compensation and therefore is better in terms of Applicable Objective (b) and (d) as well as overall.

**WAGCM 4** (like those for 5, 6 and 7) takes the Original (and 1, 2 and 3) and provides greater certainty in terms of competition that means this option better meets the applicable objective (b). However, it fails to address the EU legal requirements in respect of compensation to be paid according to Article 13 and is therefore not better in terms of Applicable Objective (d) and overall the negative attribute outweigh the positive attributes in terms of (b) or (c).

**WAGCM5** (as noted under 4 above) shares some common attributes and provides greater certainty in terms of competition that means this option better meets the applicable objective (b). It builds upon WAGCM1 and is an improvement on the Original in terms of the matter of compensation and therefore is better in terms of Applicable Objective (b) and (d) as well as overall.

**WAGCM6** (as noted under 4 above) shares some common attributes and builds upon WAGCM2 and provides greater certainty in terms of competition that means this option better meets the applicable objective (b). However, it fails to address the EU legal requirements in respect of compensation to be paid according to Article 13 and is therefore not better in terms of Applicable Objective (d) and overall the negative attribute outweigh the positive attributes in terms of (b) or (c).

**WAGCM7** (as noted under 4 above) shares some common attributes and provides greater certainty in terms of competition that means this option better meets the applicable objective (b). It builds upon WAGCM3 and is an improvement on the Original in terms of the matter of compensation and therefore is better in terms of Applicable Objective (b) and (d) as well as overall.

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

**We wish to make three additional comments.**

**Firstly**, putting aside our views on the merits of GC0134, we note the ESO support last Friday (26th February 2021) at the GC0134 final Workgroup meeting for that proposal. The effect of GC0134, if approved, would be undermine the purported benefit of GC0147 as the legal text for GC0134 explicitly removes, from being a Defence Service Provider, any BM Participant whose power station site is below 10MW (or that is, in aggregated, up to 50MW) which is not required to have, due to GC0134, a 24/7 control point.

In the development of GC0147 the ESO (as proposer) has been clear on a number of occasions (as recorded in, for example, the Code Administrator Consultation<sup>1</sup>) that operators of smaller generation sites can overcome the lack of compensation (as the ESO sees it) arising from GC0147 by simply joining the BM – which is the ESO's preferred way forward.

However, this runs counter to the position of GC0134; and would clearly apply discriminatory treatment that GC0147 and GC0134, when combined (if both are approved), would introduce.

Taking the example that the ESO has itself identified as the justification for the need for GC0147 (the extremes of very low demand during the early morning – pre 8am - over weekends / Bank Holidays in spring/summer) and applying it to, say, two identical 2MW power stations; both connected at distribution, possibly close by to each other; then if one is a BM participating power plant and the other not then the BM participant would, according to GC0134, not be disconnected (as it could not be a Defence Service Provider) whilst the other, non BM participating plant would be disconnected if an event occurred, say, at 4am on a Sunday in May.

This undermines the argument that the ESO has made, in GC0147, to encourage parties to join the BM as this will enable the ESO, if it needs to disconnect them at time of system stress (which is what GC0147 is entirely predicated upon) as, with GC0134, this would not be the case as those small generators cannot be System Defence Providers according to the Emergency & Restoration Network Code by reference to the Grid Code.

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<sup>1</sup> There being 16 references to the BM (the Balancing Mechanism) within the consultation document.

**Secondly**, consideration needs to be given to the concerns set out in the email exchange with the GC0147 Workgroup and Ofgem in early December 2020:

“Ahead of the meeting on Thursday and in light of some of the consultation responses I think we’ll need to spend a few minutes on Thursday; in the context of Applicable Objective (d); considering the interaction of GC0147 in terms of ensuring its compliance with the Emergency & Restoration Network Code (in particular, Articles 11-22 and Articles 43-45 & 48).

As Ofgem noted (in their GC0125/0127/0128 decision letter from earlier this year <https://www.nationalgrideso.com/document/162761/download> ) the Emergency & Restoration Network Code:

**“...sets out rules relating to the management of the electricity transmission system in the emergency, blackout and restoration states. The main objective of these rules is to prevent the propagation or deterioration of an incident to avoid the system entering the blackout state as well to allow for the efficient and rapid restoration of the electricity system from the emergency or blackout states.”**  
[emphasis added]

As Ofgem went on to note in that letter:

**“The additional legal text in [GC0127] 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 will have to comply with the SDP/SRP.”**[emphasis added]

However, Ofgem rejected extending the scope, of the System Defence Plan, to non CUSC parties via a Grid Code modification in their decision letter when they stated that:

**“by requiring non-CUSC parties who are defence or restoration service providers to comply with the SDP and SRP, 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”** [emphasis added]

I’ve highlighted in yellow [above] the part of Ofgem’s decision letter that is directly applicable in terms of GC0147 as the proposed solution (with GC0147 Original) would; by allowing the DSO(s) to disconnect embedded generators, as a last resort in an emergency situation and after having exhausted all other available options; contradict the scope of the application of the System Defence Plan.

In terms of how the obligations in the System Defence Plan (which Ofgem refers to) are discharged in GB, these have been set out by NGESO in their System Defence Plan proposal (version 3 – having been sent back for amendment twice before by Ofgem) dated December 2019, which remains unchanged (and unapproved) since the Ofgem GC0125/0127/0128 decision.

The document can be found at:

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

I'm thinking, for example, of:

1. the area of prioritisation in Q13 in our consultation in terms of the 'High Priority SGU' listed in Appendix B' which is currently limited to:

*"Within GB, a High Priority Significant Grid User is classified as:*

*A Large Power Station connected directly to the National Electricity Transmission System: or*

*An Embedded Large Power Station For the purposes of this Appendix, Embedded and Large Power Station have the same definition as that defined in the Grid Code" [where a large power station is defined, in the Grid Code as 100MW and above in England & Wales, 30MW and above in southern Scotland and 10MW and above in northern Scotland]*

This would seem to preclude the TSO (NGESO) or the DSOs, for example, from applying the approach set out in ENA's joint ESO/DNO guidance (as this would directly contradict the SDP obligations).

2. the area of assurance and compliance testing which, notwithstanding the above, **if** GC0147 were to extend the scope of the SDP to non CUSC parties would (as set out in Section 6 of the SDP) mean that the requirements set out in Articles 43-45 & 48 of the Emergency & Restoration Network Code would then be applicable to those non CUSC parties.
3. those Significant Grid Users who, according to the ESO's SDP proposal, are the "*GB Parties within the scope of the System Defence Plan*" as set out in Appendix A.

As the information in the table on pages 23-32 details, this means that in the event of an emergency on the GB electricity system the TSO (NGESO) will take no measures affected non CUSC contracted parties be they, for example, new or existing generators (below the 'large' regional thresholds shown in (1) above) as, for example, is shown by the following statement by NGESO:

*"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."*

NGESO goes on to flag that *"this 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."*

However, it should be noted that no changes to the System Defence Plan (version 3) have been explicitly requested by Ofgem (as it has done twice before) and NGESO is unable itself to propose a change"

**Thirdly**, in respect of this last point ('NGESO is unable itself to propose a change') we would note that as at 1<sup>st</sup> March 2020 we have not yet seen any public consultation associated with any proposal concerning explicit changes to either (i) the terms and conditions for a defence service provider or (ii) the Significant Grid Users both of which are critical elements within the System Defence Plan (hence why they are mandated as being part of the Plan).

Notwithstanding that we are mindful that according to Article 4(7):

“7. If a TSO deems an amendment to the documents, approved in accordance with paragraph 3, to be necessary, the requirements provided for in paragraphs 2 to 5 shall apply to the proposed amendment” [emphasis added].

Given that the current proposal (dated 18<sup>th</sup> November 2019) from the TSO for the System Defence Plan (including (i) the terms and conditions for a defence service provider and (ii) the Significant Grid Users) has not been approved by the NRA it is not possible, according to Article 4(7), for the ESO submit a further additional proposal at this time to amend that current proposal – the TSO can only submit a new proposal to amend something that has been “approved”: approval has yet to be granted by the NRA for that current proposal but once the NRA has done so then the TSO is able to submit a proposal to amend the document approved by the NRA (which would be based on the current proposal).

[end]