

Modification proposal:	Connection and Use of System Code (“CUSC”) CMP326: Introducing a ‘Turbine Availability Factor’ for use in Frequency Response Capacity Calculation for Power Park Modules		
Decision:	The Authority ¹ directs that this modification be made ²		
Target audience:	National Grid Electricity System Owner (“NGESO”), Parties to the CUSC, the CUSC Panel and other interested parties		
Date of publication:	10 August 2021	Implementation date:	01 December 2022

Background

The provision of and payment for the service of Frequency Response referred to as ‘Mode A Frequency Response’³ is governed by the Mandatory Services Agreement (“MSA”) between the ESO and a power station. Holding payments⁴ for Primary, Secondary and High Frequency Response are calculated in accordance with the terms of the relevant MSA. The issue is that the current calculation method can overestimate the true response capability of Power Park Modules⁵ (“PPMs”) when some sites with turbines are unavailable for response, which may cause overpayments.

In addition, in accordance with Article 18 of the Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing,⁶ as amended by the Electricity Network Codes and Guidelines (Markets and Trading) (Amendment) (EU Exit) Regulations 2019

¹ References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ For the purposes of instructions and calculation of payments, the Mandatory Ancillary Service of Frequency Response shall be referred to as “Mode A Frequency Response”

⁴ A payment for the capability of unit to provide response.

⁵ ‘Power Park Module’ or ‘PPM’ means a unit or ensemble of units generating electricity, which is either non-synchronously connected to the network or connected through power electronics, and that also has a single connection point to a transmission system, distribution system including closed distribution system or HVDC

⁶ Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing, The EBGL Regulation, came into force on 18 December 2017. Accessible at the following address: <https://eur-lex.europa.eu/legalcontent/EN/TXT/?uri=CELEX%3A32017R2195>

(the EBGL Regulation),⁷ NGESO was required to develop a proposal regarding the terms and conditions (T&Cs) for balancing service providers (BSPs) and balance responsible parties (BRPs). On 8 October 2019,⁸ we published our decision to confirm, upon satisfaction of certain conditions, that the T&Cs proposed by the ESO are the T&Cs required by Article 18 of the EBGL Regulation. On 25 June 2020, all the necessary conditions were met, and the proposed T&Cs came into force in Great Britain.

The modification proposal

NGESO raised modification CMP326 on 25 October 2019 to introduce a cap on the Mega Watt ("MW") element in the holding payment calculation for Frequency Response provided by sites with PPMs. NGESO believe that this will provide more accurate response capability data and allow the NGESO's control room to make more efficient decisions in terms of which sites to instruct for Mandatory Frequency Response when balancing the system.

At the Workgroup Consultation stage, we note that stakeholders identified an issue relating to a potential mismatch between the response capability data that windfarms may hold and the Power Available signal.

We understand that the modification implementation date was extended to 1 December 2022 to address that concern and allow the issue to be resolved prior to the calculation change going live in the IT system.

NGESO proposes to calculate the MW value cap by using the Maximum Export Limit ("MEL"),⁹ divided by Registered Capacity which is then applied to the response value.

CUSC Panel¹⁰ recommendation

⁷ The UK SI amendment of the EBGL Regulation is accessible at:

https://assets.publishing.service.gov.uk/media/5c17d6b440f0b60c8d601a2c/ENC_Markets_and_Trading_SI.pdf

⁸ Our 8 October 2019 decision is accessible at: <https://www.ofgem.gov.uk/publications-and-updates/decisiontransmission-system-operators-proposal-terms-and-conditions-related-balancing>

⁹ The MEL was reclassified for Windfarms to only inform the ESO of the turbine availability. The definition of MEL for PPMs was modified by GC00633 and this definition was introduced into CUSC by CMP3144. In the case of a PPM, the MEL would equate to the Registered Capacity less the unavailable power park units power park units within the PPM and not include weather corrected MW output from each power park unit.

¹⁰ The CUSC Panel is established and constituted from time to time pursuant to and in accordance with section 8 of the CUSC.

At the CUSC Panel meeting on 28 May 2021, the CUSC Panel considered that CMP326 would better facilitate the CUSC objectives compared to the baseline. The Panel unanimously recommended its approval.

Our decision

We have considered the issues raised by the modification proposal and the final Modification Report (“FMR”) dated 10 June 2021. We note that the proposed legal text changes for CUSC modification CMP326 include changes which affect the T&Cs¹¹. We have considered and taken into account the responses to the industry consultation(s) on the modification proposal which are attached to the FMR¹² We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the CUSC;¹³ and
- directing that the modification be made is consistent with our principal objective and statutory duties.¹⁴

Reasons for our decision

We consider this modification proposal will better facilitate CUSC objectives (a) and (b) and has a neutral impact on the other applicable objectives.

(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence

The ESO has an obligation to operate a more economic and efficient transmission system¹⁵. We believe that CMP326 will enable the ESO to discharge this obligation more efficiently because it will ensure that Holding Payments made by the ESO in respect of Frequency Response for PPMs will reflect the number of turbines available in a given

¹¹ Mapping of EBGL Regulation Article 18 National Terms and Conditions requirements to the existing GB Electricity Market frameworks can be found at: <https://www.nationalgrideso.com/document/146936/download>

¹² CUSC modification proposals, modification reports and representations can be viewed on NGESO’s website at: <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc/modifications>

¹³ As set out in Standard Condition C10(1) of the Electricity Transmission Licence, see: <https://epr.ofgem.gov.uk//Content/Documents/Electricity%20transmission%20full%20set%20of%20consolidated%20standard%20licence%20conditions%20-%20Current%20Version.pdf>

¹⁴ The Authority’s statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

¹⁵ S.9(2)(a) of the Electricity Act 1989; Standard Condition C16 (Procurement and use of balancing services); and Standard Condition C28 (Functions for an efficient, co-ordinated, and economic system operator).

windfarm. This is more reflective of the true response capability of the site than the baseline, which could cause overpayments.

(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution, and purchase of electricity

We believe that CMP326 will properly reflect the number of turbines available for windfarms and better reflect the capability of the generator resulting in more cost reflective payments. Furthermore, we consider that the modification will help create a level playing field between providers with PPMs and those without and as a consequence, believe that CMP326 will better facilitate effective competition in the generation and supply of electricity compared to the baseline.

Therefore, we believe that CMP326 better facilitates applicable objectives (a) and (b).

Decision notice

In accordance with Standard Condition C10 of the Transmission Licence, the Authority, hereby directs that modification proposal CMP 326: Introducing a 'Turbine Availability Factor' for use in Frequency Response Capacity Calculation for PPMs be made.

Because of the above, we also approve the amendment to the T&Cs related to balancing resulting from the modification of Section 4.1.3.9 of the CUSC.

Alastair Owen

Senior Manager – Systems and Networks

Signed on behalf of the Authority and authorised for that purpose