

Modification proposal:	Grid Code (GC) GC0134: Removing the telephony requirements for small, distributed and aggregated market participants who are active in the Balancing Mechanism (GC0134)		
Decision:	The Authority ¹ directs ² that the proposed modification to the Grid Code be made		
Target audience:	National Grid Electricity System Operator (NGESO), the Grid Code Review Panel, Grid Code users and other interested parties		
Date of publication:	18 August 2021	Implementation date:	1 September 2021

Background

All active Balancing Mechanism (BM) participants are required to comply with certain parts of the Grid Code. This includes Grid Code Connection Condition CC.6.5 which requires participants to operate manned telephony 24 hours every day. The proposer of GC0134 considers this a barrier to entry to be active in the BM for smaller participants (less than 10MW). GC0134 seeks to address this by removing this requirement and replacing it with less onerous requirements for smaller BM participants.

The modification proposal

GC0134 was raised by Ecotricity Group Ltd (the proposer), a Connection and Use of System Code (CUSC) party, on 14 October 2019 in anticipation of the BM Wider Access.

CC.6.5 requires Users to have Control Telephony (for primary communication) and System Telephony (for secondary communication) communications with the Electricity National Control Centre (ENCC) at all times at a Control Point, which CC.7.9 requires be manned at all times. The System Telephony must use the Public Switched Telephony

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.

Network (PSTN) and must therefore be UK based. GC0134's Proposer considers this to incur sufficient cost to generators to act as a barrier to entry to BM participation for small generators.

GC0134 proposes to:

- Amend section CC.6.5 of the Grid Code such that System Telephony may use any appropriate public communications network including a mobile telephone or internet-based communication, rather than specifying use of the PSTN.
- Amend CC.7.9 of the Grid Code such that BM Participants with: (1) BM Units (BMUs) with Registered Capacity or Demand Capacity per site of less than 10MW, or (2) BMUs with aggregated Demand Capacity or aggregated Registered Capacity at the Control Point of less than 50MW; must only be available to respond to instructions from NGESO between 8am and 6pm each day (i.e. they are only required to have manned Telephony between 8am and 6pm each day).
BM Participants not required to have manned telephony 24 hours a day must adhere to existing requirements so that should there be an electronic data communications outage, and telephony is not manned, they must adhere to the most recent Physical Notification.

The Proposer considers GC0134 to better facilitate Grid Code Objectives (i)³, (ii)⁴ and (iii)⁵ as it removes a perceived barrier to entry to the BM and should therefore increase BM participation increasing the Electricity National Control Centre increased visibility and control of generation. They also consider that the increase in BM participation will more than offset the risks associated with reduced control of applicable generators and potential negative effect on BM competition by introducing different obligations to applicable participants.

The Code Administrator Consultation ending on 7 June 2021 received five responses. Four of the responses considered that GC0134 better facilitates Grid Code Objectives (i), (ii) and (iii). One respondent did not consider there to be a Grid Code deficiency as telephony requirements could be outsourced and are therefore unlikely to create a barrier to entry to the BM.

³ Grid Code Objective (i); to permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity.

⁴ Grid Code Objective (ii); to facilitate 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).

⁵ Grid Code Objective (iii) 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.

Grid Code Review Panel recommendation

The Grid Code Review Panel (GCRP) by majority recommend that GC0134 better facilitates Grid Code Objectives (i), (ii) and (iii). They considered GC0134 to strike the right balance between increasing BM participation and the security of the system. They acknowledged NGENSO confirmation that the proposal will not have a detrimental impact on system security as the number of sites within the thresholds considered are low. They also acknowledged that the thresholds are to be reviewed regularly to ensure there are no impacts on system security should the number of eligible BM participants change in the future.

One GCRP member voted that GC0134 should not be implemented considering it does not better facilitate Grid Code Objective (iii). They considered that the increased visibility of potential new BM participants does not outweigh the risk of unresponsive sites outside of the required telephony times if other electronic data communications fail. They also considered it likely that the number of BM participants within the threshold for not requiring 24 hours a day manned telephony would increase over time.

Our decision

We have considered the issues raised by the modification proposal and in the Final Modification Report (FMR) dated 6 July 2021. We have considered and taken into account the responses to the industry consultation on the modification proposal which are included in the FMR⁶. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the Grid Code;⁷ and
- approving the modification is consistent with our principal objective and statutory duties.⁸

⁶ Grid Code proposals, final reports and representations can be viewed on NGENSO's website at: <https://www.nationalgrideso.com/industry-information/codes/grid-code/modifications>

⁷ As set out in Standard Condition C14(1)(b) of the Electricity Transmission Licence, available at: <https://epr.ofgem.gov.uk/>

⁸ The Authority's statutory duties are wider than matters which the Grid Code Panel Review must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

Reasons for our decision

We consider this modification proposal will better facilitate Grid Code objectives (i) and (ii) with a neutral impact on the remaining objectives (i.e. (iii), (iv)⁹ and (v))¹⁰.

(i) to permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity

GC0134 aims to increase BM participation by removing the requirement for small generators (less than 10MW per site) or small aggregators (less than 50MW per Control Point) to have manned telephony 24 hours a day, requiring that they have manned telephony between 8am and 6pm each day only. Any increase in BM participation gives the ENCC visibility and control of a generator it was previously not contracted with. We consider that this outweighs the risks posed by the potential for certain BM participants who are unreachable during an outage of the usual communications route (the mandatory electronic data communications systems for the BM) outside of the hours between 8am and 6pm.

We consider GC0134 will increase system operability and co-ordination by increasing the overall generation that the ENCC has visibility and control of, whilst adequately mitigating the risks posed by potential unreachable sites under certain unlikely conditions. We therefore consider GC0134 to better facilitate this Grid Code objective.

(ii) to facilitate 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)

We note that Article 41 of the EU Emergency and Restoration Network Code (E&R Network Code) requires Restoration Service Providers to have *'a voice communication system in place with sufficient equipment redundancy and backup power supply sources to allow the exchange of the information needed for the restoration plan for at least 24 hours, in case of total absence of external electrical energy supply or in case of failure of*

⁹ Grid Code Objective (iv); 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.

¹⁰ Grid Code Objective (v); to promote efficiency in the implementation and administration of the Grid Code arrangements.

any individual voice communication system equipment'. BM Participants without a manned Control Point are therefore unable to provide such services. The changes proposed under GC0134 recognise and account for this. Whilst this may prohibit the provision of such services for certain BM participants, we consider this is outweighed by the increased competition in the BM facilitated by GC0134.

We therefore consider GC0134 to better facilitate this Grid Code objective.

(iii) 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

We note that several GCRP members considered that GC0134 better facilitates this Grid Code objective. We consider the impact of the modification on this objective to be neutral. This is because NGESO has confirmed that the total capacity of all current BM sites eligible for reduced telephony poses no risk to ensuring that system frequency remains within operational limits. Furthermore, whilst it is acknowledged that this total capacity may increase in the future, NGESO will regularly review (at least every two years) the impacts of this modification and raise a Grid Code modification to amend the thresholds as required.

We consider GC0134 to appropriately limit the low risk of certain unreachable BM Participants outside of the hours between 8am and 6pm during an outage of the usual communications route (the mandatory electronic data communications systems for the BM). We therefore consider GC0134 to have a neutral impact on this Grid Code objective.

Decision notice

In accordance with Standard Condition C14 of the Transmission Licence, the Authority hereby directs that Grid Code modification proposal GC0134: *'Removing the telephony requirements for small, distributed and aggregated market participants who are active in the Balancing Mechanism'* be made.

Martin Queen

Principal Engineer, Analysis and Assurance

Signed on behalf of the Authority and authorised for that purpose