

Code Administrator Consultation Response Proforma**GC0160: Grid Code Changes for BSC Mod P448: "Protecting Generators subject to Firm Load Shedding during a Gas Supply Emergency from excessive Imbalance Charges"**

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 by **5pm** on **18 November 2022**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact Milly Lewis Milly.Lewis@nationalgrideso.com or grid.code@nationalgrideso.com

If you would like more information on the BSC Modification P448 or would like to respond to the P448 Consultation, please click [here](#).

Respondent details	Please enter your details
Respondent name:	Christian Parsons
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I wish my response to be:

(Please mark the relevant box)

☒ Non-Confidential☐ Confidential

Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

For reference the Applicable Grid Code Objectives are:

- To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity*
- 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);*
- 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;*
- 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*
- To promote efficiency in the implementation and administration of the Grid Code arrangements*

For reference, (for consultation questions 4 & 5) the Electricity Balancing Regulation (EBR) Article 3 Objectives and regulatory aspects are:

- a) *fostering effective competition, non-discrimination and transparency in balancing markets;*
- b) *enhancing efficiency of balancing as well as efficiency of national balancing markets;*
- c) *integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;*
- d) *contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;*
- e) *ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;*
- f) *facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;*
- g) *facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.*

What is the EBR?

The Electricity Balancing Regulation (EBR) is a European Network Code introduced by the Third Energy Package European legislation in late 2017.

The EBR regulation lays down the rules for the integration of balancing markets in Europe, with the objectives of enhancing Europe's security of supply. The EBR aims to do this through harmonisation of electricity balancing rules and facilitating the exchange of balancing resources between European Transmission System Operators (TSOs). Article 18 of the EBR states that TSOs such as the ESO should have terms and conditions developed for balancing services, which are submitted and approved by Ofgem.

Please express your views in the right-hand side of the table below, including your rationale.

Standard Code Administrator Consultation questions

1	Do you believe that the Original Proposal better facilitates the Applicable Objectives?	Mark the Objectives which you believe the Original solution better facilitates:
		Original <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		<p>We believe this is better for objective a, as it helps maintain solvency of generators which allows the ESO to have all tools available at its disposal following the gas supply emergency.</p> <p>We believe it improves objective b & c because it ensures the generators are solvent following the Gas Supply emergency, which in turn maintains future competition.</p>
2	Do you support the proposed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

	implementation approach?	
		<p>See answer to question 4.</p> <p>We have also noted in the P448 response that NGESO does agree with the implementation approach however the process for BOA insertion data in order to meet the II settlement run needs to be further assessed between NGESO and Elexon to ensure that the generator insolvency risk is mitigated, and the potential additional resource required to facilitate this process is manageable in the timeframes required.</p>
3	Do you have any other comments?	It is ESO's understanding that Generators will mitigate their losses in line with general commercial principles by using reasonable endeavours to trade out their existing contracted position, and in accordance with Good Industry Practice. This understanding has been communicated to OFGEM
4	Do you agree with the Workgroup's assessment that GC0160 does impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Grid Code?	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Upon further review, NGESO's position is that changes to the GC proposed by GC0160 impact Regulated Sections of the Code, as defined therein. This includes provisions pertaining to Article 18 terms and conditions as outlined in Annex GR.B of the GC's Governance Rules. Therefore, NGESO agrees with the WG's assessment that GC0160 impacts the EBR Article 18 terms and conditions held within the GC.</p>
5	Do you have any comments on the impact of GC0160 on the EBR Objectives?	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NGESO considers that aspects of EBR objectives a, b, c, d, e are relevant. For example, this Mod will contribute to operational security as it mitigates generator insolvency risk.</p>