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GC0154: Incorporation of interconnector ramping requirements into the Grid Code as per SOGL Article 119

NeuConnect is a new 1.4GW interconnector that will create the first direct link between the UK and German energy markets. The £2.4bn project reached Financial Close last summer, with the UK and German Governments highlighting it as a “*groundbreaking project that underpins our ever-increasing energy cooperation*”.

NeuConnect has been an active participant in the GC0154 workgroup on the above topic and subject of this consultation. As such, the views in this letter and consultation response are a high-level summary of the points raised in that workgroup, and those raised as part of the previous Workgroup Consultation in August 2023.

NeuConnect has responded to the consultation questions individually, however we would like to raise the following summary concerns over the implementation of the Original Proposal, and to reiterate the benefits of implementing the alternative proposal known as WA(G)CM1.

1. The AFRY report identified some shortcomings in the original CBA, particularly regarding the significance of the financial benefits of implementing the Original Proposal. This was due to assumptions taken around simultaneous ramping, future changes to reserve and response products, potential for reduced balancing volumes and the change of market costs throughout the 2020s. We believe it is critical that these factors are explored further, and that a comprehensive and transparent impact assessment is undertaken before decisions are taken on changing ramp rates.
2. The AFRY report also highlights an impact on the flexibility of the system as a whole, by restricting the ramping potential of some of the fastest responding assets. As the power system moves towards net-zero such flexibility is ever more important to manage intermittent generation by reacting to real-time changes in the system.
3. The Original Proposal does not appear to meet the expectations of Ofgem in their original request. The request was to provide clarity and transparency within the Grid Code of the status quo with the expectation of no major change, and only the WA(G)CM1 solution meets this criteria fully.

4. The level of EU TSO and wider stakeholder engagement is not considered sufficient and would benefit from further engagement with the affected parties, to avoid the divergence of approaches and solutions which may have long-term negative consequences for both markets.

We reiterate that NeuConnect remains committed to assisting in this area, and in supporting ESO in defining the future operational requirements for cross-border interconnectors and HVDC assets, to arrive at the best possible solution for the industry as a whole.

Please feel free to reach out if you have any questions.

Best regards,

Andy Paton

Chief Operating Officer
NeuConnect

Code Administrator Consultation Response Proforma**GC0154: Incorporation of interconnector ramping requirements into the Grid Code as per SOGL Article 119**

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 **07 November 2023**. 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 catia.gomes@nationalgrideso.com or grid.code@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Andy Paton	
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Which best describes your organisation?	<div><input type="checkbox"/> Consumer body</div> <div><input type="checkbox"/> Demand</div> <div><input type="checkbox"/> Distribution Network Operator</div> <div><input type="checkbox"/> Generator</div> <div><input type="checkbox"/> Industry body</div> <div><input checked="" type="checkbox"/> Interconnector</div> <div><input type="checkbox"/> Storage</div> <div><input type="checkbox"/> Supplier</div> <div><input type="checkbox"/> System Operator</div> <div><input type="checkbox"/> Transmission Owner</div> <div><input type="checkbox"/> Virtual Lead Party</div> <div><input type="checkbox"/> Other</div>	

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);*

- 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*

For reference, (for consultation questions 5 & 6) 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	Please provide your assessment for the	Mark the Objectives which you believe the proposed solution(s) better facilitates:
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	proposed solution(s) against the Applicable Objectives?	Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WA(G)CM1	<input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> D <input checked="" type="checkbox"/> E
		In line with our response to the previous workgroup consultation, we view WA(G)CM1 as the approach that best meets the applicable objectives. It preserves the existing arrangements and satisfies the original SOGL compliance requirement. In line with the AFRY report we believe that an efficient and economical system includes the flexibility that interconnectors can provide when able to respond to fast-changing system conditions appropriately.	
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input checked="" type="checkbox"/> WA(G)CM1	
		In line with our response to the previous workgroup consultation, we view WA(G)CM1 as the preferred solution.	
3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		In line with our response to the previous workgroup consultation, we consider any implementation of the Original Proposal would result in potentially deteriorating consequences and risk materialisations in a number of areas, as outlined in this and previous responses.	
4	Do you have any other comments?	Click or tap here to enter text.	
5	Do you agree with the Workgroup's assessment that GC0154 does impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Grid Code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		Click or tap here to enter text.	
6	Do you have any comments on the impact of GC0154 on the EBR Objectives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		The integration of balancing markets, the efficient long-term operation and development of the electricity transmission system and electricity sector, and the facilitating of renewable energy sources to support the	

	<p>achievement of the targets required, both in the GB and wider European markets may all be affected by the changes proposed by GC0154, if the ramping speed is adjusted (the Original Proposal). It is critical therefore that the impact is considered not just on ESO and GB stakeholders, but the EU TSOs and stakeholders on the other side of each interconnector. The workgroup has not had sufficient feedback from the EU TSOs, and therefore does not adequately consider the impact (financially, and to secure system operation) on them. We continue to recommend that further work is done to assess these impacts through direct interaction with the EU TSOs, in particular the ENTSO-E System Operation Committee sub-group concerned with synchronous area interactions.</p> <p>In line with our previous workgroup consultation response, we remain concerned that isolated and unilateral movement by the ESO in GB would encourage reciprocal behaviour from the EU member states and their respective TSOs. This could lead to a broader scale degenerative situation, which is against the direction of travel that would be advantageous to the whole industry, and may impede the progress on implementing key aspects of the EU-UK Trade and Cooperation Agreement in the future.</p>
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