

Network Code on Emergency and Restoration (“NCER”)

1. Question for consideration

Does Commission Regulation 2017/2196 establishing a network code on electricity emergency and restoration (**NCER**) (which will be implemented in GB through Grid Code modifications GC0127 and GC0128) permit the exclusion of certain parties (e.g. small generators) from the obligations within this Regulation?

2. Intent of the NCER

As per Article 1, the purpose behind NCER is to ensure Member States have systems and processes in place to safeguard operational security, prevent the propagation or deterioration of an incident to avoid a widespread disturbance and a blackout state and to ensure for the efficient and rapid restoration of the electricity system following an emergency or blackout state.

Throughout the NCER there are also references to the need to ensure that requirements are the most economic and efficient to achieve the intended purpose. In particular, the requirement for Member States to focus on highest overall efficiency and lowest total costs for all parties involved when applying NCER¹ and for included measures to have a minimal impact and be economically efficient².

3. The proposed approach

The approach proposed in the System Defence and System Restoration Plans (**Plans**) (and complemented through Grid Code modifications GC0127 and GC0128) to capture parties who have to satisfy Grid Code requirements only (essentially CUSC parties) does appear to reflect the spirit of NCER. In particular:

- Given the costs and timescales we believe would be incurred for smaller parties, it would appear disproportionate to ask them to i) modify their plants or ii) comply with the GB Grid Code process (and the additional requirements this entails) in order to comply with the NCER when it is not clear that this size of plant is essential to preventing a widespread disturbance or blackout or vital to enabling quick restoration in such circumstances. It is also noted that in the longer term the Grid Code modification GC0117 (which seeks to improve transparency and consistency of access arrangements across GB by the creation of a pan-GB commonality of Power Generating Module requirements) could achieve the same objective, and therefore might be a better approach to achieving this objective whilst enabling the NCER to be implemented within GB in a timely manner.
- Focusing the application of NCER to only CUSC parties, i.e. those with contracts with National Grid Electricity System Operator Limited (**NGESO**), ensures there is a direct contractual link to these parties and the means by which to enact the Plans – via contractual instruction. Extending the application of NCER beyond this would require currently non-contracted parties

¹ Article 4(1)(c)

² Article 11(6)

to enter into contracts with NGESO, which would be a substantial administrative and time consuming process for all involved.

In our view, provided the proposed approach captures the policy intent behind the NCER, there is an element of flexibility given to Member States regarding their interpretation and implementation of NCER. We believe that the current proposal does reflect the NCER policy intent and is the most economic and efficient solution. A similar approach to interpretation was taken on the code mods for implementation of the System Operator Guideline (Regulation (EU) 2017/1485) through Grid Code Modification GC0106.

We would note that the current interpretation proposed appears sound based on how the network is currently run and the type of generation on the system. As the system develops and evolves, and if the Regulation continues to be applicable, we would recommend a regular review to ensure that the requirements in the Plans and Grid Code continue to reflect the ability to prevent black outs and ensure a quick restoration time. We are aware that Grid Code modification GC0117 already has an established workgroup (following the issues of GC0106) and could be a more efficient way of introducing these arrangements to a wider audience on the basis that the lower thresholds proposed are taken forward.

4. Risk of challenge

We understand that one of the main concerns with the proposed approach is the risk of judicial review challenge, as we have seen in the capacity market. We believe this risk is low as we consider we are working to the intent of NCER, ensuring avoidance of black outs and quick restoration times in the most economic and efficient way. Should we not proceed with the current proposal, the greater risk may be the smaller plant owners challenging the decision to require them to make these changes at significant cost and minimal benefit to GB and European system more generally.

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