

Grid Code Administrator Consultation Response Proforma

GC0143: 'Last resort disconnection of Embedded Generation'

Industry parties are invited to respond to this Code Administrator Consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **17:00** on **5 May 2020** to grid.code@nationalgrideso.com. Please note that any responses received after the deadline or sent to a different email address may not be included within the Final Modification Report to the Authority.

Any queries on the content of the consultation should be addressed to Nisar Ahmed at christine.brown1@nationalgrideso.com

These responses will be included within the Draft Grid Code Modification Report to the Grid Code Panel and within the Final Grid Code Modification Report to the Authority.

Respondent:	<i>Lee Stone</i> Lee.stone@eonenergy.com 07971-474426
Company Name:	<i>E.on</i>
Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries)	<i>For reference, the Applicable Grid Code objectives are:</i> (a) To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity (b) 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

	<p>binding decisions of the European Commission and/or the Agency; and</p> <p>(e) To promote efficiency in the implementation and administration of the Grid Code arrangements.</p>
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Code Administrator Consultation questions

Q	Question	Response
1	Do you believe GC0143 better facilitates the Grid Code Objectives? Please include your reasoning.	We believe GC0143 has a negative impact on applicable Grid Code objectives 'b'.
2	Do you support the proposed implementation approach?	No, please see comments below.

3	<p>Do you have any other comments in relation to GC0143?</p>	<p>E.on fully support the notion that action needs to be taken to prevent a blackout or other security of supply issues due to a significant downturn in national demand at this time. We also support the principle that NGESO may need to seek the disconnection of embedded generation as a last resort in the short term. Whilst we appreciate the ambition that this modification is aiming to achieve on a short timetable, we do not feel we can support the implementation of this modification for several reasons:</p> <ol style="list-style-type: none"> 1. We believe that the lack of financial remuneration to non-BM generators that could be called on to disconnect creates a significant distortion between generators who do participate in the BM and those that do not. The proposal does not seek to facilitate any financial compensation for embedded generators not participating in the BM who would be subject to curtailment through DNO disconnections, whereas generators participating the BM would be recompensed. 2. We are concerned that the proposed solution would have a significantly greater impact on low carbon embedded generation that does not participate in the BM should they be disconnected. This is because many low carbon generators are accredited renewable generating stations who are eligible for Renewable Obligation Certificates (ROCs) or participate in the Renewable Energy Guarantees of Origin (REGO) scheme. <p>As the current wholesale market conditions have seen a reduction in the £/MWh value we believe accredited renewable generating stations have an increasing reliance on revenue generated through ROC/REGO schemes to supplement their income. As such the unexpected requirement to disconnect from the DNO may have the unintended consequence of removing the ability of that generator to produce cleaner renewable energy in the</p>
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		<p>short term, impacting revenue and available renewable energy sources for the system.</p> <p>3. We believe that certain renewable generators have carbon emissions permits set which may be breached should the DNO disconnect, for example a CHP forced disconnect may have to heat boilers using fossil fuel to heat there boilers in order to maintain heat supply whilst the CHP is taken offline.</p> <p>4. It is unclear how NGESO would request a DNO disconnect an embedded generator, as we do not believe NGESO has any visibility of generation stations that do not have either a commercial arrangement with NGESO or are not in the BM. As such we believe the DNO will be required to choose which generation station should be disconnected, How a DNO would prioritise which embedded generator should be disconnected does not appear to have been considered as part of the solution.</p> <p>For example, we understand that NGESO would prioritise keeping renewable generation connected to the system should they need to call on a BM participating generator to reduce its outputs. However, a DNO may choose to disconnect a renewable generator without considering or whether they are disconnecting a renewable energy source over a traditional fossil fuel generator.</p> <p>5. We believe that individual suppliers imbalance positions will be impacted because of embedded generators being instructed to disconnect as a last resort action. This is because non-BM embedded generation volumes will form part of a suppliers base BMU IDs exports so will have been expected to produce electricity that does not materialise. This is likely to leave that suppliers imbalance position short and attract imbalance charges which could lead to the embedded generator incurring additional charges dependent on</p>
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		<p>its contractual terms with its supplier. Whilst we recognise this is a matter for the Balancing & Settlement code (BSC) We feel that this has been compounded as Elexon's investigations have concluded that they <u>will not</u> recommend that the BSC Panel raise an urgent modification to the BSC as it is not clear that there is a single solution that would facilitate the Applicable BSC Objectives.</p> <p>6. We note that NGESO will also take actions outside of the BM where it holds a commercial relationship with an embedded generator before calling on DNO disconnections. However, we are unclear what type of arrangements constitutes a commercial relationship with NGESO that would meet these criteria. For example, would an embedded generator with a BEGA/BELLA be called on to curtail generation by NGESO?</p> <p>7. We are concerned with how sites required to curtail would be notified, as we understand some connections may have remote disconnection capabilities which DNO's can utilize based on the connection agreements they hold with embedded generators. Other connections may be more reliant on phone calls or email to embedded generators. This may make the solution inefficient as the ability to act in a timely manner as required is questionable.</p> <p>8. We welcome the inclusion of the sunset clause (25th October 2020), as we feel that any solution implemented in the short term must only aim to facilitate security of supply issues that may arise both during, and whilst coming out of the COVID-19 lockdown measures. However, we are concerned that this modification (if implemented) will set a precedent that unduly favours generators participating in the BM in its current form.</p>
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Q	Question	Response
		<p>In summary we would support a modification in the longer term that considers compensating embedded generators for the loss of applicable revenues that does not discriminate based on the route to market a generator has chosen.</p> <p>Furthermore, we believe these developments are particularly important to take forward for generators which are supporting the UK to meet its net zero ambitions.</p> <p>To achieve this, we feel that this needs to be carefully considered and developed with an appropriate timetable, with wider engagement across all impacted industry parties.</p>