

Code Administrator Consultation Response Proforma**GC0147: Last resort disconnection of Embedded Generation, enduring solution**

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 1 March 2021**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

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

Respondent details	Please enter your details
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For reference the Applicable Grid Code Objectives are:

- 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 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*

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

Standard Workgroup Consultation questions		
1	Do you believe that the GC0147 Original Proposal or WAGCM1-	We have not changed our view since the Workgroup consultation and subsequent vote of our representative within the Workgroup. We have attached this response again here as we have

<p>7 better facilitates the Applicable Objectives?</p>	<p>specific concerns on how GC0147 if used could impact our landfill gas generation business. In summary clarity on how disconnection would be enacted is welcome and necessary, but this needs to be accompanied by adequate compensation if it is ever used and take account of the consequences of disconnection of different types of generation.</p> <p>It remains our view that use of this emergency disconnection option should not be ever necessary if appropriate commercial arrangements are in place that provide bilaterally agreed terms for embedded generation reduction in low demand periods. This alternative managed option would intrinsically deal with all of the identified issues that arise from emergency disconnection.</p> <p>Infinis therefore voted for WAGCM5 as the only option that delivers against all the Grid Code objectives.</p> <p>There is unfortunately an error in the tables reproduced on pp20-21 of the Code Admin consultation document (the “ConDoc”), flowing from the same error in the Workgroup vote record Annex 6 p13 and reproduction in the final Workgroup report pp22-23.</p> <p>In these tables Infinis is recorded as voting for WAGCM1 as the best option. However the detailed voting record in Annex 6 and accompanying voting statement justification clearly shows Infinis voting for WAGCM5.</p> <p>In the context of the Workgroup voting this is a crucial misrepresentation and we apologise for not picking this up at an earlier stage.</p> <p>There is a clear split in voting between (i) the ESO, who think GC0147 can and should be implemented without any compensation arrangements for embedded generation being necessary or in place, (ii) the DNOs, whose representatives unanimously voted for the option which deferred consideration of compensation unless or until the option was actually used, and (iii) the rest of industry whose Workgroup members represent the full cross section of network users, and who unanimously believe that compensation is required, with the only differences being whether commercial arrangements should be in place prior to GC0147 being enacted.</p>
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	<p>The premise behind GC0147 and the priority which the ESO has afforded it over development of commercial arrangements demonstrates a low regard for system users and especially those without a direct connection.</p> <p>GC0147 was raised on 20 July 2020. As part of the Workgroup process the ESO produced the Annex 3 review of the ODFM service in Summer 2020 stating its “desire to move [ODFM] to other markets” (slide 2), and concluding “This learning will be progressed as part of our reserve reform activities which we will actively consult with industry on with our focus being on preparing for next summer when our need for downward flexibility is greatest.” (slide 7).</p> <p>We are concerned that the “active consultation” on the re-introduction of ODFM is only being initiated now in February 2021 and with limited ambition on the basis that it is not considered an enduring solution.</p> <p>On p11 of the ConDoc it is recorded that the “proposer noted that any compensation arrangements would have to include a way of the ESO funding this, rather than it being a liability to be paid from the ESO’s bottom line.” If the use of the GC0147 option is as unlikely as the ESO have indicated it is not clear why the ESO should not be liable and why that would not be an effective means of incentivising the roll out of commercial solutions and ensuring emergency disconnection is indeed an ultimate sanction but which is never required in practice.</p> <p>The Infinis vote for WAGCM5 therefore results from our view that the establishment of these alternatives should be seen (and have been seen) as a priority above GC0147.</p> <p>We have a concern that reliance on the Clean Energy Package Article 13(7) is not an appropriate basis for compensation, and the principle of appropriate compensation should be established regardless of the applicability of this Article. For our landfill gas generation business the cost of an emergency disconnection is difficult to quantify in advance. Not only may it lead to environmental and safety consequences directly, but there may be consequent material delay in bringing back generation disconnected in such an unplanned</p>
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		<p>sudden way. This is in very marked contrast to other renewable sources such as wind and solar generation, where it is easier to see that generation from these sources should be able to be reinstated much more rapidly and safely.</p>
2	Do you support the proposed implementation approach?	<p>By supporting WAGCM5 we are clear that alternative commercial arrangements to deal with excessive renewable generation commercially and in a bilaterally agreed controlled way should be in place before GC0147 is introduced or could be used. We therefore do not support the implementation approach within the Original Proposal or WAGCMs 1&2 and we have expressed our concern about reliance on the legal applicability of the Clean Energy Package which underpins the compensation arrangements in WAGCM3.</p> <p>In regard to how GC0147 would be operationally implemented, we would highlight our position expressed previously in Workgroup consultation related to the specific issues of our business and the impact a GC0147 disconnection could have.</p>
3	Do you have any other comments?	<p>Government policy is to encourage and provide direct incentives to bring forward more intermittent renewable generation as a key part of the pathway towards Net Zero. This runs in parallel with measures that encourage energy efficiency i.e. reduce overall demand.</p> <p>It is an obvious consequence of this that times when renewable generation exceeds natural demand are going to increase further into the future in frequency, duration and magnitude.</p> <p>In running its currently live Call for Evidence: “Enabling a High Renewable, Net Zero Electricity System”, BEIS is seeking input to seek, encourage and implement commercial market solutions that address the problem which leads to GC0147 being seen by the ESO as necessary.</p> <p>Such solutions are already available and are coming forward that will manage this mismatch. These include storage, demand side flexibility and new processes such as hydrogen production which can use cheap (or even negative market price) excess</p>

		renewable energy in constructive commercially remunerative and therefore attractive business ways, leading to sustainable employment and energy security at lowest system cost.
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