

Grid Code Alternative Form

GC0147 Alternative 5:

Obligation on ESO to develop market mechanism if last resort solution is to be implemented (applying to WAGCM 1)

Overview: This alternative is a variation on Alternative WAGCM 1 (Compensation for Embedded Generators subject to emergency disconnection). It requires that the provision of a 'last resort' mechanism through GC0147 is only implemented when a relevant market mechanism (such as an enduring ODFM or something similar) has been agreed and implemented. If no such market mechanism is deemed necessary by the NGESO (and therefore not implemented), then the last resort measures (as defined by GC0147) cannot be implemented.

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What is the proposed alternative solution?

The proposed alternative solution will add the following clauses to the Original Proposal.

BC2.9.2.7 In the case of BC2.9.1.2 (f), upon implementation of an **Emergency Instruction** by a **Network Operator** to carry out **Embedded Generation Control** the relevant provisions of the **DCUSA** and **CUSC** relating to compensation to an **Embedded Power Station** subject to such **Embedded Generation Control** shall apply. The data associated with any such event will be communicated to **The Company** by the **Network Operators** implementing an **Embedded Generation Control** instruction as set out under OC6B.5.11 and will be retained by **The Company** until any such compensation arrangements have been fulfilled.

OC6B.5.11 Each **Network Operator** will supply to **The Company**:

- a) an estimate of the **Active Power** output reduction achieved, in MW, at the time of implementation for each Power Station where **Embedded Generation Control** is implemented; and
- b) the time **Embedded Generation Control** is implemented
- c) the time when the **Network Operator** confirms to the **Generator** that they can resume normal operations.

This information shall be supplied within a week of implementing the **Embedded Generation Control Instruction**.

OCB6B.3.2.5 **The Company** shall only implement **Embedded Generation Control** (OCB6) if an appropriate commercial mechanism that will be employed before any **Embedded Generation Control** is undertaken has been agreed with industry and has been fully implemented. This mechanism must be open to all parties who would be impacted by any **Embedded Generation Control**.

By Commercial Mechanism, the above clause assumes something similar to the Optional Downward Flexibility Management service that was used in 2020.

What is the difference between this and the Original Proposal?

This Alternative is a variation on Alternative WAGCM 1 (Compensation for Embedded Generators subject to emergency disconnection).

Several members of the working group have expressed concern that NGESO appears to be putting more effort into putting in place 'last resort' measures than in developing an enduring commercial market akin to ODFM. Whilst we appreciate that early indications are that NGESO will not need a downward flexibility market in the foreseeable future, it seems counterintuitive to push forward on a 'last resort' modification which will also not be needed.

The only difference between this alternative and WAGCM 1 (Compensation for Embedded Generators subject to emergency disconnection) is to make implementation of the 'last resort' proposal contingent on a market mechanism having been put in place to procure downward flexibility. In the working group, Ofgem were very clear that they expect NGESO to exhaust all commercial options before a last resort measure can be implemented. This alternative makes this requirement part of the Grid Code.

What is the impact of this change?

The only impact of this change is to require NGESO to have developed and implemented a commercial market to procure downward flexibility before it can make use of any 'last resort' measures. As NGESO have stated that this would be their intention anyhow, it should not add any additional cost that would not have been needed and purely makes it a Grid Code requirement for NGESO to follow.

| Proposer's Assessment against Grid Code Objectives | |
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| Relevant Objective | Identified impact |
| (a) To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity | Positive/Negative/None: None |
| (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); | Positive/Negative/None: Positive |
| (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; | Positive/Negative/None: Positive |

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| (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 | Positive/Negative/None: None |
| (e) To promote efficiency in the implementation and administration of the Grid Code arrangements | Positive/Negative/None: None |

As with WAGCM 1 (Compensation for Embedded Generators subject to emergency disconnection), a 'last resort' solution lessens the risk of any impact on security of supply during very low demand periods and has a clear positive impact on objective (c).

By ensuring that NGESO have exhausted all commercial markets there is a positive impact on (b) in facilitating competition but since an emergency instruction is a last resort and it is hoped that it will never be used, so the impact to users will be very small.

When will this change take place?

Implementation date:

As per original

Implementation approach:

As per the original.

Acronyms, key terms and reference material

| Acronym / key term | Meaning |
|--------------------|---|
| ODFM | Optional Downward Flexibility Management |
| NGESO | National Grid Electricity System Operator |