

Grid Code Alternative Form

GC0147 Alternative 4: Obligation on ESO to develop market mechanism if last resort solution is to be implemented (applying to Original)

Overview: This alternative is a variation on the Original proposal. 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 clause to the Original proposal.

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?

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 the original proposal 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.

Other than the clause above this alternative is identical to the Original Proposal.

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	
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	Positive/Negative/None: Positive

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;	Positive/Negative/None: Positive
(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 the original solution, 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