

**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](mailto: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](mailto:Nisar.ahmed@nationalgrideso.com) or [grid.code@nationalgrideso.com](mailto: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 WAGCM1-7 better facilitates the Applicable Objectives?	<p>We believe from the alternatives proposed, WAGCM7 would provide the most benefits against the applicable grid code objectives.</p> <p>The powers in GC0147 should be last resort in extreme situations. The ESO should set out how they will pursue market mechanisms, including ODFM Service (recently announced for Summer 2021) to deliver the necessary reductions in embedded generation, and what risks they consider in this.</p> <p>As part of satisfying the objective to facilitate effective competition, NGESO must minimise the duration of disconnections and return to service as soon as possible.</p> <p>Creating a level playing field with transmission connected generators is important, so distribution connected generators must be compensated in the event of emergency disconnection. This presents high risks for generators. We have concerns change could increase perceived investment risk in embedded generation, lower investor confidence in generation that is not part of a BM unit and increase generation costs should activation of this last resort service become a regular occurrence. Market frameworks should always be pursued at first instance.</p> <p>WAGCM7 better facilitates AGCO (b), as it recognises a commercial compensation route for embedded generators. By failing to compensate embedded generators, they are put at a disadvantage in comparison to transmission connected generation who are guaranteed to receive BM prices under the same circumstances.</p> <p>This option also better facilitates both AGCO (c) and (d) as it applies the principles of Article 13 of the recast electricity directive, the Clean Energy Package. We believe that compensation is a drawback of the original, WAGCM2, WAGCM4 &amp; WAGCM6, and without addressing this requirement, we do not believe these alternatives better facilitate AGCO (d).</p> <p>We agree that the impact of this WAGCM7 is neutral against AGCO's (a) and (e)</p>
2	Do you support the proposed implementation approach?	Yes, we agree that the implementation approach is appropriate as it will be required in time for the anticipated low demand periods over May 2021 Bank Holidays.
3	Do you have any other comments?	Our opinion on the compensation is that embedded generators should be compensated in some manner and that the level of compensation should be bounded by at least two considerations. 1) it should be high enough to disincentivise NGESO using this service against commercial arrangements 2) it should be low enough that developers/ operators are not incentivised to stay out of

		<p>the BM or ODFM in the hope of a high pay-off from an emergency instruction</p> <p>An administrative point, following the exit of the UK from the European Union and the incorporation of the European Network Codes into UK law, should the links to European websites not be replaced by links to the UK based sites with the document versions as in-place at the time of exit from the EU?.</p>
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