

**Code Administrator Consultation Response Proforma****GC0156: Facilitating the Implementation of the Electricity System Restoration Standard**

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 09 June 2023**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact Milly Lewis [Milly.Lewis@nationalgrideso.com](mailto:Milly.Lewis@nationalgrideso.com) or [grid.code@nationalgrideso.com](mailto:grid.code@nationalgrideso.com)

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<b>Which best describes your organisation?</b>	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body	<input type="checkbox"/> Interconnector <input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

**I wish my response to be:**

(Please mark the relevant box)

☒ Non-Confidential☐ Confidential

*Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.*

**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 Code Administrator Consultation questions														
1	Please provide your assessment for the proposed solution(s) against the Applicable Objectives?	Mark the Objectives which you believe the proposed solution(s) better facilitates:												
		<table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/> A</td> <td><input type="checkbox"/> B</td> <td><input type="checkbox"/> C</td> <td><input type="checkbox"/> D</td> <td><input type="checkbox"/> E</td> </tr> <tr> <td>WAGCM1</td> <td><input checked="" type="checkbox"/> A</td> <td><input checked="" type="checkbox"/> B</td> <td><input checked="" type="checkbox"/> C</td> <td><input checked="" type="checkbox"/> D</td> <td><input checked="" type="checkbox"/> E</td> </tr> </table>	Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E	WAGCM1	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input checked="" type="checkbox"/> D	<input checked="" type="checkbox"/> E
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<p>SSE Generation has been an active participant in the various groups that have examined, in great detail, various aspects of the GB black start arrangements over the past five or so years including; most recently; those established at the behest of the lead Government Department as well as, later on (but ahead of GC0156 being raised) by the ESO.</p> <p>In addition to this we have been active in terms of the changes that that gave rise to the Emergency &amp; Restoration Network Code (ERNC) and, subsequently, the associated changes arising from, for example, the System Defence Plan and, of particular relevance to GC0156, the System Restoration Plan.</p> <p>From this aforementioned work it is clear that we have been supportive of the need to bring the restoration (from a black start event) arrangements in GB up to date.</p> <p>That having been said, in respect of GC0156 we are mindful of the need; with the Original and the Alternative; to comply with the legal obligations, as set out in the retained GB law in terms of the ERNC.</p> <p>In this respect we are mindful, in particular, of Article 4 Paragraph 1, when considering how GC0156 intends to incorporate the ESRS requirements within the Grid Code.</p> <p>In that regard we are mindful of what the proposer of the WAGCM identified, to the Workgroup, namely that:</p> <p>“article 4 paragraph 1(d) does require that the System Operator shall “ensure that TSOs make use of market-based mechanisms as far as is possible to ensure network security and stability” and it is not clear that this is being achieved by the Original Modification Proposal.”</p> <p>It is also important to be aware of the wording contained within the opening line, of paragraph 1 of Article 4 (ahead of paragraph 1(d)) which states that:</p>														

		<p><i>“When applying this Regulation, Member States, <b>regulatory authorities</b>, competent entities and <b>system operators shall</b>.”</i> [emphasis added]</p> <p><i>“[1(d)] ensure that TSOs make use of market-based mechanisms as far as is possible to ensure network security and stability”</i></p> <p>Therefore, the legal obligation (a ‘shall’ rather than a ‘may’) is to make use of market-based mechanisms as far as is possible and this obligation applies equally to both the ESO and the Authority.</p> <p>As the ESO has repeatedly pointed out to the Workgroup (and the four Working groups established by the ESO ahead of raising GC0156) they expect to be contracting with just Anchor and Top-Up providers and to do so to the equivalent of approximately 10% or less of the overall market (for the provision of restoration services).</p> <p>The conclusion to be drawn, from this approach by the ESO, is that by not making use of market based mechanisms <u>as far as is possible</u> for the provision of restoration services the ESO is acting contrary to the legal obligations and recitals of ERNC; and it therefore follows that GC0156 Original is incompatible with ERNC.</p> <p>Accordingly, everything else being equal, GC0156 Original is negative in terms of Applicable Objective (d) whilst the Alternative is positive in terms of Applicable Objective (d).</p> <p>This being the case, as the Original does not better facilitate Applicable Objective (d) it therefore follows that it does not facilitate effective competition (so is not better in terms of the (b) and (c) Applicable Objectives) whilst to introduce into the Grid Code something that was not compatible with the legal obligation would be inefficient (and thus not be better in terms of Applicable Objective (e)).</p> <p>However, as the Alternative corrects the legal deficiencies (by ensuring market-based mechanisms are used as far as is possible) that are inherent within the GC0156 Original, it is compatible with ERNC and thus is better in terms of Applicable Objective (d) as well as being better in terms of competition (and thus the (b) and (c) Applicable Objectives) along with (a) and (e) as regards efficiency.</p> <p>Overall, the Original is not better and the Alternative is better at facilitating the Applicable Grid Code Objectives.</p>
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input checked="" type="checkbox"/> WAGCM1 <input type="checkbox"/> No preference

		<p>We note that this appears to be a new question, the provenance and reason for which, in governance terms, is not clear – we are also mindful that the question is flawed in that it fails to offer a ‘baseline’ preference.</p>
3	Do you support the proposed implementation approach?	<p>Whilst in principle, the answer is Yes, as we have set out in the GC0156 Workgroup discussions (as well as within the separate, but related CMP398 proposal) there are a series of substantial implementation steps that obligated parties will (once the GC0156 solutions, be it the Original or the Alternative, is approved) need to undertake.</p> <p>These implementation steps will take a significant period of time to fully execute and certain aspects, such as obtaining planning permission, are out with the control of the obligated party.</p> <p>As we have been expressing, repeatedly, since spring 2021 to the Lead Government Department, the Authority, the ESO and the relevant Workgroups the delay in progressing the ESRS related changes (including, in particular, GC0156 itself) means that there is a serious risk that obligated parties may be unable to meet the requisite obligations in time from 1<sup>st</sup> January 2027 and this is specially the case with the obligations that arise, and the number of parties / sites obligated, with the GC0156 Original – and, correspondingly, this is less so with the GC0156 Alternative.</p> <p><a href="#">Click or tap here to enter text.</a></p>
4	Do you have any other comments?	<p>We are mindful that there are related CUSC Modifications (primarily CMP398 but also its facilitating proposal CMP412) that are required to be implemented if this GC0156 Original solution were to be approved in order to ensure an equitable cost recovery mechanism is in place for parties that are obligated by GC0156 and also to ensure that the ESRS policy, as stated by the Secretary of State, is complied with in regards to ensuring that the ESRS is implemented in a way which does not commercially disadvantage individual parties.</p>