

# Emergency and Restoration Summary of Market Suspension rules consultation comments

21 January 2020

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# 1

## Introduction

# Thank you for your feedback

On the 21 November 2019, Ofgem requested amendments to the blackout state proposal, market suspension and restoration rules, and the settlement rules for market suspension. In response, the ESO published proposals for a consultation between the 16 December 2019 and 16 January 2020.

We would like to thank you for taking the time to respond to the consultation. We appreciate your input and have given careful consideration to the feedback provided. Alongside the formal consultation, we've engaged with Stakeholders to better understand your feedback and to be able to respond to Ofgem. As a result, we will be submitting an intermediate methodology for changes required to the Grid Code in relation to Article 35(1)(b) of NCER as these are the only parameters for market suspension that are currently not defined in GB codes.

The amended Market Suspension proposals will be published on our website and submitted to Ofgem on 21 January 2020.

Included in the following document are ESO responses to your feedback, which aim to communicate our responses with reasoning to the points you have raised. To fully implement the rules for market suspension, and alongside the intermediate methodology, GB code modifications will be raised once Ofgem has approved the proposals. We would appreciate further engagement through the GB Code forums and JESG.





# 2

## Feedback and Responses

# ESO responses to your feedback

Question	Respondent	Comment	ESO Response
Do you agree with the amendments to Market Suspension Proposals?	Elexon	<p>Yes, in part. We have some observations on the Proposals and provide these observations in responses 2 and 3 below.</p> <p>These observations come from the perspective of our need to know and plan for any required BSC Modifications resulting from the approved Proposals.</p> <p>We already know that BSC and Grid Code Modifications will be required to support any suspension of the TERRE arrangements and we welcome your inclusion of our suggested changes to achieve this (covering letter pages 4 and 5). However, there are other aspects where the prospect of BSC and Grid Code Modifications is not yet clear, in particular where the trigger events for market suspension may or may not change from those currently set out in the BSC and Grid Code.</p>	<p>Section 2.1.1 of the Defence Plan defines the emergency state while conditions for Market Suspension are defined in Section 2.1.7 of the System Restoration Plan. This will be the starting point for any code change, but we acknowledge that these conditions will require further work.</p> <p>Specific responses are given below.</p>
Do you agree that the proposal is consistent with the principle of minimum necessary change?	Elexon	<p>Yes, in part. Article 35(1) of the NCER sets out four scenarios, (a)-(d), in which NGESO may suspend the market.</p> <p>We believe that the current BSC rules for non-Black Start related Balancing Mechanism Outages and ECVAAs (contract notification) System Outages, as contained in BSC Sections Q and P5 respectively, can be mapped to NCER Article 35(1) scenario (d). We have recommended adding new BSC Section Q provisions for suspending TERRE bids in the event of a (non-Black Start related) Replacement Reserve (RR) market Outage. We have not identified any other changes required to these existing BSC rules.</p>	<p>We agree that changes to the BSC are needed to incorporate outages for TERRE bids.</p> <p>Imbalance settlement rules for market suspension in a blackout state in relation to Article 35(1)(a) would be maintained with no changes to BSC Section G3.2.</p> <p>Ofgem asked NGESO to define parameters for market suspension in the case of Article 35(1)(b). As noted above Section 2.1.1 of the Defence Plan defines the emergency state while</p>

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We would suggest that the imbalance settlement rules to apply during any market suspension under NCER Article 35(1) scenarios (a), (b) and (c) are unchanged from those currently set out in BSC Section G3.2, whatever the specific triggers for the market suspension – with the exception of adding the suspension of TERRE bids to these rules. We believe this is in keeping with a least-change approach.

We note that the Proposal appears to achieve this.

However, the trigger events for suspending the market and applying these contingency imbalance settlement rules may need to change from those currently set out in BSC Section G3 and Grid Code OC9.4, depending on what proposal is made by NGENSO and approved by Ofgem.

BSC Section G3 and Grid Code OC9.4 currently recognises two trigger events for market suspension, both related to Black Start situations. These are either a Total Shutdown or a Partial Shutdown as defined in OC9 of the Grid Code. Further clarity is needed on whether changes are required to these existing triggers for the BSC's market suspension provisions, as follows.

If blackout state is defined as now proposed by NGENSO, i.e. loss of over 50% of national demand, then a Total Shutdown would meet this definition and would still be covered as a market suspension trigger event, as it can be linked with NCER Article 35(1) scenario (a). The BSC automatically suspends the market in a Total Shutdown.

However, we believe that it may be difficult to map the current Partial Shutdown trigger to NCER Article 35(1)(a). This is because the BSC's Market Suspension Threshold for Partial Shutdowns can be met in three different ways, two of which do not

conditions for Market Suspension are defined in Section 2.1.7 of the System Restoration Plan. Although we have now submitted an intermediate methodology, we acknowledge that more work is required to coordinate the emergency state conditions and Market Suspension.

This can only be determined through BSC and Grid Code modifications once Ofgem has approved the proposed parameters as contained in the intermediate methodology.

Article 35(1)(a) of NCER refers to the transmission system of the TSO to be a in a Blackout State. We interpret this to be a total system shutdown for which the market would be suspended. Other

Emergency conditions which could include a partial shutdown are covered in Articles 35(1)(b), (c) and (d) to which we provide further explanation below.

In order to meet Ofgem's request to define parameters for Article 35(1)(b) NGENSO's proposal are contained in the intermediate methodology.

The above will need to be added to the Grid Code and if met NGENSO would notify Elexon to suspend the market. Full details will be discussed and finalised as part of the code



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relate to a defined percentage of modifications that will demand loss. Although loss of 5% or more of national demand would currently trigger market suspension in a Partial Shutdown, this is considerably less than the 50% loss proposed for blackout state. And if less than 5% of national demand is lost, the market may or may not still be suspended during a Partial Shutdown depending on whether either of the other parts of the Market Suspension Threshold are met.

It is therefore unclear to us whether the BSC's existing Partial Shutdown trigger for market suspension can be retained with NGENSO's current proposal. We believe that an argument could be made that it can be linked with NCER Article 35(1)(b) and/or (c) instead. However, we are currently unclear what trigger events NGENSO is proposing for NCER Article 35(1) scenarios (b) and (c).

For Article 35(1)(b), we note that NGENSO appears to be proposing to add a new (non-Black Start) operational scenario to the Grid Code that could trigger market suspension under the BSC. We would require further clarity on the nature of this system scenario/event, and the actions that NGENSO and Parties may be required to take during it, before we could form a view on whether it is appropriate to apply the same imbalance settlement rules to this market suspension scenario as are currently applied in a Black Start market suspension. In a Total or Partial Shutdown, Parties given 'black start instructions' by NGENSO (as defined in the BSC by reference to specific types of instruction under the Grid Code) are able to claim compensation under BSC Section G3.3 for costs they incur in complying with these instructions. Consideration would need to be given

follow Ofgem's approval of the parameters. This requires further discussion with the industry in particular the transition from normal state to emergency state and from emergency state back to normal state. We note the points on compensation and look forward to discussing our proposals with the wider industry.

We agree with the general principle that a set of criteria should be developed outlining the conditions under which the market could be suspended. However, we believe that a generic high-level approach should be adopted otherwise it becomes difficult and complex to i) develop a solution and ii) amend such a solution in the longer term.

We agree, (as noted above) that Article 35(1)(a) only relates to a Total System shutdown.

In the case of Article 35(1)(c) the market suspension trigger and rules for settlement are consistent with a Partial Shutdown. This aligns with the initial submission to Ofgem where they accepted the mapping of parameters for Articles 35(1)(a) and 35(1)(c) but deemed (b) and (d)



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to whether any specific compensation arrangements are required for actions taken by Parties during any new, non-Black Start, emergency system event(s).

And particularly in the context of the requirements set out in NCER Article 39(3) that the rules should avoid distortions of incentives and avoid financial penalties on balance service providers and balance responsible parties in following the actions requested by the TSO.

We note that NGENSO has mapped existing BSC rules for market suspension during Partial Shutdowns to Article 35(1)(c). We agree that an argument could be made that these existing rules link to this scenario. However, we note that NGENSO also appears to have mapped elements of the Partial Shutdown rules to Article 35(1)(a). We are unsure if the same market suspension rules can be mapped to two scenarios and, as above, are also unclear as to whether Partial Shutdowns can be mapped to Article 35(1)(a).

In summary, we recommend that NGENSO makes clear the trigger events it intends to use for market suspension under each of the four scenarios set out in NCER Article 35(1) (a)-(d). We can then suggest what BSC changes (if any) might be needed to align with these trigger events, based on a minimum change approach wherever possible. We note that, depending on the chosen triggers, changes are also likely to be required to the Grid Code. Any BSC and Grid Code Modifications would therefore need to be progressed in parallel.

The proposed BSC and Grid code change will address this issue.

In the case of 35(1)(d), there are existing rules to suspend the TERRE market due to outages of computer systems. Once again, BSC changes will be required to ensure alignment of Grid Code and the BSC.

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Do you have any other comments in relation to	Elexon	Yes. Two comments as follows. 1) In the first paragraph on page 6 of the cover letter, NGENSO states 'BSC code changes ... will be made to ensure alignment	The sentence on page 6 of the cover letter has now been edited to clarify that changes are needed for Article 36(3)(b).
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the proposal?	for balancing capacity and balancing energy bids from arrangements with other TSOs'. In general, we note that the BSC does not cover the settlement of balancing capacity bids and only recognises balancing capacity as part of the BSAD data received from NGESO and used in the calculation of imbalance prices.	We have now added the BSC mapping for 35.5(c).
	2) In the mapping table attached to the cover letter of the proposal, row 35.5(c) is mapped to the BSC in the commentary, but there is no accompanying explicit BSC reference. A reference to BSC section G3 should be added to this row.	

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Do you agree with the amendments to Market Suspension Proposals?	ElecLink	<p><b>a) References to interconnector operating protocols</b></p> <p>Article 35(5) concerns the coordination between NGESO and the other TSOs of the Channel and IU capacity calculation regions. The NGESO mapping references the interconnector operating protocols, however ElecLink are not aware of any provisions in the ElecLink interconnector operating protocol relating to market suspension. Whilst notification processes have been mapped to existing Grid Code and BSC provisions, it should be noted that the connecting onshore TSOs (e.g. RTE, Elia, TenneT) are not obliged to follow the Grid Code or BSC processes.</p>	<p>a) NCER is implemented at a national level hence TSOs in France, Belgium, Netherlands, Ireland and Northern Island have their own market suspension rules which are approved by the respective regulators. Nonetheless System Operators within ENTSOE have implemented a system awareness platform which is used to provide information on system states and NGESO is able to communicate directly with directly connected TSOs.</p> <p>While the operating protocols do not contain a section on market suspension they are referenced as all GB interconnectors would be expected to follow the rules which are detailed in the Grid Code on emergency</p>
		<p><b>b) References to bilateral agreements</b></p>	

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Following market suspension, articles 37(3), 37(4) and 37(5) describe the restoration of the relevant single day ahead and/or single intraday coupling processes, capacity calculation and market coupling. Coordination is required between the concerned NEMO(s), TSOs and entities referred to in article 35(5). The NGESO mapping of these articles refer to bi-lateral agreements with power exchanges. It is not clear which bi-lateral agreements are referred to or how the coordination with NEMOs, TSOs and entities referred to in article 35(5) is achieved.

instructions and emergency assistance.

b) The bilateral contracts with power exchanges no longer exist hence, NEMOs are notified through the BSC on when the market is suspended or restored.

c) Market suspension rules are determined at a national level. The GB market suspension rules will remain as defined in the BSC for situations in Articles 35(1)(a) and 35(1)(c). New rules for situations in Articles 35(1)(b) are required while rules for 35(1)(d) are as per the requirement to suspend the

**c) Capacity allocation suspension**

Eleclink considers the reduction to zero of cross zonal capacity on a bidding zone borders in accordance with article 36(4)c)ii) to be distinct from the issuance of interconnector emergency assistance instructions. The former relates to how much capacity interconnectors can offer for allocation in the long-term, day ahead and intraday markets, the latter is an ancillary service activated in the balancing market. At the time of a market suspension, interconnector owners will have already held the auctions for the long-term, day ahead and intraday markets and so any suspension of cross border allocation will be limited to future allocations. The current proposal is not clear which situations would lead to a

TERRE market due to outages of computer systems (BC4.9). BSC changes are necessary for 35(1)(b) and 35(1)(d) to ensure alignment with the Grid Code. The same rules will apply to all GB interconnectors. Non-GB interconnectors would be notified when GB market suspension occurs, it is not expected that suspension of one market leads to automatic suspension of all other interconnected markets.

In the case of long-term, day ahead and intraday markets, if interconnectors have run the auctions at the time the Grid Code emergency assistance is called, Settlement rules for this are contained in section



suspension of cross border allocation. It is also not clear how NGENSO will achieve the required transparency when suspending cross border allocation, especially to parties outside GB who are not covered by the Grid Code or BSC processes.

R7.5 of the BSC on system to system flows. If the instructions did not qualify as a system to system flow then provisions for changing interconnector settlement data after gate closure are in sections R7.1.3(b). However, positions acquired through auctions would remain firm for BSC purposes.

**Communication procedure**

The Ofgem request for amendment suggested that this was an area which could be improved through a code modification in order to provide maximum clarity for stakeholders. Eleclink supports this suggestion and notes that this should include the addition of entities which the NCER regulation obliges to be contacted into the Grid Code or BSC documents (i.e. the coordinated capacity calculators, and the connecting onshore TSOs (e.g. RTE, TenneT, Elia)).

**Communication procedure:**

Notifications are issued through the BSC hence these would be received by GB parties that are party to the BSC.

Notifications to other TSOs are communicated using the already implemented European system awareness platform. A code modification would not be appropriate for non-GB TSOs as they are not obliged by GB codes. Grid Codes puts an obligation on NGENSO to communicate with externally interconnected system operators (BC2.9.6).

Do you agree that the proposal is consistent with the principle of minimum necessary change?

Eleclink

Yes. We support the intention to deliver minimum necessary change. However, as detailed below, we remain concerned that not all of the NCER requirements will be delivered by the current proposal.

NGESO will raise BSC and Grid code changes in coordination with Elexon as detailed in our letter. We will aim to work with Ofgem to ensure full compliance and engagement with wider industry is paramount. The mods depend on Ofgem approving the proposals to be submitted in January 2020.

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<p>Do you have any other comments in relation to the proposal?</p>	<p>Eleclink</p>	<p><b>General structure of the proposals</b></p>	<p>Key aspects of the proposal have been consulted on and based on continued feedback from Ofgem and other parties, we will aim to develop additional mapping that should be clearer in mapping market suspension rules. Following the close of the consultation we have submitted an additional mapping matrix and intermediate methodology. The matrix is merely a different format to all the information we have previously shared and this will be made available on NGESO's website.</p> <p>Thank you for raising your concerns regarding the pending ENTSOE harmonisation report. This is a task on ENTSOE and progress is being made at a pan European level. We are confident that we have sufficient information to provide to ENTSOE as we are already in the process of doing so.</p>
		<p>It is very difficult to follow the mapping to Grid Code and BSC provisions. Eleclink understands that this has been done to try and deliver minimal change, but we have concerns regarding the transparency and clarity of this approach. For example, it is not clear which of the activities listed under NCER article 35(2) are to be suspended under each of the situations listed under article 35(1). Eleclink understands that NGESO are in the process of creating an additional mapping matrix, which although has not yet been published is intended to assist with making this clear. NGESO has indicated that this additional mapping will be published following submission to Ofgem on 21 January 2020. This additional mapping document has not been consulted on, and Eleclink have not been provided with a copy to review.</p> <p>On 21 November 2019 Ofgem requested that ESO convert all the situations referred to in article 35(1) of the NCER Regulation into objectively defined parameters as requested by article 36(4). For each parameter NGESO should define time delay in accordance with article 36(5).</p>	
		<p>Eleclink are not able to identify the parameters and time delays proposed for each of the four situations listed in NCER. Although the NGESO mapping includes a column for the code</p>	

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and section references, additional code references are made in the commentary column (for example the mapping of article 35(5)c)). This makes it very difficult to understand how the NCER requirements have been met.

Eleclink cannot unpick the mapping to understand what is intended to happen in each of the four situations. This is especially concerning as some of the interconnector actions are apparently captured in interconnector operating protocols, but Eleclink has not been able to identify the relevant clauses in these documents.

Article 36(7) states that by 18 December 2020, ENTSO for Electricity shall submit to the Agency a report assessing the level of harmonisation of the rules for suspension and restoration of market activities established by the TSOs and identifying, as appropriate, areas that require harmonisation. Eleclink is concerned that the complexity of the mapping provided by NGENSO will make it difficult for ENTSO-E to assess the GB arrangements.



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