

Modification proposal:	Grid Code GC0109: Publication of the various GB electricity Warnings or Notices or Alerts or Declarations or Instructions of Directions etc. (“System Warning Alerts”) issued by or to the Network Operator(s) (“GC0109”)		
Decision:	The Authority ¹ directs ² that the proposed modification to the Grid Code be made		
Target audience:	National Grid Electricity System Operator (NGESO), the Grid Code Review Panel, Grid Code users and other interested parties		
Date of publication:	12 July 2021	Implementation date:	30 working days after date of decision

Background

There are various Great British (“GB”) electricity warnings, Notices, Alerts, Declarations, Instructions or Directions etc. (“Alerts”), issued by or to the Network Operator(s),³ which SSE Generation Limited (the “Proposer”) believes are currently not shared with market participants⁴ in a timely manner, and that may not be available at all to other market participants.

In addition, the Alerts are published across different platforms, and consequently may not be available to all market participants, particularly because some of the Alerts are

¹ References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ For example, notices are provided to the market when the electricity system operator (“ESO”) may believe there is insufficient electricity available to meet expected demand. The ESO may also direct parties to take emergency actions in these situations.

⁴ This includes generators, interconnectors, and Distribution Network Operators (DNOs).

sent directly to specific parties, separate from the rest of the market.⁵ This implies that the information shared may not be available to all market participants.

This may create an unfair competitive advantage for some parties, as those companies would hold information about the system before other parties do. A lack of coherence in the different electricity Alerts may also create barriers to entry or perceived barriers to entry for market participants, and lead to inefficiency in the provision of security of supply.⁶

The Proposer originally raised code modification GC0109 (the “Proposal”) on 21 February 2018 to rectify the issues outlined, as well as to improve overall transparency. The Proposer initially sought an urgent decision for the Proposal; however, we assessed the urgency request and did not grant it⁷ on the basis that it did not meet the urgency criteria.⁸

Along the lines of improving transparency, the Proposer separately raised code modification GC0133 (‘Timely informing of the GB national electricity transmission system (NETS) State Condition’), in May 2020, which – though similar to the Proposal – is concentrated on publishing a more focused set of Alerts: system state condition alerts.⁹ We assessed GC0133 and made a decision to send it back as it did not provide sufficient evidence on the practical benefits of the modification to market participants, outside of broadly improving transparency. The modification is currently being revised for resubmission to the Authority.

⁵ For example, in certain situations, the ESO may call an impacted User or DNO, and then follow the call with confirmation via a standard fax message as soon as possible. However, other communications are issued direct to Elexon for onward publication on BMRS. As the ESO does not know who all the market participants are, it is best to publish this information on BMRS for wider access to all market participants.

⁶ For instance, earlier or direct system warnings/instructions sent to a market participant means it would have an advantage over other participants, in terms of the overall response/response time. This effective barrier may limit the number and speed of response the ESO receives, which may impact the security of supply.

⁷ https://www.ofgem.gov.uk/system/files/docs/2018/08/qc0109_urgency_decision.pdf

⁸ The guidance document is available here: <https://www.ofgem.gov.uk/publications-and-updates/ofgem-guidance-code-modification-urgency-criteria-0>

⁹ <https://www.ofgem.gov.uk/publications/authority-decision-send-back-grid-code-modification-proposal-0133-timely-informing-gb-nets-system-state-condition>

The Proposal

The Proposal seeks to rectify the fact that the Proposer believes there is currently no timely publication of various Alerts, and that not all market participants get them. To achieve this, the Proposal seeks to place an obligation on the electricity system operator (“ESO”)¹⁰ to publish, on Elexon’s balancing mechanism reporting service webpage (“BMRS”),¹¹ any Alerts issued to or by the ESO, that are not currently required to be shared with market participants.

Under the Proposal, the legal text of the modification specifies that the Alerts be published on the BMRS webpage. As a result, an ESO Workgroup member raised an alternative code modification (“the Alternative”), in order to remove the requirement to publish the Alerts on the BMRS webpage from the modification’s legal text. Rather, the ESO proposes that the legal text of the Alternative state that the Alerts “will be published in a location ‘agreed’ between The Company and Users.”¹² The implementation date and all other aspects of the Alternative are as per the Proposal.

As mentioned, the Proposal has parallels to current code modification GC0133, which also seeks to publish additional data, specifically on the state of the GB NETS. However, it is noted that the Proposal is wider in scope, as it considers a wider range of Alerts. Cognisant of Ofgem’s send back decision for GC0133, the workgroup removed three of the proposed Alerts from the Proposal, after giving due consideration to the value of publishing them.

Grid Code Review Panel recommendation

At its meeting on 29 April 2021, the Grid Code Review Panel (“the Panel”) assessed the Proposal and Alternative modifications of GC0109 against the relevant Grid Code Objectives (ii), (iv), and (v). The Panel members agreed by majority that both the Proposal and the Alternative – albeit with slightly more support for the Proposal – were better than the status quo (“Baseline”), and therefore recommended that it be implemented.

¹⁰ As transmission system operator (TSO) for GB.

¹¹ [About Us | BMRS \(bmreports.com\)](https://www.bmreports.com)

¹² The company refers to the ESO, and the Users refers to market participants.

The workgroup unanimously concluded that both the Proposal and the Alternative better facilitated the relevant Grid Code Objectives than the Baseline. Three out of four of the respondents to the Code Administrator Consultation supported the Proposal compared to the Alternative.

Our decision

We have considered the issues raised by the Proposal and the Final Modification Report (FMR) dated 12 May, 2021. We have considered and taken into account the responses to the industry consultation on the Proposal, which are included in the FMR.¹³ We have concluded that:

- implementation of the Proposal as opposed to the Alternative will better facilitate the achievement of the objectives of the Grid Code;¹⁴ and
- approving the modification is consistent with our principal objective and statutory duties.¹⁵

Reasons for our decision

We consider the Proposal to better facilitate Grid Code objectives (ii), (iii) and (iv), and has a neutral impact on the other applicable objectives.

(ii) to facilitate 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)

We believe that both the Proposal and Alternative better facilitate objective (ii) compared to the Baseline. Both promote competition by increasing transparency and removing barriers to entry for some market participants that would otherwise not be able to

¹³ Grid Code proposals, final reports and representations can be viewed on NGESO's website at: <https://www.nationalgrideso.com/industry-information/codes/grid-code/modifications>

¹⁴ As set out in Standard Condition C14(1)(b) of the Electricity Transmission Licence, available at: <https://epr.ofgem.gov.uk/>

¹⁵ The Authority's statutory duties are wider than matters which the Grid Code Panel Review must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

engage in the markets because of the current asymmetry of information between parties. More timely information means wider participation, and therefore more competition. Further, shared Alerts would help remove the potential unfair competitive advantage that some parties currently enjoy, by virtue of either receiving Alerts directly, or more quickly.

The Proposal better facilitates objective (ii) compared to the Baseline and compared to the Alternative. Since the Alternative removes the requirement for Alerts to be published on the BMRS webpage, it may reduce transparency for market participants and therefore undermine competition. Panel members support this view, stating that codifying the BMRS webpage seems sensible, as it provides long-term certainty and a clearer picture of system operating conditions for market participants.

(iii) 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

The publication of all Alerts in a central location allows market participants to better prepare and react accordingly to system needs.¹⁶ We believe that the greater transparency – compared to the Baseline – from the shared and timely access of the Alerts to market participants, will increase the number and responsiveness of market participants, which will improve the security and efficiency of the system¹⁷. Therefore, we consider that both the Proposal and the Alternative are better than the Baseline. This aligns with the transparency improvements from the GC0133 modification, in terms of providing general and timely access of system state conditions to market participants.

While we note an ESO Workgroup member's point that the Grid Code has always been written to be non-system specific, to make it more resilient against future changes, we note the following:

¹⁶ For instance, an Electricity Margin Notice (EMN) issued shows that margins are low on the system. This would signal to suppliers that prices of being short will be significantly higher in the balancing mechanism (BM) for the tight period, so they would purchase energy to ensure they are not short, thus helping keep the system stable and secure.

¹⁷ More market participants equally and more quickly responding to new information takes some of the pressure off the ESO, in terms of having to hold system security.

1. the Proposal provides greater certainty than the Alternative because it ensures that Alerts will be centrally located on a platform that is familiar and easily accessible to all market participants.
2. Should the need arise to move the Alerts away from the BMRS webpage, the ESO proposes to publish them in a location 'agreed' between the "Company and Users," via consultation. This does not amount to 'agreement' by all market participants, and may risk some participants being left out. The workgroup members also underlined this potential problem, which the Proposal averts.

On balance, we believe the overall benefits of specifying a reporting system on the BMRS webpage will lead to a better outcome for all market participants.

(iv) 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.

The Panel unanimously agree that the Proposal better facilitates relevant objective (iv). The modification Proposal facilitates the ESO to efficiently discharge its obligations, as clearer Alerts could result in improved responses from market participants. We agree with the Panel's assessment of the Proposal against this objective. Overall, the Proposal is the better option for market participants, given the greater transparency, certainty, and wider benefits around better preparedness/responsiveness, improved competition, and increased security of supply.

Decision notice

In accordance with Standard Condition C14 of the Transmission Licence, the Authority hereby directs that Grid Code modification Proposal Grid Code GC0109: 'Publication of the various GB electricity Warnings or Notices or Alerts or Declarations or Instructions of Directions etc. ("System Warning Alerts") issued by or to the Network Operator(s)' be made.

Adam Gilham

Senior Manager – ESMS

Signed on behalf of the Authority and authorised for that purpose