

Trisha McAuley OBE
Grid Code Review Panel Chair
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Email: martin.queen@ofgem.gov.uk

Date: 02 July 2023

Dear Trisha,

Grid Code modification proposal GC0161 'Changes to OC6 to allow for site protection and demand disconnection rotation' – decision on urgency

On 17 May 2023, the Electricity System Operator (ESO, the 'Proposer') raised Grid Code modification proposal GC0161 (the 'Proposal').¹ Following the Grid Code Review Panel (GCRP, the 'Panel') meeting on 25 May 2023, we² received a request from the Panel Chair on 26 May 2023 that GC0161 be treated as an urgent modification proposal.

This letter sets out our decision that GC0161 should be progressed on an urgent basis.

Background

Grid Code Operating Code 6 (OC6) sets out a number of tools and processes in relation to Demand Control, facilitating the reduction of Demand in the event of insufficient Active Power generation availability or National Electricity Transmission System operational issues.³ The Demand Control measures set out within OC6 are designed to be used at no

¹ The GC0161 proposal can be viewed here; <https://www.nationalgrideso.com/industry-information/codes/gc/modifications/gc0161-changes-oc6-allow-site-protection-and-demand>

² References to the "Authority", "Ofgem", "we", and "our" are used interchangeable 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.

³ Capitalised words are defined terms in the Grid Code; <https://www.nationalgrideso.com/document/33836/download>

or short notice. OC6 as currently written prohibits any protections, preferences, and discrimination in relation to Demand Control. This prevents the protection of critical sites and does not allow for demand disconnection to be rotated.

GC0161 overview and request for urgency

The Proposal seeks to remove the above mentioned OC6 restrictions, allowing critical sites to be protected from Demand Control, and allowing demand disconnections to be rotated.

The Proposer requested that the GCRP treat this modification as urgent, rationalising this against Ofgem's urgency criteria (b) and (c) as set out below:⁴

- (b) a significant impact on the safety and security of the electricity and/or gas systems – the Proposer notes that if the issue is not urgently resolved, there is a risk of significant impact on the security of the system. In particular, they note that the Proposal, if approved, will remove the blocker for protecting sites and allow demand disconnection rotations, better mitigating the impacts of long demand disconnections.
- (c) a party to be in breach of any relevant legal requirements – the Proposer notes that Distribution Network Operators may be directed by government to protect certain critical sites from demand disconnections, conflicting with the current OC6 requirements.

Panel view

At the Grid Code Review Panel meeting on 25 May 2023, the Panel agreed by majority to recommend to Ofgem that GC0161 should be progressed as an urgent modification proposal.

We note that:

- three GCRP members voted for urgency under Ofgem urgency criteria (c) agreeing with the Proposer's views in this regard.
- the majority of GCRP members considered that GC0161 did not meet Ofgem's urgency criteria (b), considering that there is no impact on the safety or security of the *system*, only the parties that could be affected by demand disconnections. Three GCRP members however, voted for urgency under this urgency criteria.

⁴ Ofgem's urgency criteria can be viewed here; <https://www.ofgem.gov.uk/publications/ofgem-guidance-code-modification-urgency-criteria-0>

- one GCRP member considered that GC0161 met Ofgem urgency criteria (a) as DNO's not protecting certain critical sites during demand disconnections could impact multiple industries.
- the GCRP members who voted against GC0161 being considered as an Urgent modification stated that they were unclear how GC0161 varies from or improves current practices.
- the GCRP agreed that GC0161 should be assessed by a joint Grid Code / Distribution Code Workgroup.

Our decision

In reaching our decision on the urgency of GC0161 we have considered the details within the Proposal, the justification for urgency, and the views of the GCRP. We have also assessed the request against the urgency criteria set out in our published guidance.⁵

Our guidance sets out that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed, may cause:

- a) a significant commercial impact on parties, consumers or other stakeholder(s);
or
- b) a significant impact on the safety and security of the electricity and/or gas systems; or
- c) a party to be in breach of any relevant legal requirements.

We note that GC0161 arose through workshops organised by the Department for Energy Security and Net Zero, attended by industry and Ofgem, which reviewed the electricity industry's demand disconnection processes (both OC6 and the Electricity Supply Emergency Code (ESEC)⁶) and aimed to identify improvements for system security and demand users.

We note that emergency incidents requiring Demand Control, though very unlikely, may occur at any time. In theory, a sufficiently large loss of power infeed has the potential to result in a Demand Control event. The ESO mitigates credible contingency events through their application of the Frequency Risk and Control Report (FRCR)⁷, an event outside of those managed by the FRCR could result in Demand Control being enacted under OC6. We

⁵ <https://www.ofgem.gov.uk/publications-and-updates/ofgem-guidance-code-modification-urgency-criteria-0>

⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/995049/esec-guidance.pdf

⁷ <https://www.nationalgrideso.com/document/248151/download>

therefore agree that GC0161 relates to a potentially imminent issue, and have considered whether it may cause any of the effects outlined in our urgency guidance.

We broadly agree with the GCRP's majority view that GC0161 does not meet our urgency criteria (a). This is because site protections, which the Proposal seeks to introduce, are likely to be aligned to ESEC Protected Sites, focused on their criticality to GB rather than commercial interest. However, we note that in making provisions regarding emergency incidents, there is potential that the Proposal, if approved, may better protect the commercial interests of some. Notwithstanding this, we consider such impacts are unlikely to be significant, nor are they the key driver of the Proposal. As such, we conclude that urgency criteria (a) is not sufficiently met.

We disagree with the GCRP's majority view that GC0161 does not meet our urgency criteria (b). OC6 is intended for short or no warning Demand Control, whereas ESEC is intended for pre-warned, longer duration Demand Control events. Therefore in the very unlikely event of long demand disconnections, it is probable that OC6 Demand Control will be enacted first then transitioned into ESEC. We consider that in part, GC0161 seeks to ease any potential transition between OC6 and ESEC (by better aligning the design of OC6 demand blocks with ESEC load blocks) and would therefore have a positive impact on the safety and security of the electricity system, if approved. We are satisfied that the Proposal relates to an unlikely, but potentially imminent issue which if not addressed could have a significant impact on safety and security of supply.

We agree with the GCRP's majority view that GC0161 also meets our urgency criteria (c), though disagree with the reasons outlined by the Proposer. We consider that any government direction to protect certain sites under OC6 would require Emergency Powers similar to that of enacting ESEC. We therefore consider it unlikely that the government would *direct* protections under OC6, though may request them. However, we note that it could currently be considered that preference and discrimination currently exist within OC6 Demand Control as critical sites, e.g. hospitals, are positioned lower down in the order of OC6 Demand Control tools available. We therefore consider that our urgency criteria (c) is met.

We therefore consent to this modification proposal being treated as urgent.

We agree the modification should follow the urgent timetable set out in Appendix 1 of the Panel Chair's letter to us requesting GC0161 be treated as urgent⁸, summarised below:

⁸ The letter requesting urgency can be seen on here; <https://www.nationalgrideso.com/industry-information/codes/gc/modifications/gc0161-changes-oc6-allow-site-protection-and-demand>

Process	Date
Ofgem Decision on urgency	2 June 2023
Workgroups commence (Grid Code / Distribution Code joint Workgroup)	12 June 2023
Workgroup Consultation	28 June 2023 to 4 July 2023
Workgroup Report issued to Panel	11 July 2023
Code Administrator Consultation TBC	TBC
Final Modification Report available for Panel	22 August 2023
Modification Panel recommendation vote and submission to Ofgem	24 August 2023
Authority Decision	TBC

For the avoidance of doubt, in granting the request for urgency, we have made no assessment of the merits of the Proposal and nothing in this letter in any way fetters our discretion in respect of the Proposal.

If you have any comments or questions about this letter, please contact Shilen Shah at Shilen.shah@ofgem.gov.uk.

Yours sincerely,

Martin Queen

Head of Engineering Systems & Policy, Analysis & Assurance

Duly authorised on behalf of the Authority