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Date: 04 August 2023

Dear Trisha,

**Grid Code modification proposal GC0162 'Changes to OC6 to amend the operational timings for the delivery of the additional demand reduction above 20%, with a focus between 20% and 40%' – Authority decision on urgency**

On 20 July 2023, the Electricity System Operator (ESO, the 'Proposer') raised Grid Code modification proposal GC0162 (the 'Proposal').<sup>1</sup> Following the Grid Code Review Panel (GCRP, the 'Panel') meeting on 27 July 2023, we<sup>2</sup> received a request from the Panel Chair on 28 July 2023 that GC0162 be treated as an urgent modification proposal.

This letter sets out our decision that GC0162 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.<sup>3</sup> The Demand Control measures set out within OC6 are designed to be used at no or short notice. OC6 as currently written prohibits any protections in relation to Demand Control. This prevents the protection of critical sites, such as those sites on the Protected

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<sup>1</sup> The GC0162 proposal can be viewed here; <https://www.nationalgrideso.com/industry-information/codes/gc/modifications/gc0162-changes-oc6-amend-operational-timings-delivery>

<sup>2</sup> 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.

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

Sites List of the Electricity Supply Emergency Code (ESEC)<sup>4</sup>. GC0161, for which we granted urgency on 2 June 2023<sup>5</sup>, aimed to address this issue.

The development of GC0161 has focussed on the OC6 Demand Disconnection stages referred to in OC6.5.3(a), i.e. Demand Control via the first 20% tranche of OC6 Demand Disconnection. GC0162 proposes changes to enable critical sites to be protected within the second tranche (20% to 40%) of OC6 Demand Disconnection, including amending the required timing of delivery to accommodate the longer switching schedules required to facilitate site protections.

### **GC0162 overview and request for urgency**

The Proposal seeks to remove the above mentioned OC6 restrictions with respect to the second tranche (20% to 40%) of Demand Disconnection, allowing critical sites to be protected from Demand Control.

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:<sup>6</sup>

- (b) a significant impact on the safety and security of the electricity and/or gas systems – the Proposer notes if the issue is not resolved and there is a significant shortfall event impacting the security of the electricity system this winter 2023/24, that the present arrangements (prohibition of site protections) could result in critical sites being disconnected, resulting in detrimental impact on society. They also note that the modification seeks to allow ESEC style (Demand Control) blocks to be used (to deliver the second tranche of Demand Disconnection (20% to 40%)), thus enabling the protection of critical sites.
- (c) a party to be in breach of any relevant legal requirements – the Proposer notes that Distribution Network Operators may be encouraged by government (or other stakeholders) to protect certain critical sites, potentially resulting in OC6 non-compliance.

### **Panel view**

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/995049/esecc-guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/995049/esecc-guidance.pdf)

<sup>5</sup> <https://www.ofgem.gov.uk/publications/authority-decision-gcrps-request-urgency-gc0161-changes-oc6>

<sup>6</sup> Ofgem's urgency criteria can be viewed here; <https://www.ofgem.gov.uk/publications/ofgem-guidance-code-modification-urgency-criteria-0>

At the Grid Code Review Panel meeting on 27 July 2023, the Panel agreed by majority to recommend to Ofgem that GC0162 should be progressed as an urgent modification proposal.

We note that:

- the majority of GCRP members voted for urgency under Ofgem urgency criteria (b) and (c), agreeing with the Proposer's views in this regard.
- some GCRP members expressed concerns which were incorporated into the Terms of Reference for the Workgroup to consider:
  - focusing on the arrangements for demand disconnection in the range 20% to 40%;
  - the appropriateness of the Proposal;
  - analysis of the increased Distribution Network Operator (DNO) switching time required to implement the required Demand Disconnections should site protections be accommodated; and
  - whether there are any adverse implications on the reserve requirements on generators and the application of the Security and Quality of Supply Standard Chapter 3 requirements.
- two GCRP members voted against Urgency as they considered the Proposal would not adequately secure the system in an emergency event if DNO switching times were increased rather than decreased.
- the GCRP agreed that GC0162 should be assessed by a joint Grid Code / Distribution Code Workgroup.

## **Our decision**

In reaching our decision on the urgency of GC0162 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.<sup>7</sup>

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.

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<sup>7</sup> <https://www.ofgem.gov.uk/publications-and-updates/ofgem-guidance-code-modification-urgency-criteria-0>

We note that, as with GC0161, GC0162 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 ESEC) 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)<sup>8</sup>, but an event outside of those managed by the FRCR could result in Demand Control being enacted under OC6. We therefore agree that GC0162 relates to a potentially imminent issue, and have considered whether it may cause any of the effects outlined in our urgency guidance.

We agree with the GCRP majority view that GC0162 meets our Urgency criteria (b), though disagree with the reasons outlined by the Proposer, which focused on societal benefit arising from the protection of critical sites. We note that the protection of critical sites does not strictly impact the safety or security of the electricity system. However, in the very unlikely event of long demand disconnections, it is probable that OC6 Demand Control will be enacted first then transitioned into ESEC. In seeking to allow DNO's to use ESEC style load blocks in providing Demand Control by Demand Disconnection, GC0162 seeks to address the possibility of block misalignment during transition, which if not addressed could have an impact on the safety and security of the electricity system.

We note GCRP concern with regards to wider system impacts of increasing the switching time for DNOs to enact the second tranche (20% to 40%) of Demand Control via Demand Disconnection. We expect such concerns to be fully investigated and addressed within the development of the Proposal.

We agree with the Proposer and GCRP majority view that GC0162 meets our Urgency criteria (c), for the reasons outlined by the Proposer. We recognise that the current legal obligation preventing protections for critical sites could conflict with requests made to DNOs in certain circumstances. If not addressed, this could put parties in breach of their legal obligations, and we therefore agree that urgency criteria (c) is met.

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

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<sup>8</sup> <https://www.nationalgrideso.com/document/248151/download>

We agree the Proposal should follow the urgent timetable set out in Appendix 1 of the Panel Chair's letter to us requesting GC0162 be treated as urgent<sup>9</sup>, summarised below:

<b>Process</b>	<b>Date</b>
Ofgem Decision on urgency	4 August 2023
Workgroups commence (Grid Code / Distribution Code joint Workgroup)	10 August 2023
Workgroup Consultation	12 September 2023 to 18 September 2023
Workgroup Report issued to Panel	9 October 2023
Code Administrator Consultation	13 October 2023 to 14 November 2023
Final Modification Report available for Panel	20 November 2023
Final Modification Report submission to Authority	23 November 2023
Preferred Implementation	By 15 December 2023

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](mailto:Shilen.shah@ofgem.gov.uk).

Yours sincerely,

**Martin Queen**  
**Head of Engineering Systems & Policy**  
Duly authorised on behalf of the Authority

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<sup>9</sup> The letter requesting urgency can be seen on here;  
<https://www.nationalgrideso.com/document/285086/download>