

Code Administrator Consultation Response Proforma

GC0117: Improving transparency and consistency of access arrangements across GB by the creation of a pan-GB commonality of Power Station requirements

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 by **5pm on 26 March 2024**. 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 or grid.code@nationalgrideso.com

Respondent details	Please enter your details	
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Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <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** (*this will be shared with industry and the Panel for further consideration*)
- Confidential** (*this will be disclosed to the Authority in full but, unless specified, will not be shared with the Panel or the industry for further consideration*)

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:
		Original <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WAGCM1 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
<p>The Original Proposal (Original) and WAGCM1 do not better facilitate the applicable objectives a) b) c) d) or e).</p> <p>The Original is too overreaching to address the defect, creating more issues and a net impact that is worse against the applicable objectives when compared to the Baseline. The Original has been used by the NGENSO to tackle their emerging balancing costs. Innova accepts that this is a valid concern that needs to be reviewed, however, the Original or WAGCM1 should not be used as a mechanism for NGENSO to address future balancing costs. While the working group should take balancing costs into consideration it appears this has been used as the main driver for the implementation of the Original without fully understanding the implications for key stakeholders.</p> <p>All Large Power Stations are required to apply to the ESO for a Bilateral Embedded Generation Agreement (BEGA) or a Bilateral Embedded License exemptible Large power station Agreement (BELLA). If the Original is implemented many embedded generation projects that do not currently need to apply for a BEGA will be required to apply for one, this means they will have a separate agreement with the ESO and require an interface with the ESO and the TO. The interface with the ESO and TO will require telecommunication links, additional contractual obligations, and more onerous compliance with Grid Code and CUSC, all at the expense of the Customer. The working group have calculated the cost of the additional requirements to be around £265k per year per customer (see Annex 11). BEGA can cost up to £31,200.00 (ESO Application fees for 2023-24) and will provide the Customer with Transmission Entry Capacity (TEC), which is typically firm capacity, although the customer can opt for a non-SQSS compliant connection.</p>		

Key implications which have not been considered by the working group are:

1. Clear indication of the system responsibilities for the DNO following implementation.
2. Impact of Code Modification on the proposed tactical initiatives (3-point and 5-point plan) laid out by the Strategic Connection Working Group.
3. Impacts on the implementation of technical limits following grid code approval, a key tactical initiative to accelerate connections.
4. Impact on DNOs' ability to reallocate network capacity.
5. Primacy rules relating to the instructions from DNOs and the ESO to enable DNOs to effectively plan and operate their networks.
6. Operational implications associated with the ESO issuing Balancing Market (BM) instructions to large power stations.

If the Original is implemented it will significantly undermine the tactical initiatives set out by the Strategic Connection Working Group (SCG) through the ENA 3-point plan, the NGENSO 5-point plan, and wider connection reform, which aim to address the unprecedented number of new connections and accelerate connection dates. The SCG tactical initiatives seek to eliminate blockers to connections, allowing DNOs greater control and flexibility of their own distribution connection queue to accelerate 'shovel ready' projects for example, through the use of technical limits. However, the Original has the unintended consequences of removing this crucial ability from the DNOs further exacerbating the current connection issues and removing the ability for acceleration of connection dates. Lowering the large connection threshold adds a substantial number of projects within the ESOs connection queue removing the DNO's ability to effectively manage projects connecting to their network, as they must have agreement from the TO and ESO before making any changes. Part of the SCG plan is to reduce/remove the interactions between DNOs and the ESO through the use of technical limits/re-allocation of capacity to allow DNOs to manage their connection queues independently of the ESO. The original removes this interaction requiring the generator to go through the transmission impact assessment (BEGA/BELLA) process through NGENSO

directly rather than indirectly via the DNO Project Progression and Appendix G process, this reduces the effectiveness of the Technical Limits implementation.

The working group has sought to understand the implications of the Original and WAGCM1 on key stakeholders, such as new embedded generators and DNOs. However, the full impact on key stakeholders has not been adequately assessed to reasonably justify and outweigh the perceived claims of the savings in addressing the balancing mechanism inefficiencies of up to approximately £70m. Innova would urge that any implementation of substantial changes such as GC0117 should first fully understand the full impact on key stakeholders so an informed decision can be made. For example, it is currently unclear how the Original impacts the responsibility for DNOs or the impact on how DNOs operate their network such as the ability for ESO to issue instructions to a large power station downstream of an Active Network Management (ANM) scheme or if this is even possible using existing control systems. Furthermore, the full impact on embedded generators and the DNOs network has not been considered by the working group, a matter the working group has recognised and detailed on page 19 of the Working Group Report. Aspects not considered are as follows:

- The connection process for generations and implications for queue management.
- Primacy rules relating to the instructions from DNOs and the ESO to enable DNOs to effectively plan and operate their networks.
- Operational implications associated with the ESO issuing BM instructions to large power stations.

Any proposal that reaches deep into the distribution system, which GC0117 does, should be driven by clear policy development, set by the government or the authority, to allow the Authority to enact such change. Connection reform and initiatives set out by the SCG have been given a clear direction by parliament to the Authority through the [Connections Action Plan](#) to reform the connection process and accelerate connections, GC0117 has not received such direction.

2	Do you have a preferred proposed solution?	<p> <input type="checkbox"/>Original <input type="checkbox"/>WAGCM1 <input checked="" type="checkbox"/>Baseline <input type="checkbox"/>No preference </p> <p> Innova’s preferred solution would be to retain the current Baseline and not implement the Original or WAGCM1. The full impact of GC0117 on key stakeholders has not been adequately considered. However, if Ofgem decides to approve GC0117 to address the original defect via a harmonised definition of Large Power Station, Innova would support the implementation of the WAGCM1 as this would have the least negative impact on key stakeholders. The Original has the potential to significantly impact new future embedded generation by increasing the operational costs through BM participation and reducing the ability of Distribution Owners to manage the embedded generation queue. This could act as a barrier to the development of renewable generation across GB. Furthermore, as outlined, the Original has significant impacts on the grid connections reform. Innova would strongly argue that more needs to be done to fully understand the implications, associated impacts and a full analysis of costs and savings before any decision is made. </p>
3	Do you support the proposed implementation approach?	<p> <input checked="" type="checkbox"/>Yes <input type="checkbox"/>No </p> <p> While Innova does not support the Original or WAGCM1 it does support the implementation approach, if either the Original or WAGCM1 was approved the working group has been clear that the proposal would not apply to any Generator who has submitted a Connection Application to the DNO prior to the implementation of the modification. This is a fair approach to ensure that no current generator within the connection queue is unduly impacted by such changes. </p>
4	Do you have any other comments?	<p> While addressing the defect, the industry needs to consider if applying a harmonised classification system across GB is suitable due to inherently different characteristics across the transmission networks. Any such approach needs to consider the intricacies of each transmission network. </p>

5	Do you agree with the that GC0117 does impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Grid Code?	<input type="checkbox"/> Yes <input type="checkbox"/> No Innova has no comment concerning the impact GC0117 has on the EBR.
		Innova has no comment concerning the impact GC0117 has on the EBR.
6	Do you have any comments on the impact of GC0117 on the EBR Objectives?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Click or tap here to enter text.