

Workgroup Consultation Response Proforma**GC0117: Improving transparency and consistency of access arrangements across GB by the creation of a pan-GB commonality of Power Stations 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 5 August 2022**. 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 Ruth Roberts ruth.roberts@nationalgrideso.com or grid.code@nationalgrideso.com

| Respondent details | Please enter your details |
|-------------------------|--|
| Respondent name: | Richard Woodward |
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I wish my response to be:

(Please mark the relevant box)

 Non-Confidential Confidential

Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

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 Workgroup Consultation questions | | |
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| 1 | Do you believe that the Original Proposal and WAGCM1 better facilitates the Applicable Objectives? | Mark the Objectives which you believe each solution 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 |
| | | It is difficult for us to accurately assess the proposed solutions against the applicable objectives due to the limited cost/benefit evidence presented in the consultation. We have assessed both as neutral for now and have provided a more qualitative assessment on the modification proposal and potential solutions in the remainder of this consultation response proforma. |
| 2 | Do you support the proposed implementation approach? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | | Ultimately implementation could take weeks, months or years depending on the possible solutions taken forward (subject to Ofgem's determination). More work is needed on implementation within the workgroup as part of setting out costs/benefits for each of the possible options. |
| 3 | Do you have any other comments? | We hope the workgroup will pursue a more objective CBA-type approach in the next phase of their work to finalise the possible solutions for this modification. |
| | | This is important as the proposal cites higher costs for Users and end consumers as a consequence of retaining the baseline, but these don't appear to be evidenced in the report. Not only do the potential modification solutions need to be analysed and compared for their respective costs/benefits, but they also need to be weighed up against the status quo. This CBA approach should also be combined with a much clearer articulation of need from the Electricity System Operator, in coordination with Onshore TOs. |
| | | Overall we remain wary that there could be risks in moving away from the baseline - particularly under the original proposal which represents a significant deviation from the current levels in England & Wales (see Q8). This could lead to unforeseen consequences, such as a large increase in embedded Users requiring transmission connection offers - at a time when application volumes are at unprecedented highs. |

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| | | <p>We believe it is vital prior to proposing new generator compliance levels that the workgroup definitely conclude whether the needs of the GB transmission system inherently leads to differing requirements for Users in particular areas of the network, meaning that harmonisation could create more problems than it solves.</p> <p>Ultimately the ESO, in coordination with the Onshore TOs, is well placed to understand system capability requirements against longer term trends including the transition to net zero. There is a risk that GC0117 could take a micro view, or is focused on harmonisation at all costs, and this prevails over a more holistic approach (see Q10).</p> <p>However we do accept that a greater inherent level of response capability and visibility of generators at lower capacity levels is a good thing for system security. It also helps improve competition in balancing markets, which should reduce costs for end consumers.</p> |
| 4 | Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider? | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Whilst we don't have a specific proposal to raise as a WACM, we do encourage the workgroup to consider whether an evolution of the existing baseline levels (i.e. retaining some justified regional specificity) might have merit.</p> |

| Specific Workgroup Consultation questions | | |
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| 5 | Do you believe it is appropriate to change the definition of Demand Capacity and associated Grid Code definitions so that they align with the changes to Large, Medium and Small Power Stations? If so, do you think this should be addressed as part of this Grid Code modification or separately? | Ultimately it is for the ESO to be satisfied legally as to how GC0117 impacts this and any other Grid Code definition (including consideration of unintended consequences) and to manage how any issues are resolved prior to Ofgem determination. |
| 6 | Do you see any unintended consequences of this changing the definition of Demand Capacity? If so, what are your reasons for this? | See Q5. |
| 7 | Do you think the suggested change in the definition of Registered Capacity is appropriate and do you think this | See Q5. |

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| | change should apply across the original and Alternative solutions proposed? If not, please state your reasons. | |
| 8 | Of the solutions proposed (i.e., the Original and Alternatives) which solution do you favour and why? | <p>As per our answer for Q3, it is imperative that GC0117 prepare an objective rationale to justify moving from the baseline which is beyond 'favour' or preference. We are happy to assist that effort as a member of the workgroup.</p> <p>As things stand, the original proposal represents a significant deviation from the status quo in England & Wales and would appear potentially disruptive for both transmission and distribution network companies and our customers. However we are wary there may be benefits to move to the 10MW level which outweigh these concerns which, as of now, have not been evidenced.</p> <p>It's important to note that the nature of this modification will naturally lead to differing perspectives on solution feasibility as it prioritises harmonisation in arrangements not currently harmonised. For example, we would anticipate our Scottish TO colleagues have similar concerns to those we've expressed above in relation to the 100MW Large level being applied across GB (WACM1). Ultimately, we believe the correct answer will be found in an objective CBA which also includes the baseline as an option.</p> <p>We do not believe any proposals referring to the Regional Development Plan initiative have merit here (as things stand). The RDP approach is still under review and could lead to confusion if used to determine these technical compliance levels.</p> |
| 9 | Do you think there are unintended consequences in defining Type 1 and Type 2 Licence Exempt Embedded | The consultation does not elaborate on this issue, so we cannot provide further comment. |

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| | Medium Power Stations (LEEMPS) separately? If so, please state your reasons. | |
| 10 | Do you think that there is merit in establishing a holistic net-zero view of the technical and commercial arrangements for connecting new and operating existing and new generators to meet the requirements of all stakeholders, then developing the necessary cross code changes to implement the new framework, rather than just change the definitions of power station sizes with this Grid Code modification? | As per our response to Q3, we believe the issue central to this modification is better considered as part of a strategic initiative led by BEIS/Ofgem with the support of industry. This will lead to more comprehensive outcomes which facilitate strategic objectives such as net zero, promotion of competition, and lowering costs for end consumers. |
| 11 | Do you agree that the revised arrangements should apply to new generators connected to the system i.e., not applied retrospectively? | <p>We agree that retrospective application would not only be complex but could lead to the erosion of necessary system capability in areas of the network, risking system instability.</p> <p>However, a modification seeking pan-GB harmonisation which results in a two tier system for existing and new Users does seem odd.</p> |
| 12 | Should the same approach on retrospectivity apply to all options? | Yes. |
| 13 | Can you identify any potential consequential impact from the GC0117 modification proposal(s) on current electricity market or balancing arrangements as set out in other code frameworks (e.g., BSC, CUSC)? If yes, please identify these. | <p>Yes – the electricity licencing arrangements refer to generator designations. These would need to evolve to retain alignment (depending on Ofgem’s determination).</p> <p>As highlighted above in Q3 in relation to the original proposal, not only would an increase in embedded generation classified as ‘Large’ translate into more transmission connection offer requirements, but also many more generators requiring generation licences. Hypothetically, class derogations/exemptions could mitigate this issue, but again, this would seem to contradict the intent of the modification for pan-GB harmonisation.</p> |