

Stage 01: Modification Proposal

Grid Code

GC109: The open, transparent, non discriminatory and timely publication of the various GB electricity Warnings or Notices or Alerts or Declarations or Instructions or Directions etc., issued by or to the Network Operator(s).

Purpose of Modification:

This modification will set out within the Grid Code the obligation on Network Operators to make available to market participants, in real time, all the types of Warnings etc., issued (including whether they 'activate' or 'deactivate' an action) so that market participants have a 'one stop shop' to find this information, in a user friendly format.

The Proposer recommends that this modification should be:

assessed by a Workgroup to form the final proposals for the mod and then proceed to Workgroup Consultation.

This modification was raised 14 02 2018 and will be presented by the Proposer to the Panel on 22 02 2018 The Panel will consider the Proposer's recommendation and determine the appropriate route.



High Impact: None



Medium Impact: Transmission Owners (including OFTOs and Interconnectors), Distribution Network Operators, Transmission System Users System Operator and Generators



Low Impact: None

What stage is this document at?

01	Modification Proposal
02	Workgroup Report
03	Code Admin Consultation
04	Draft Final Modification Report
05	Report to the Authority

Contents

1	Summary	3
2	Governance	5
3	Why Change?	5
4	Code Specific Matters	5
5	Solution	5
6	Impacts and Other Considerations.....	6
7	Relevant Objectives	6
8	Implementation	8
9	Legal Text.....	8
10	Recommendations	8



Any Questions?

Contact:

Chrissie Brown

Code Administrator



christine.brown1@nationalgrid.com



01926 65 3328

Proposer:

Garth Graham

SSE Generation Ltd

Timetable

The Code Administrator will update the timetable. This will be discussed at the Panel meeting being held on 22 February 2018 and updated following the Panel decision on the Governance route

The Code Administrator recommends the following timetable: *(amend as appropriate)*

Workgroup Meeting 1	dd month year
Workgroup Meeting 2	dd month year
Workgroup Meeting 3	dd month year
Workgroup Report presented to Panel	dd month year
Code Administration Consultation Report issued to the Industry	dd month year
Draft Final Modification Report presented to Panel	dd month year
Modification Panel decision	dd month year
Final Modification Report issued the Authority	dd month year
Decision implemented in Grid Code	dd month year

Defect

The defect is that there is no timely publication of the various Warnings etc., which is both on grounds of greater transparency but also that not all market participants currently get the Warnings.

What

The Grid Code will need to be amended to set out the procedure for the timely publication of the various GB electricity Warnings or Notices or Alerts or Declarations or Instructions or Directions etc., issued by or to the Network Operator(s).

An illustrative table of the types of relevant items has been developed within the industry and is attached with this proposal. This proposal is looking at the items listed in the far left hand column (headed 'Type'), some of which are already published¹ (see 'is it published' in the fourth from left column).

Why

Currently there is a lack of equality and equivalence in terms of the provision of information associated with certain 'emergency' type situations on the GB electricity system. A limited number of market participants are placed in an advantageous position as a result of this asymmetry of information.

Recital (19) of Regulation 714/2009² set out that:

“Equal access to information on the physical status and efficiency of the system is necessary to enable all market participants to assess the overall demand and supply situation and identify the reasons for movements in the wholesale price. This includes more precise information on electricity generation, supply and demand including forecasts, network and interconnection capacity, flows and maintenance, balancing and reserve capacity.” [emphasis added]

Article (2) (7) of Regulation 1227/2011³ defines market participant as:

“‘market participant’ means any person, including transmission system operators, who enters into transactions, including the placing of orders to trade, in one or more wholesale energy markets” [emphasis added]

Related to this, Article (2) (1) of Regulation 1227/2011 defines inside information as:

“(1) ‘inside information’ means information of a precise nature which has not been made public, which relates, directly or indirectly, to one or more

¹ So would not need to be 're-published' per se although for completeness it may be appropriate to include the obligation(s) with respect to publication etc., within this proposal to ensure the current publication of the item(s) cannot be halted / amended etc., except via an open and transparent process.

² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0015:0035:EN:PDF>

³ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011R1227&from=EN>

wholesale energy products and which, if it were made public, would be likely to significantly affect the prices of those wholesale energy products.
[emphasis added]

For the purposes of this definition, 'information' means:

(a) information which is required to be made public in accordance with Regulations (EC) No 714/2009 and (EC) No 715/2009, including guidelines and network codes adopted pursuant to those Regulations;

(b) information relating to the capacity and use of facilities for production, storage, consumption or transmission of electricity or natural gas or related to the capacity and use of LNG facilities, including planned or unplanned unavailability of these facilities; [emphasis added]

(c) information which is required to be disclosed in accordance with legal or regulatory provisions at Union or national level, market rules, and contracts or customs on the relevant wholesale energy market, in so far as this information is likely to have a significant effect on the prices of wholesale energy products; and

(d) other information that a reasonable market participant would be likely to use as part of the basis of its decision to enter into a transaction relating to, or to issue an order to trade in, a wholesale energy product. [emphasis added]

Information shall be deemed to be of a precise nature if it indicates a set of circumstances which exists or may reasonably be expected to come into existence, or an event which has occurred or may reasonably be expected to do so, and if it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of wholesale energy products;" [emphasis added]

Currently some market participants; such as, but not limited to, the Transmission System Operator, DNOs (DSOs), Suppliers and Generators; may (will?) have access to various GB electricity Warnings or Notices or Alerts or Declarations or Instructions or Directions etc., issued by or to the Network Operator(s) which, under the current GB national industry arrangements, either (i) may not be available, in a timely manner, to other market participants or (ii) may not be available at all to other market participants.

This proposal would provide accessibility for market participants to market relevant information in a timely manner, as well as putting in place a robust governance route to apply the requirements in an open, transparent and proportionate way.

How

With the support of the industry, we will use this modification to finalise the solution, before consulting with the wider industry and submitting to Ofgem for a decision.

Our thinking is to make it as simple a process as possible. It could, for example, be simply an extension of the existing 'mailing list' used for any electronic alerting (such as email or text/SMS) that is already issued at the time. Or it might be, for example, via a website notice (such as the existing system warning(s) placed on BMRS). Furthermore, it maybe something that market participants pre-register for or is made more widely available – we are open to stakeholder / Workgroup input on the details of the 'how' / 'solution' .

2 Governance

Given the materiality of the change(s) proposed in this Modification, the Proposer believes that self-governance or fast track governance arrangements are not appropriate in this case.

In terms of materiality, if information is not provided to market participants in a timely manner then this could have a material effect (that is, greater than £10,000) on those market participants collectively (as well as possibly individually, depending on the circumstances) if they are trading without knowledge of the facts.

As the type of events the Warnings etc., relate to are numerous and varied, there may be a number of occasions in, say, a winter where this could occur. Unfortunately without transparency around this Warnings etc., currently it is not possible to be more definitive on this at this moment in time.

3 Why Change?

This Proposal seeks to support the application of relevant aspects of EU law which have been introduced in order to enable progress towards a competitive and efficient internal market in electricity.

Ensuring that there is open and transparent access for market participants to market relevant information will support both the GB market as well as cross-border trade within the (UK) Member State and with other Member States which will achieve improved benefits for end consumers.

4 Code Specific Matters

Technical Skillsets

- Understanding of the GB regulatory frameworks (particularly Grid Code)
- Understanding of the EU legal framework and the potential impact
- Where appropriate, knowledge of the obligations and operational processes of GB Network Operators, the GB National Electricity Transmission System Operator and market participants

Reference Documents

The Grid Code, the SO/TO Code, the Distribution Code, the Fuel Security Code and the Electricity Supply Emergency Code.

5 Solution

The initial thinking is that a simple process as possible would be used to achieve the aims of this proposal.

As noted above, it could, for example, be simply an extension of the existing 'mailing list' used for any electronic alerting (such as email or text/SMS) that is already issued at the time of a particular Warning etc..

Or it might be, for example, via a website notice (such as the existing system warning(s) placed on BMRS).

It may be something that market participants pre-register for or is made more widely available – we are open to stakeholder / Workgroup input on the details of the on this.

The Grid Code will require the relevant Network Operator(s) who either issues or receives Warnings or Notices or Alerts or Declarations or Instructions or Directions etc., to notify market participants using the appropriate mechanism(s).

Ideally, it would be best if a single information channel was adopted (and in this regard the BMRS would seem the obvious 'candidate').

However, we appreciate that there maybe practical issues with this (BMRS) approach and, therefore, we believe that a flexible approach, at least to begin with, should be considered as part of the solution.

6 Impacts and Other Considerations

No substantial impacts are envisaged from this proposal as the aim is to utilise existing communication channels.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This modification does not impact on any on-going SCR.

Consumer Impacts

This modification facilitates the application of EU law and thus maximising the social welfare across the Union, which benefits end consumers.

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity	Neutral

<p>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)</p> <p>The proposed solution will facilitate competition in the generation and supply of electricity by ensuring that all market participants have equal and timely access to information of relevance to the market.</p>	<p>Positive</p>
<p>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</p>	<p>Neutral</p>
<p>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</p> <p>The EU Third Energy Package legislation supports equal access to information which benefits the market in electricity and increases competition which results in lower end consumer costs and thus maximising social welfare (which is in conformance with the Electricity Regulation).</p> <p>This proposal ensures openness and transparency around the Warnings etc., that are available to market participants. Without full visibility of this information some market participants will be placed at a disadvantageous position compared to others.</p> <p>Furthermore, this modification ensures GB compliance with EU legislation in a timely manner and does so in a way that is not more stringent than EU law permits.</p>	<p>Positive</p>
<p>To promote efficiency in the implementation and administration of the Grid Code arrangements</p> <p>The publication either in a single location (BMRS) or via a set means of electronic notification channel – such as email or text/SMS - of the various GB electricity Warnings or Notices or Alerts or Declarations or Instructions or Directions etc., issued by or to the Network Operator(s) will help market participants to find this important information, without the need to source it from differing locations within numerous websites / channels (for each of the parties concerned). Therefore this proposal will promote the efficiency in the implementation and administration of the Grid Code arrangements.</p>	<p>Positive</p>

8 Implementation

This modification should be implemented at the earliest practical opportunity and, ideally, before winter (October) 2018.

9 Legal Text

Not yet agreed.

10 Recommendations

Panel is asked to:

- Approval normal code governance procedures be used
- Refer this proposal to a Workgroup for continuing the formation of proposals