

Appendix 1 - National Grid ESO response to consultation questions

Introduction of an Electricity System Restoration Standard

Q1: Do you agree that we should modify the ESO's licences to allow the BEIS SoS to set an obligation on the ESO to comply with an ESRS?

The Electricity System Operator (ESO) welcomes the proposed licence change and the inclusion of a clear and visible obligation on the ESO to comply with an Electricity System Restoration Standard (ESRS). However, the ESO also believes the obligation to comply with an ESRS shouldn't be limited to the electricity system operator. The ESO:

- Accepts its leading position in facilitating and driving forward the implementation of the ESRS;
- Believes the obligation to comply with an ESRS should be shared across the wider Industry;
- Fully accepts it should be held accountable for its actions if underperforming against any of its obligations but firmly believes some form of 'accountability matrix' should be considered for an ESRS. As an example, if a party other than the ESO underperforms against its pre-agreed commitments/obligations following an ESO instruction - something outside the reasonable control of the ESO – we would not expect the ESO to be found in breach of its licence in this scenario. In this case the ESRS should be considered as effectively implemented and consequential actions should be applicable for any party found to be at fault. To some extent this can be applied through provisions in agreements to encourage compliance from service providers, but we believe that there may need to be licence obligations considered to ensure compliance.
- Believes added clarity on the obligations/accountability across the Industry would assist in focusing resources across the sector and speed-up the implementation of the ESRS.

Regulation of the Electricity System Restoration Standard

Q2: Do you agree that SpC 2.2 should focus primarily on obligations to implement the ESRS and obligations to demonstrate the ESO's compliance with it?

In alignment with Q1 and moving forward the ESO agrees:

- It should be responsible for the development of an Assurance Framework as outlined in the current consultation;
- With the fact that where applicable it should be held accountable for its actions and performance (where a given obligation is under the ESO's control);
- It is in a unique position to monitor the overall Industry's performance on an enduring basis.

The ESO believes obligations to implement and demonstrate compliance should include the ESO but not necessarily be limited to the system operator.

Q3: Do you agree with integrating the approach to regulating restoration services procurement into the StC C16 obligations?

While we agree with the principles of integrating restoration service procurement into the StC C16 obligations, we are concerned that the proposed approach will result in unintended consequences to fulfilling our other C16 licence obligations.

We are concerned that the delivery of the Procurement Guidelines report and the Balancing Principles Statement (BPS) report will be significantly impacted by the proposed approach. Both reports are currently

offset by 6 months due to the requirements of the Balancing Mechanism (BM) and BPS audits, and to manage the substantial level of resource required to complete these reports during the one month turnaround period. As the BM audit (Balancing Settlement Code obligation) must be delivered to line up with BSC audit carried out by Elexon each year, the proposed drafting would result in a requirement to carry out both the BM and BPS audits in this time period. This would require the ESO to assign a significant amount of additional internal and external resource to turnaround these reports, which we do not believe is practically possible to achieve within the proposed timeframe.

We also note that the proposed drafting of a single annual report is required to be accompanied by an independent auditors' statement. Currently, the licence only applies this to the balancing principles statement report, this would be an extension if applied to a combined annual report. The new obligation also audits all parts of the annual report for accuracy, in addition to the BPS audit requirements. We believe that the scope of the BPS audit sufficiently covers the Balancing Services as defined in our transmission licence and should not be expanded as proposed in the drafting.

We also note that the proposed drafting does not omit the requirement to produce individual reports for Procurement Guidelines and BPS in paragraph 3 of C16: "Procurement guidelines statement (and associated report)" and "Balancing principles statement (and associated report)." We would expect these terms to be removed if they were to be replaced by the proposed annual report.

Q4: Do you agree that the proposed assurance framework (including the independent assessment) is proportionate and will provide sufficient confidence that the ESO will be able to meet the ESRS?

We believe that the proposed assurance framework is proportionate and sufficient. However, it is worth noting that no assurance measures or modelling can ever provide any absolute guarantee of future outcomes and so the key objective must be to provide sufficient evidence that industry preparation is sufficient based on credible data and measurement processes. Given the existing capabilities within ESO and our aspirations to develop more sophisticated Control Room support tools and data capture, we believe this is possible, though challenging. Our existing probabilistic model is good at presenting outcomes over a wider timeframe but the development of a decision-making tool like the Restoration decision support tool, included in the ESO RIIO-2 business plan, will be key to assess performance against restoration targets moving into the future.

Linked to our response to questions 1 and 2, for the ESO, what is key, is getting clear guidance as to the expectations and approval of the credible projections that the ESO creates to seek to ensure that the ESRS is met by the industry. Incidents may however happen outside of these credible projections and it is essential that this is recognised and that the ESO is not penalised for actions which occur that were not reasonably foreseeable.

It should also be noted that, for the ESO to have the assurance and testing framework in place that may provide the appropriate levels of assurance is likely to require considerable additional resources. We would need to engage further with Ofgem as regards what this may look like and appropriate remuneration.

Q5: Does replacing the term "black start" with "Electricity System Restoration" in the licence conditions have any implications for industry codes or other GB governance documentation? Please explain.

Changing the terminology from "Black Start" to "Electricity System Restoration" is in keeping with the move towards a more integrated solution involving Restoration Service Providers, TOs, DNO's/DSOs etc. From an Industry Codes perspective, the change is principally cosmetic though it will ultimately lead to significant changes to the definitions across all the codes. The term "Black Start" also needs changing in the ESO licence, the Black Start Strategy & Procurement Methodology document, the live Local Joint Restoration Plans held by responsible parties, ESO Business Procedures and all the contracts currently held with Restoration Service Providers.

In addition, the term "Black Start" is a term universally used across the world so its change to "Electricity System Restoration" may require some translation. The term "Black Start" has also been used in a number of the European Network Codes (for example "Requirements for Generators" (RfG) and "Emergency and Restoration Code" (E&R)) and hence its translation into the GB Codes may be more complex. That said,

whilst the EU Emergency and Restoration Code does refer to Black Start, at its heart it very much focuses on the term “Restoration” which would fit with the overall ethos of what is trying to be achieved.

The cost associated with changes to the GB Codes is unknown and so the value in making the change is unproven.

Q6: Do you have any comments or suggestions on the proposed licence text modifications?

The ESO welcomes the responsibility of playing a key part in the implementation of the ESRS, at a time where the world is facing its biggest shift in the energy landscape since the Industrial Revolution and reliance on having resilient energy systems is ever growing. The ESO believes that, working collaboratively with the Industry and key Stakeholders, it can meet the expectations placed upon the System Operator by the UK Government.

The ESO believes further discussions are yet needed to ensure roles, responsibilities and obligations across Industry parties are better understood, but confident those will progress shortly, and that Stakeholders will have a clear path moving forward.

See below the ESO comments on the proposed licence amendments relating to Restoration Standards.

Reference	Current Text	Comment/Proposed amend
Special Condition 2.2		
Throughout condition	Relevant Year	This is not a defined term. Propose either amending to Regulatory Year as defined in Condition A1 or replicate the definition in A4 into Special Condition 1.1
2.2.5, line 3	the licensee must submit an assurance framework (the Electricity System Restoration Assurance Framework) to the Authority for approval.	Proposed amendment as Electricity System Restoration Assurance Framework is already defined: the licensee must submit an assurance framework (the Electricity System Restoration Assurance Framework) to the Authority for approval.
2.2.7(a), line 4	ensures that the Electricity System Restoration Standard is complied with at all times during a Relevant Year	Proposed amendment: ensures that the Electricity System Restoration Standard is capable of being complied with at all times during a Relevant Year
2.2.7(b), line 1	A description of how the licensee will monitor its compliance with the Electricity System Restoration Standard	Proposed amendment: A description of how the licensee will monitor its compliance ability to comply with the Electricity System Restoration Standard
2.2.7(b) and (c)	Electricity System	This is not a defined term. Consider instead using the definition in A1 – ‘national electricity transmission system’
2.2.20 Electricity System Restoration definition	means the procedure used to restore power in the event of a total or partial shutdown of the national electricity transmission system	Proposed amendment: means the procedure used to restore power in the event of a t Total or p Partial shutdown of the National Electricity Transmission system (as defined in the Grid Code)
2.2.20 Electricity System Restoration Standard definition	means the target Restoration Time that the Secretary of State requires the licensee to have the capability to meet.	Proposed amendment: means the target Restoration Time that the Secretary of State requires directs the licensee to have the capability to meet.
2.2.20 Restoration Time definition	Means the time it would take to energise a part or parts of the National Electricity Transmission System ...	Proposed amendment: Means the time it would take to energise a part or parts of the N national E electricity T ransmission S ystem ...
Condition C1		
Definition of restoration services	Means the services procured by the electricity system operator...	Electricity system operator is not a defined term so propose amending:

		Means the services procured by the electricity system operator...
Part G - throughout	regulatory year	Regulatory year should be capitalised as defined in A.1 – Regulatory Year.