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01 February 2024

**ESO Response to Transmission Constraint Licence Condition call for input - December 2023 and  
Transmission Constraint Licence Condition guidance consultation - December 2023**

Dear Graham,

Thank you for the opportunity to respond to your consultation on ESO Response to Transmission Constraint Licence Condition call for input - December 2023 and Transmission Constraint Licence Condition guidance consultation - December 2023

**Who we are**

As the Electricity System Operator (ESO) for Great Britain, we are at the heart of the energy system, balancing electricity supply and demand second by second.

Our mission, as the UK moves towards its 2050 net zero target, is to drive the transformation to a fully decarbonised electricity system by 2035, one which is reliable, affordable, and fair for all. We play a central role in driving Great Britain's path to net zero and use our unique perspective and independent position to facilitate market-based solutions to the challenges posed by the trilemma.

Our transformation to a Future System Operator (FSO) is set to build on the ESO's position at the heart of the energy industry, acting as an enabler for greater industry collaboration and alignment. This will unlock value for current and future consumers through more effective strategic planning, management, and coordination across the whole energy system.

Having reviewed the call the guidance we do not have any concerns with the drafting that is proposed. We welcome the work you are doing and would welcome the opportunity to continue to work with you to achieve these outcomes. We look forward to engaging with you further and do not hesitate to contact us if there is any evidence, analysis or questions you may have that we can help you with. Should you require further information on any of the points raised in our response please contact Claire Thorpe Morris, Senior Market Monitoring Manager, at [claire.thorpe-morris@nationalgrideso.com](mailto:claire.thorpe-morris@nationalgrideso.com).

Our response is not confidential.

Yours sincerely

Zoe Morrissey

General Counsel and Company Secretary

Are there additional areas of background that respondents would find it useful to have covered in the guidance?

The updated guidance provides additional clarity with respect to the scope of the Transmission Constraint Licence Condition. We do not have any concerns with the background content provided.

Are there areas where respondents consider that the guidance would benefit from additional detail on Ofgem's interpretation of or approach to the enforcement of the TCLC?

The updated guidance provides further clarity on the scope, interpretation, and enforcement of the Transmission Constraint Licence Condition, ESO will continue to refine detection and evaluation of potential events taking account of published guidance.

Are there any areas where respondents consider that the proposed changes to the guidance are unclear?

The updated guidance is sufficiently clear to support all market participants and ESO in understanding the Transmission Constraint Licence Condition.

Are there any examples of material costs or benefits of curtailment that are missing from Table 1?

Table 1 provides additional context as to the costs and benefits of curtailment and identifies useful metrics for these by fuel type. We do not consider that anything is missing.

Are there circumstances which could objectively justify bid prices that would otherwise be excessive, which are not captured in the updated guidance?

The guidance is sufficiently clear and provides further support to all market participants and ESO in understanding potential justifications of an otherwise excessive bid price. However, a condition has been identified where a unit is contracted to provide an ancillary service which otherwise prevents Balancing Mechanism Bid delivery or incurs costs associated with breach of contract. This may rationalise an otherwise excessive price through costs of non-delivery or non-participation in an ancillary service market.

Do respondents have any other comments on the proposed changes to the TCLC guidance?

ESO welcome the greater clarity provided through this more comprehensive guidance.