

Change proposal:	Grid Code B/12: Formalising Synchronising Interval, De-Synchronising Interval, and Last Time To Cancel Synchronisation as Dynamic Parameters		
Decision:	The Authority ¹ directs that the proposed changes to the Grid Code ² be made		
Target audience:	National Grid Electricity Transmission PLC (NGET), Grid Code users and other interested parties		
Date of publication:	21 December 2012	Implementation Date:	To be confirmed by NGET

Background to the change proposal

National Grid Electricity Transmission (NGET) has a licence obligation, in its role as the National Electricity Transmission System Operator (NETSO), to operate and balance the electricity network in an efficient and economic manner. NGET uses the acceptance of users' bid-offer pairs within the Balancing Mechanism³ (BM) to assist with the balancing of supply and demand.

BM participants are required to submit additional data, known as Other Relevant Data⁴, with their BM Unit data in advance of the day to which it applies. The aim of providing this additional information is so that NGET is made aware of other factors associated with a BM Unit⁵ which it may (but is not obliged to) consider when issuing bid-offer acceptances for a BM Unit. Examples of Other Relevant Data items include Two Shifting Limit (TSL), Station Synchronising Interval (SSI), Station De-Synchronising Interval (SDI) and Last Time to Cancel Synchronisation (LTCS).⁶ BM participants may also submit Dynamic Parameters⁷ as part of their BM Unit data to declare the operating profile of a BM Unit.

None of the TSL, SSI, SDI and LTCS data is formally defined as Dynamic Parameters within the Grid Code. In June 2011, an Electricity Balancing System Group (EBSG) was set up by the Grid Code Review Panel (GCRP) to discuss whether and how TSL, SSI, SDI and LTCS data should be formally defined in the Grid Code as Dynamic Parameters.

An initial consultation in March 2012 by the EBSG sought views on the options for formally defining TSL, SSI, SDI and LTCS data within the Grid Code. A large majority of the responses to this consultation agreed that this data should be formally defined as Dynamic Parameters. The EBSG therefore recommended to the GCRP that this data should be formally defined and that the SSI and SDI data, which is currently provided at Station level, ought preferably to be submitted at BM Unit level to align with how market data is identified on the BM reporting systems. Because of mixed views about the treatment of TSL as a Dynamic Parameter, a separate Grid Code change proposal⁸ was raised.

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ NGET uses the Balancing Mechanism to balance the system for each half hour of wholesale electricity traded (the settlement period) for one hour after the point that market trading of electricity ends (Gate Closure).

⁴ The Other Relevant Data that users may submit is set out in the Grid Code (Balancing Code (BC) 1.4.2 (f)).

⁵ A BM unit can consist of a generating station or a demand point connected to the transmission system.

⁶ As referred to in Grid Code BC 1.4.2(f)(v).

⁷ The data described as Dynamic Parameters are set out in Grid Code BC 1.A.1.5.

⁸ Grid Code change proposal, F/12 (Treatment of Two Shifting Limit), is progressing this issue.

The GCRP subsequently issued a full consultation once NGET had raised a change proposal based on the EBSG's recommendation (see below). It was noted that NGET's new Electricity Balancing System (EBS) for managing bid-offer acceptances cannot support the parameters for SSI and SDI data submitted at BM Unit level (the EBS would support Station level defined data only at EBS Go Live⁹) and this issue would require to be addressed through a future system upgrade. In the meantime, the parameters of SSI and SDI data could continue to be submitted at Station level.

The change proposal

NGET raised Grid Code change B/12 (including the proposed legal text) which was consulted upon by the GCRP in August 2012. The proposal builds upon the previous work done by the EBSG and through the GCRP. It seeks to:

- offer one of two options for the management of the SSI and SDI data parameters, namely:
 - a. Option 1 – to not formally define SSI and SDI as Dynamic Parameters, and continue to manage this data as 'Other Relevant Data' (i.e. the status quo). These parameters could then be defined in the Grid Code as Dynamic Parameters at a later date, when the EBS can support submissions of BM Unit level data; or
 - b. Option 2 – to formally define SSI and SDI as Dynamic Parameters with data submitted at Station level (as opposed to at BM Unit level). At a later date, a further proposal could be raised to amend those definitions to allow data to be submitted at BM Unit level when the EBS is able to support this change.
- formally define LTCS data as a Dynamic Parameter. The definition would apply an upper limit of 60 minutes to allow the cancellation of a BM Unit's transition from operation at zero (synchronisation) at any point within the BM window. BM participants would submit this parameter by fax until the EBS can accept electronic submissions. Formally defining the LTCS data parameter can be combined with either Options 1 or 2 above.

The effect of Option 1 is that it would involve only one Grid Code change to formally define the SSI and SDI parameters, to be made once the EBS is able to accept BM Unit level data for the (currently Station-level) SSI and SDI parameters. However, it would mean that these parameters continue to be treated as Other Relevant Data in the meantime. The effect of Option 2 is that these parameters would be formally defined in the Grid Code on the implementation date for B/12 but these definitions would need to be revised once the EBS is able to accept BM Unit level data. It may also cause confusion for those stations where NGET currently takes into account some BM Unit level variation.

Consultation responses

There were four responses to NGET's consultation. Three respondents favoured Option 1 for the treatment of SSI and SDI data. One of these respondents also wanted to retain the LTCS data parameter as Other Relevant Data until the EBS is able to fully support BM Unit level data. The fourth respondent supported Option 2 but did not agree that fax should be used for data submission for any of the data items to be formally defined and that email should be used instead.

⁹ NGET expects the EBS to go live in Quarter 3 2013.

NGET responded to all those who replied to the consultation. It noted that current data submissions are by fax and so formally defining the LTCS data parameter would not result in a change to the method of data submission. It also noted that email management of data submissions would be costly and disproportionately onerous on NGET since no other BM data is managed in this way and there is typically a low volume of data changes involved for this item. NGET also sought to reassure one respondent that there is a detailed schedule for initially implementing the EBS but that the BM Unit functionality for receiving data would require a further system change thereafter.

NGET's recommendation

NGET recommends that the LTCS data parameter is formally defined immediately in the Grid Code through approval of B/12 and that it should be submitted and validated by fax until the EBS accepts electronic submissions. NGET recommends Option 1 for SSI and SDI so that these data parameters continue to be managed as 'Other Relevant Data' until the EBS is ready to support BM Unit level data submitted to it.

In NGET's view, the proposed solution better facilitates applicable Grid Code objective (ii). NGET considers that improved shared understanding of the definition of the relevant data items and when they should be complied with would remove a potential barrier to entry to participation in the generation of electricity. NGET recommended an implementation date of 10 business days after an Authority decision as only Grid Code text changes are involved.

The Authority's decision

The Authority has considered the issues raised by the change proposal and in the final Report dated 16 November 2012. We have considered and taken into account the responses to NGET's consultation on the change proposal which are included in the final Report.¹⁰ We have concluded that:

1. implementation of the change proposal (approving Option 1 for the treatment of the SSI and SDI data parameters) will better facilitate the achievement of the objectives of the Grid Code¹¹; and
2. approving the change is consistent with the Authority's principal objective and statutory duties¹².

Reasons for our decision

We agree with NGET that the change proposal does better facilitate Applicable Objective (ii) of the Grid Code. In respect of the other objectives, we consider that the proposal has no impact or has a neutral impact.

Applicable Grid Code Objective (ii) '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

¹⁰ Grid Code proposals, final reports and representations can be viewed on NGET's website at: <http://www.nationalgrid.com/uk/Electricity/Codes/gridcode/consultationpapers/>

¹¹ As set out in Standard Condition C14(1)(b) of NGET's Transmission Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=14343

¹² The Authority's statutory duties are wider than matters which NGET must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

electricity on terms which neither prevent nor restrict competition in the supply or generation of electricity)

We note that only the LTCS data parameter would be formally defined immediately in the Grid Code as a Dynamic Parameter with an upper limit of 60 minutes. The SSI and SDI data parameters would continue to be submitted as 'Other Relevant Data' at Station level, as has been the case since the implementation of the New Electricity Trading Arrangements (NETA). These data parameters would continue not to be binding on NGET when it considers whether to accept bids and offers from relevant BM Units and so would be subject to discretionary treatment by NGET acting as System Operator. The point at which these data parameters are formally defined in the future is dependent on further upgrading the functionality of the EBS after it is implemented, and upon a further change to the Grid Code being raised.

The LTCS data parameter would be defined as a Dynamic Parameter. This should provide more transparency to both NGET and BM participants and should assist in removing potential barriers to entry for participants in the generation market. These participants should benefit from an improved understanding of when and how this data is used and the requirements to be complied with. The greater visibility of this data should improve market participation in a continuous operational environment.

Option 1, retaining the current treatment of the SSI and SDI data parameters as 'Other Relevant Data' provided at Station level, does not preclude its use by NGET when issuing BOAs. This treatment maintains the approach which has worked well since NETA. The formal definitions of these data parameters may be appropriate when the EBS is upgraded. We consider this option is preferable to option 2. Defining SSI and SDI as dynamic parameters now, with data submitted at Station level may be confusing and may in any case need to be amended when the EBS is upgraded and this data is submitted at BM Unit level.

Whilst we do not support option 2, we note that there is support for formally defining the SSI and SDI data parameters, which would also make these data parameters more visible to market participants. We would encourage NGET to provide market participants with regular information about progress on the implementation of the EBS and its further upgrade. This would allow market participants to plan effectively for when these data parameters may be formally defined as Dynamic Parameters in the Grid Code.

For the above reasons, we agree that the change proposal does better facilitate this Applicable Objective.

Decision notice

In accordance with Standard Condition C14 of NGET's Transmission Licence, the Authority, hereby directs that change proposal Grid Code B/12: '*Formalising Synchronising Interval, De-Synchronising Interval, and Last Time To Cancel Synchronisation as Dynamic Parameters*' (approving Option 1 for the SSI and SDI data parameters) be made.

Chris Watts

Associate Partner, Costs and Outputs

Signed on behalf of the Authority and authorised for that purpose