

Modification proposal:	<b>Grid Code GC0083: European Transparency Regulation Implementation</b>		
Decision:	The Authority <sup>1</sup> directs that the proposed modifications to the Grid Code and Distribution Code be made <sup>2</sup>		
Target audience:	National Grid Electricity Transmission PLC (NGET), Grid Code users, electricity Distribution Licensees, Distribution Code users and other interested parties		
Date of publication:	26 September 2014	Implementation Date:	1 November 2014

## Background to the modification proposal

The European Commission (the Commission's) Regulation (EU) No 543/2013 on submission and publication of data in electricity markets<sup>3</sup> (the Transparency Regulation) came into force on 4 July 2013. It is directly applicable and legally binding in the UK including Great Britain (GB). National Grid Electricity Transmission plc (NGET) is obliged by the Transparency Regulation, as the main GB Transmission System Operator (TSO) data provider, to collect, verify and process data for its onward publication. NGET considers that some elements of the Transparency Regulation should be incorporated into the relevant GB industry codes for the sake of coherence and to make the codes comprehensible to the market participants who are required to comply with them. Those parts of the Transparency Regulation to be implemented in GB codes must be in place no later than 4 January 2015.

The Transparency Regulation amends Annex I to Regulation (EC) No. 714/2009 of the European Parliament and of the Council (the Electricity Regulation). The Transparency Regulation was adopted on the basis of the Electricity Regulation which it supplements and of which it forms an integral part.

The Transparency Regulation requires the provision of a common set of data relating to the generation, transportation and consumption of electricity to the European Network of Transmission System Operators for Electricity (ENTSO-E). The ENTSO-E is required to publish this data on a new central European transparency platform (the Electricity Market Fundamental Information Platform (EMFIP)). Modification proposal GC0083 aims to facilitate the collection of the required data by NGET for onward submission to ENTSO-E.

The Transparency Regulation contains twelve Articles setting out specific data reporting requirements (Articles 6 to 17). It identifies 'primary owners' of data who need to submit information to the TSO for onward transmission to the ENTSO-E and publication on the EMFIP. Alternatively, in some cases primary owners of data can submit this data directly to the ENTSO-E for publication on the EMFIP.

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

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

<sup>3</sup> European Commission Regulation No 543/2013: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0543&from=EN>

NGET already obtains part of the required information (under Articles 7, 8, 14 and 15 of the Transparency Regulation) from market participants as a result of existing industry arrangements. GC0083 aims to clarify which new and existing information market participants need to provide to ensure NGET can comply with its obligation to submit this information to the ENTSO-E.

As well as GC0083, other code modifications have been raised to complement it and to ensure that NGET receives the relevant information from Distribution Network Operators in relation to certain embedded generators (Grid Code GC0042<sup>4</sup>), as well as from offshore transmission system operators (STC CM056<sup>5</sup>). Each of those modification proposals are considered individually against the relevant code objectives and decisions on whether to approve them are made on a case-by-case basis. Also, as a result of our decision to approve BSC modification P295<sup>6</sup>, Elexon is the GB data provider for information that NGET is required to submit to ENTSO-E.

### **The modification proposal**

GC0083 proposes to add provisions into the Grid Code and into the Distribution Code to facilitate data gathering from primary data owners by NGET. To do this, it proposes to clarify which existing and new data generators and customers need to provide to NGET and in what manner to facilitate compliance with the following Articles of the Transparency Regulation:

- Article 7 (Information relating to unavailability of consumption units)
- Article 8 (Year-ahead forecast margin)
- Article 14 (Forecast generation) and
- Article 15 (Information relating to the unavailability of generation and production units).

It introduces two new definitions into the Grid Code of 'EU Transparency Availability Data' and 'Market Operation Data Interface System (MODIS)', the new IT system that NGET will use to help it transfer the data it is mandated to submit to ENTSO-E.

It also sets out the data market participants need to provide to NGET in Schedule 6 of the Data Requirements Code and modifies the Operational and Planning Codes to further clarify the reporting obligations.

It also proposes to amend the Distribution Code to clarify the information embedded customers (High Voltage Customers) need to provide.

### **NGET's and the distribution licensees' recommendation**

NGET submitted the final report to the Authority on 22 August 2014 recommending, alongside distribution licensees, that the modification proposal is accepted. The final report states the view of NGET and the distribution licensees who consider that the

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<sup>4</sup> Our decision letter on GC0042 is here: <https://www.ofgem.gov.uk/publications-and-updates/grid-code-gc0042-information-embedded-small-power-stations>

<sup>5</sup> Papers relating to STC CM056 are on NGET's website: <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/STC/Modifications/CM056/>

<sup>6</sup> <http://www.elexon.co.uk/mod-proposal/p295/>

modification better facilitates Applicable Grid Code Objectives (i), (ii) and (iv)<sup>7</sup> and Applicable Distribution Code Objectives (i) and (iii).<sup>8</sup>

## **Our decision**

We have considered the issues raised by the modification proposal and in the final report dated 22 August 2014. We have considered and taken into account the responses to NGET's consultation on the modification proposal which are included in the final report.<sup>9</sup> We have concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the objectives of the Grid Code
2. implementation of the modification proposal will better facilitate the achievement of the objectives of the Distribution Code and
3. approving the modification is consistent with the Authority's principal objective and statutory duties.<sup>10</sup>

## **Reasons for our decision**

Section 3E of the Electricity Act 1989 specifically requires us to carry out our functions in the manner we consider is best to implement, or to ensure compliance with, any binding decision of the Agency for the Co-operation of Energy Regulators (ACER) or the Commission made under the Electricity Directive, the Electricity Regulation or the ACER Regulation in relation to electricity. The Transparency Regulation is a Regulation that supplements and forms part of the Electricity Regulation.

As we consider that GC0083 facilitates the achievement of relevant legal EU obligations, we have decided to approve the modification proposal.

We set out our views on the modification below against the applicable Grid Code and Distribution Code objectives relevant to our decision. We consider that the modification proposal has a neutral impact on the other Grid Code and Distribution Code objectives.

Applicable Grid Code objective (iv) *'to efficiently discharge the obligations imposed upon the licensee by this licence and to comply with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency'* and Applicable Distribution Code objective (iii) *'efficiently discharge the obligations imposed upon distribution licensees by the distribution licences and comply with the Regulation and any relevant legally binding decision of the European Commission and/or the Agency for the Co-operation of Energy Regulators'*

We consider that the modification facilitates the collection of data required for compliance with the Transparency Regulation and in particular with Articles 7, 8, 14 and 15. Although the Transparency Regulation is directly applicable, GC0083 helps to clarify how

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<sup>7</sup> As set out in standard condition C14(1)(b) of the electricity transmission licence: (<https://epr.ofgem.gov.uk/Content/Documents/Electricity%20transmission%20full%20set%20of%20consolidated%20standard%20licence%20conditions%20-%20Current%20Version.pdf>)

<sup>8</sup> As set out in standard condition 21.4 of the electricity distribution licence: (<https://epr.ofgem.gov.uk/Content/Documents/Electricity%20Distribution%20Consolidated%20Standard%20Licence%20Conditions%20-%20Current%20Version.pdf>)

<sup>9</sup> Grid Code proposals, final reports and representations can be viewed on NGET's website at: <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Grid-code/Modifications/>

<sup>10</sup> The Authority's statutory duties are wider than matters which NGET and the distribution licensees must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

the information flows would take place at the national level. By reflecting the obligations more directly in the relevant GB codes, these obligations should prevent diverse interpretations by market participants who are required to comply with them.

We note that the majority of respondents to the GC0083 industry consultation support the proposal and the only respondent who initially did not support the proposal gave qualified support following further discussions with NGET about the drafting of the proposed changes to the Grid Code.

#### *Other issues*

NGET and the distribution licensees also mention a positive impact on Grid Code objectives (i) and (ii) and Distribution Code objective (i). We consider that any such impacts are the result of complying with the Transparency Regulation and therefore not a direct consequence of making these modifications to the Grid Code and Distribution Code.

We would encourage NGET to seek further clarity regarding the categorisation of co-fired units in accordance with the Production Types as defined by the ENTSO-E Manual of Procedure.

We also note the Technology Type reporting alternative introduced by GC0042 for embedded generation connected before January 2015 and the fact that this differs from obligations on non-embedded generator units under GC0083. NGET has confirmed that it has processes in place for both cases to ensure compliance with the Production Type reporting obligations of the Transparency Regulation.

The Transparency Regulation does not specifically include data to be provided by generators that operate an Offshore Transmission System during a commissioning period. We note NGET's view that the data that generators will provide will be sufficient to comply with the Transparency Regulation.

#### **Decision notice**

In accordance with Standard Condition C14 of NGET's Transmission Licence and standard condition 21 of the electricity distribution licence, the Authority hereby directs that modification proposal Grid Code GC0083: '*European Transparency Regulation Implementation*' be made on 1 November 2014.

**Mark Copley**

**Associate Partner, Markets**

Signed on behalf of the Authority and authorised for that purpose