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Date: 6 July 2018

Dear Rob,

**Decision further to Limejump Energy Limited's ("Limejump") request for Derogation under Standard Condition 11.1 (Compliance with codes Industry Codes) ("SLC 11.1") of the Electricity Supply Standard Licence Conditions**

I refer to your application to us<sup>1</sup> dated 29 June 2018 requesting a derogation in respect of Limejump Energy Ltd's BMUS (AG-ALIM01, AG-BLIM01, and AG-ELIM01), pursuant to SLC 11.1 of the Electricity Supply Standard Licence Conditions, to relieve Limejump of its obligation to implement and comply with the requirements set out in the following Grid Code clauses:

- BC1.4
- BC1.A.1.3.1
- BC1.A.1.3.2
- BC1.A.1.5

We have also received a corresponding derogation request from National Grid Electricity Transmission plc ("NGET"), dated 29 June 2018, in respect of its obligation to comply with BC1.4, BC1.A.1.3.1, BC1.A.1.3.2 and BC1.A.1.5. The Authority's decision on NGET's derogation request is set out in a separate letter to NGET, dated 6 July 2018.

This letter sets out our decision to grant the requested derogation. The Direction published alongside this decision letter gives effect to this decision.

**Limejump derogation request**

Limejump has submitted a derogation request from the obligation for the data required in clauses BC1.4, BC1.A.1.3.1, BC1.A.1.3.2 and BC1.A.1.5 to be submitted at a Grid Supply Point (GSP) level. In accordance with those provisions, Balancing Market (BM) Participants must submit data to NGET at the GSP level. Through its derogation request, Limejump aims at participating in the BM market, by submitting the required data at a Grid Supply Point Group (GSP Group) level. The derogation period requested would be from 9 July (Limejump's planned go live date) until the adoption by the Authority of a decision on the proposed code modification GC0097.

Under arrangements for the Balancing and Settlement Code, Suppliers are currently permitted to create Additional BMUs which can be aggregated at GSP Group level. The Grid Code requirements on the submission of data however currently do not allow the

<sup>1</sup> References to "Ofgem", "the Authority", "we", "us" and "our" are used interchangeably in this letter. The Authority is the Gas and Electricity Markets Authority. Ofgem is the Office of the Authority.

aggregation at GSP Group level and require submission of data at the GSP level. The Grid Code modification GC0097 aims at aligning the Grid Code on the Balancing and Settlement Code by allowing the aggregation of data at GSP Group level. This is one of several industry code modification designed to facilitate the implementation of the Project TERRE<sup>2</sup> and the wider market access to the BM. This code modification is currently with the Authority for decision.

### The Authority's Decision

We have considered the derogation request and supporting information from Limejump and NGET in accordance with our principal objective and general duties. We have considered in particular those factors set out in our "Guidance on licence derogation requests" and note:

- that Limejump has not identified any impact on security of supply, competition, consumers, other parties or health and safety;
- that NGET as part of its work to facilitate wider access to the BM has considered the impact of allowing data to be submitted at a GSP Group rather than GSP level as part of GC0097. NGET has developed several operational processes to facilitate aggregated BMU access and formed mitigating actions to avoid any impact on security of supply.
- that NGET will be requiring Limejump to submit an Aggregator Impact Matrix (AIM) in advance of any formal obligation to ensure the control room can understand the impact of the BMU on the system should it be called.
- that NGET has developed additional support material for operational staff to facilitate the entry of this first active aggregated BMUs.
- that Limejump considered alternative options and the only feasible alternative option is to delay the participation of the provider in the BM until any approval of GC0097. However, that would not result in the best outcome for end consumers, where increased liquidity in the BM may lead to reduced costs for balancing energy actions.
- that there is additional benefit for NGET to test the process of data submission at GSP Group level level in the event that the Authority approves GC0097 and a large number of parties start to register to TERRE and the BM.

For these reasons the Authority has decided to grant derogation to Limejump from its obligation to comply with BC1.4, BC1.A.1.3.1, BC1.A.1.3.2 and BC1.A.1.5 of the Grid Code in relation to Limejump's BMUs: AG-ALIM01, AG-BLIM01, and AG-ELIM01. This derogation shall be from 9 July 2018, until implementation of GC0097 decision if approved or a further direction is issued if GC0097 is not approved.

The granting of this derogation sets no precedent for any future derogation requests and every such request will be assessed on its own merits and particular circumstances.

Published alongside this letter is a copy of the Direction for the purpose of the derogation. This letter constitutes notice for the purposes of section 49A of the Electricity Act 1989 in relation to the Direction.

Yours sincerely,

**Steven Becker**  
**Head of ESO, SO/DSO, Systems & Network**

<sup>2</sup> Project TERRE (Trans European Replacement Reserve Exchange) is a European project to implement a new Replacement Reserve (RR) balancing product, which is being developed by a group of European Transmission System Operators (TSOs), including National Grid. The product is required to fulfil requirements on TSOs from incoming European legislation through the European Electricity Balancing Guideline (EB GL).