

Consultation on licence amendments to facilitate the introduction of an Electricity Restoration Standard

13 May 2021

About Energy UK

Energy UK is the trade association for the energy industry with over 100 members spanning every aspect of the energy sector – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

We represent the diverse nature of the UK's energy industry with our members delivering almost all (90%) of both the UK's power generation and energy supply for over 27 million UK homes as well as businesses.

The energy industry invests over £13.1bn annually, delivers around £85.6bn in economic activity through its supply chain and interaction with other sectors, and supports over 764,000 jobs in every corner of the country.

Summary

We would like to thank Ofgem for the opportunity to respond to this consultation and can confirm that we are happy for our response to be published.

In general, we welcome this Ofgem consultation on the proposed amendments to the ESO's licence conditions that will facilitate the introduction of an Electricity System Restoration Standard and further align the regulatory framework for procurement of restoration services with that of balancing services.

We would like to use our consultation response to highlight the six issues set out below for consideration by Ofgem:

1. *Urgency and timing of the changes*

We would like to emphasise urgency in the timing of the changes being made. Following approval of these licence modifications, our members will need to see consequential changes to the Grid Code introduced as soon as possible in 2021. This should provide clarity and certainty on the technical, operational and commercial obligations of National Grid ESO and stakeholders, and therefore give restoration service providers an opportunity to commence the necessary steps to carry out activities in preparation for the service provision in advance of the December 2026 deadline.

2. *Further certainty on grid code modification and technical parameters*

We would also like to request certainty about the grid code modification including more information on the technical parameters.

3. *Time needed to implement changes*

We would like to emphasise to Ofgem the importance of not underestimating the time needed for service providers to carry out the necessary activities to provide the service.

4. *Contract Terms and Conditions*

We understand that Ofgem has yet to give its approval to the terms and conditions for restoration service providers. Legal certainty in relation to what is required of them under the approved terms and conditions is vital for restoration service providers. We are aware that for NGESO to submit an updated proposal (which will be needed for the extension of restoration in GB from the current Black Start providers to other providers) for these terms and conditions for Ofgem's approval, procedurally it

will be necessary for Ofgem to first reject the 18th November 2019 proposal and also set out that NGESO should submit an amended proposal. We urge Ofgem to do this at the earliest opportunity.

5. *Changes to licence condition wording*

Energy UK suggests amendments to licence condition wording in the context of the renaming of 'black start' to 'electricity restoration' to reflect the policy intent set out by BEIS and avoid confusion. Our members have expressed concerns that unless pointed out in the licence conditions, the two-stage process for restoring electricity supplies, in the event of a catastrophic loss, may not be recognised. To explain further:

- Initially there is a 'black start' phase where a small number of plant or apparatus both energizes (and stabilizes) the local system; and
- Crucially that 'black start', then provides sufficient energy to enable other, non-black start capable plant in that locality, to commence their re-start processes and procedures (the 'restoration' phase) in order to, collectively, restore the electricity system in GB.

It is important that these two distinct phases are captured in the legal and regulatory framework to ensure that providers of these two distinct services are aware of what their code and contractual obligations are going forward.

6. *Consideration of commercial disadvantage*

We note Ofgem's comment (in para 3.5) that in the delivery of this standard "*generators that do not hold a contract to provide restoration services will bear the costs of maintaining the level of resilience and restoration capability required by the GB codes and standards*". We would like to highlight that service providers need certainty that they should not be commercially disadvantaged as a result of providing the services.

These principles are established under the current 'Black Start' framework and we believe that these should be extended this new electricity restoration standard, in keeping with the policy intent set out by BEIS now that the services will be required from non-Black Start plant also. Specifically, placing any obligation concerning the provision of electricity system restoration services, for example, installing new or bigger back-up fuel tanks without any recourse to funding for the associated costs, would commercially disadvantage those parties and would not be in conformance with the BEIS policy. In terms of compliance it is also important the requirements take into account other restrictive regulations that could prohibit power stations complying such as the strict ONR (Office for Nuclear Regulation) regulations that may not align with these rules.

We would like to thank you in advance for considering our response and look forward to hearing further clarification of the next steps in due course. If you have any questions regarding our response in the meantime, please do not hesitate to contact me on the details below.

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