

18th December 2018

Terms and Conditions related to Emergency and Restoration

Dear Ofgem,

In accordance with *COMMISSION REGULATION (EU) 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration*, the Transmission System Operators (TSO) of a member state are required to submit the following proposals to the relevant regulatory authority;

- the terms and conditions to act as a defence service providers on a contractual basis in accordance with paragraph 4;
- the terms and conditions to act as restoration service providers on a contractual basis in accordance with paragraph 4.

This obligation was assigned to National Grid as National Electricity System Operator (NGESO) in your TSO allocation dated 10th January 2018¹.

This proposal is provided on behalf of National Grid Electricity Transmission plc (NGET). NGET owns and operates the high voltage electricity transmission system in England and Wales and, as National Electricity Transmission System Operator for Great Britain, also operate the Scottish and offshore high voltage transmission systems.

This letter and accompanying appendix table provides a summary of the service of restoration and system defence providers. Where there is any conflict between this document and the service terms, the service terms shall take precedence. This letter is intended only as a general guide to the service terms which reside in a Commercial Services Agreement as Clause 4. Each Black Start and System Defence contract is bilaterally agreed in GB.

NGESO has an obligation under Grid Code to ensure that the National Electricity Transmission System can be re-energised in the event of a total or partial system shutdown. The likelihood of a total or partial system shutdown occurring is considered remote. However, if it is the case that should a total or partial shutdown occur anywhere on the system, contingency arrangements must be in place to enable a timely and orderly restoration of supplies.

The need to contract for Black Start or a System Defence procedure at an individual location will largely be driven by current arrangements at other nearby power stations, the expected longevity of such contracts and the implications involved in improving system restoration. NGESO sets out its approach to determining and procuring an economic and efficient level of Black Start Service

¹ <https://www.ofgem.gov.uk/publications-and-updates/minded-decision-assignment-tso-obligations-under-three-eu-network-codes>

Provision on an ongoing basis in the Black Start Statement required under its Transmission License.

The existing Terms and Conditions for providers for the synchronous area of Great Britain are comprised of the Connection Use of System Code (CUSC), C16 Statements and Methodologies, Grid Code (especially the Black Start sections) and the relevant sections of the Connection and Use of System Code (CUSC). These Terms and Conditions have been created under the Electricity Act 1989 and National Grid's Transmission License.

In addition, Standard Contract Terms also exist for System Restoration and Defence services. NGENSO are currently developing both new and existing ancillary services products to best meet the needs of the electricity network, and standard contract terms will be updated as these changes are introduced. Since their creation, the Terms and Conditions for providers of System Restoration and Defence have been repeatedly modified to both improve their application, and to adapt to evolution within the GB Electricity market. The modification process has continually taken customer and stakeholder views into account through workshops and consultations, and in many cases under industry governance processes where modifications have been proposed by market participants to correct perceived defects. All changes are subject to robust governance processes, and where appropriate regulatory approval.

Our proposal is that the Terms and Conditions relating to providers continue to be held in the existing frameworks and that updates required for European Network Code compliance and organic industry led changes are reflected within them. It is important that the terms and conditions are able to adapt as and when necessary and this approach will allow them to do so under the robust existing change processes that govern the GB frameworks. In taking this approach to the proposal for the Terms and Conditions related to Restoration and Defence services, we are following the principle set out in Ofgem's open letter of 18 December 2014 (Implementing the Electricity EU Network Codes), to only make changes to the existing framework where necessary to ensure compliance with the new Regulation.

Table 1 in Annex A is provided to help show that the existing Terms and Conditions for providers in GB meet, and are compliant with the requirements of Commission Regulation (EU) 2017/2196 (E&R) Article 4(4). The table maps the EBGL requirements for the Terms and Conditions for System Restoration and Defence providers to the existing GB Frameworks.

This proposal for the rules relating to the terms and conditions for system Restoration and Defence is expected to have a positive impact on the objectives of Emergency and Restoration as, through the requirements in our contractual obligations, and the Grid Code of the Transmission licence, an objective of each code is compliance with "the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency". The proposal aims to develop a common set of minimum requirements and principles needs to be developed for the procedures and actions to be carried out specifically when in the emergency, blackout and restoration states.

If you have any queries regarding this proposal, please contact Raveena Virk on Raveena.Virk@nationalgrid.com.

Yours sincerely,

Bernie Dolan

EU Codes Change Manager – National Grid Electricity System Operator

Annex 1

Mapping of E&R Article 4(4) Terms and Conditions requirements to the existing GB Electricity Market frameworks and existing standard contractual terms

Please note: This table provides mapping to all the obligatory requirements set out in Article 4(2)

Article	Text	Code	Commentary
4(4)(a)	<p>The terms and conditions to act as defence service provider and as restoration service provider shall be established either in the national legal framework or on a contractual basis. If established on a contractual basis, each TSO shall develop by 18 December 2018 a proposal for the relevant terms and conditions, which shall define at least:</p> <p>(a) the characteristics of the service to be provided;</p>	<p>CUSC 4.1.1.1</p> <p>Grid Code OC 8.1</p> <p>Business Service Description</p>	<p>The terms and conditions to act as a defence or restoration provider are provided within the CUSC and Grid Code.</p> <p>Additionally, NGESO have published a business Service Description which forms the basis bilateral contractual terms agreed with providers.</p>
4(4)(b)	(b) the possibility of and conditions for aggregation; and	Standard Contract Terms	Each individual provider within its Standard Contract terms will have bilaterally agreed the conditions for aggregation.
4(4)(c)	(c) for restoration service providers, the target geographical distribution of power sources with black start and island operation capabilities.	<p>Grid Code OC.9.4.7.2</p> <p>Individual Black Start contract terms agreed bilaterally with black start providers.</p>	<p>Under the Grid Code Local Joint Restoration plans are put in place to highlight the targeted distribution of power sources.</p> <p>Each individual Black Start provider will have a distribution target within its bilaterally agreed contract.</p>