nationalgridESO

C16 Annual Review

Annual Industry Consultation for 2020-21

Proposed revisions to the:

Procurement Guidelines
Balancing Principles Statement
Balancing Services Adjustment Data Methodology Statement
System Management Action Flagging Methodology Statement
Applicable Balancing Service Volume Data

13th January 2020

Contents

Executive summary

This consultation has been produced under Condition C16 of the Transmission Licence to undertake a review of National Grid Electricity System Operator's (National Grid ESO) C16 Statements.

As a result of the industry forum and informal consultation, changes are proposed to the following documents:

- Procurement Guidelines
- Balancing Principles Statement (BPS)
- Balancing Services Adjustment Data Methodology (BSAD)
- System Management Action Flagging Methodology (SMAF)
- Applicable Balancing Services Volume Data Methodology (ABSVD).

Key Dates:

Consultation Response Deadline: 10th February 2020

Documents sent to Ofgem: 17th February

Expected Ofgem Decision: 23rd March 2020

C16 Documents Uploaded to NGESO Website: 29th March 2020

The changes that are proposed to the documents this year relate mainly to the following areas:

- Review of the Procurement Guidelines
- Updates to services to ensure all are up to date
- Updates to reflect changes as a result of BSC modification approvals of P371 and P354
- Increased clarity and transparency where appropriate

The changes to the above documents are detailed in the Proposed Changes section of this consultation and, if approved, will be effective from 1st April 2020.

National Grid ESO welcomes industry views on the proposed changes and invites views on any other aspects of the subject documents for future consideration. Responses are required by 10th February 2020. Details on how to make a response can be found in the Consultation Questions section.

Following receipt of responses to this consultation, National Grid ESO will prepare and submit a report to the Authority by 17th February 2020. The current versions of the C16 statements, this consultation, industry responses and the consultation report will all be published at the link below:

https://www.nationalgrideso.com/balancing-services/c16-statements-and-consultations

If you have any questions about this document, please contact:

Jamie Webb (in the first instance) or Hannah Urquhart

Future Markets

National Grid Electricity System Operator

Tel: +44 (0) 7768537317

Email: balancingservices@nationalgrideso.com

Please note consequential changes resulting from modifications to GB industry codes, stakeholder suggestions and upcoming Regulatory changes which are not captured here will be actioned either in future annual reviews, or individual statement reviews as appropriate.

Colm Murphy

Electricity Market Change Delivery Manager

1

Introduction

Overview of C16 Process

The Review

In accordance with Standard Condition 16 (C16) of its Transmission Licence, National Grid ESO is required to conduct an annual review of all licence statements, regular reviews of the methodologies and, if appropriate, to propose changes to these documents.

The purpose of National Grid ESO's annual review and consultation is to ensure that each of the applicable documents remains current by seeking industry views on any proposed changes. Proposed changes can only become effective if approved by the Authority.

Changes

As a result of this review, National Grid ESO is proposing changes to the following documents:

- Procurement Guidelines
- Balancing Services Adjustment Data Methodology (BSAD)
- System Management Action Flagging Methodology (SMAF)
- Balancing Principles Statement (BPS)
- Applicable Balancing Service Volume Data (ABSVD)

These changes are primarily related to:

- A review of the Procurement Guidelines
- Changes to ABSVD as a consequence of the approval of BSC modification P354
- Changes to BSAD as a consequence of the approval of BSC modification P371
- Housekeeping

A workshop was held on 5th November 2020, to gather stakeholder views on proposed changes and suggest new potential changes to the C16 documents. Following the workshop an informal 2020-21 C16 consultation process was launched ahead of the formal consultation in response to feedback received during the 2019-20 process. Information on this can be found in Section 2. Please note that the **changes proposed will go-live from the 1st April 2020.**

Please note consequential changes resulting from modifications to GB industry codes, stakeholder suggestions and upcoming Regulatory changes which are not captured here will be actioned either in future annual reviews, or individual statement reviews as appropriate.

2020-21 Annual Industry Consultation Process

This consultation marks the beginning of the formal annual update process relating to the C16 statements and methodologies. Prior to this, two opportunities for feedback from stakeholders have taken place via a stakeholder workshop and an informal consultation. Feedback from these events have been captured in Section 2 of this consultation document

C16 Stakeholder Workshop prior to informal Consultation

The external workshop was held on 5th November 2019. This was attended by a wide variety of stakeholders. The aim was to discuss potential changes to be included in the 2020-2021 annual update in more detail. The slides can be found here.

Areas highlighted by National Grid ESO and stakeholders were:

- A review of the Procurement Guidelines. Such as explaining services in a more transparent manner, committing to procuring commercial services through market mechanisms where possible and defining terms & conditions of European Balancing Guidelines (EBGL) and how they apply to the Procurement Guidelines
- Additional changes to the procurement guidelines as a result of pathfinders and the Accelerated Loss of Mains Change programme
- Changes to the BPS to refer to ensuring all balancing services are included in the external audit and the cost recovery for services used
- Changes to ABSVD as a consequence of the approval of modification P354

The workshop was attended by 16 stakeholders from across industry. There was a lot of productive discussion around the proposed changes and wider feedback from attendees. In addition to the above bullet points, attendees raised other potential areas for change within the statements and methodologies. More information on the feedback given and National Grid ESO's consideration of these, can be found in the Stakeholder Feedback section of this report.

C16 Informal Consultation

This year, following the industry forum we took the proactive decision to launch an informal consultation on 12th November 2019, ahead of the official consultation which can be found here. Industry stakeholders have told us in previous years that greater involvement in the process would be more beneficial for them. We agree that this will allow greater engagement with stakeholders and hence we introduced an industry forum and informal consultation ahead of this official consultation in January 2020. We would like to thank you for engaging in this process and taking the opportunity to provide feedback during the industry forum and informal consultation. Industry responses were requested by 13th December 2019, and a total of 9 responses were received from:

- Calon Energy Limited
- Centrica
- Drax
- Engie
- ENWL
- Limejump
- RWE
- Scottish Power Energy Management Ltd
- Sembcorp

We have incorporated the output of all responses received, where an industry stakeholder has requested a relevant change to C16 or asked a relevant question to the C16 review process as well as where they have agreed with National Grid ESO's position, into this official consultation. Additional changes proposed by industry included in Consideration of changes post 2020-21 update and Proposed Changes section under the appropriate statement.

Where industry have sent us a response which is not in direct relation to the C16 review process we will endeavour to provide a response within the right forum. These have been passed onto the relevant areas of the business and we have highlighted these in the Proposed Changes section.

Consideration of changes post 2020-21 update

There are a number of changes which will affect the future of Balancing Services and how they are procured. These include but are not limited to:

- European Network Codes: specifically, European Balancing Guideline (EBGL) and the Clean Energy Package (CEP)
- Future of Balancing Services work being carried out by National Grid ESO including product rationalisation
- Balancing Settlements Code Issue Group 83: investigation of the Buy Price Adjustment
- Codifying the C16 Statements
- Pathfinder Projects being carried out by National Grid ESO

A detailed explanation of the above considerations and, where applicable, National Grid ESO's views are provided in the informal consultation, with feedback on the changes from industry shown below along with suggestions of additional future changes which may impact C16.

Future Changes post 2020-21 Update Stakeholder Feedback

Please see detailed responses to the informal consultation questions regarding future considerations post 2020-21update below from industry with National Grid ESO's initial views. Where industry have agreed with changes without comments we have captured this.

Consultation question 1

Do you agree with National Grid ESO's view on future considerations which may affect the statements going forward post 2020-21 consultation? If not, please provide rationale.

Consultation question 2

Are there any other developments which you believe may have an impact post 2020-21 consultation which National Grid ESO have not mentioned?

1 Industry Response:

Drax Group Plc

Question 1: Partly (See below)

We agree that the changes listed should be considered post the 2020-21 update. However, it's important these initiatives are not forgotten about or further delayed. We would welcome further clarity from the ESO as to when future changes relating to the Electricity Balancing Guideline (EBGL) and the Clean Energy Package (CEP) will be made. The ESO could share an informal timeline with market participants, detailing when and how it aims to integrate the provisions introduced through the relevant EU Regulations.

Question 2: Yes (See below)

Project MARI is currently set to go-live in December 2021 and so the necessary C16 changes need to be made as part of the 2021-22 review.

National Grid ESO's View:

In response to Question 1, we do not yet have a timeline available for future changes to balancing services which are driven specifically by the Clean Energy Package. We hosted an industry webinar in early January outlining relevant requirements of the Clean Energy Package and an update on two derogation requests we have submitted to Ofgem on this. We are actively looking at our implementation plan in respect of the provisions within Article 6(9) which we will share with Ofgem and providers at the earliest opportunity. We are working on providing more clarity on Clean Energy Package changes and the associated timescales and we will share our implementation plan related to these changes with industry as soon as practicable. In relation to future changes due to EBGL, these changes are described in the current forward plan.

In response to Question 2, The mFFR Implementation Framework, which covers the design of the central MARI platform, is currently delayed due to waiting final approved legal text. Consequently, MARI go-live has been delayed and at present out latest estimate for the central platform is currently summer 2022 and therefore changes required to the C16 will potentially form part of the 2021-22 update.

---

2. Industry Response:

Sembcorp Energy UK

Question 1: Yes

Question 2: Yes (See below)

NGESO should acknowledge the changes that will be required to the BSAD methodology, following Ofgem's decision on BSC modification proposal P371. Should the modification proposal be approved by Ofgem, the ESO will be required to include non-BM FR information into the BSAD file for the purpose of calculating the imbalance price before the next annual review of the licence condition. We very much appreciate the new process of involving industry a couple of months ahead of the actual consultation period and submission of the changes to Ofgem. In the interest of an even more sound process, we would also encourage the ESO to provide in advance a horizon scan of the C16 changes that should be expected. For instance, the need to assess the impact on balancing, stemming from the potential changes to the Capacity Market rules, specifically about the possibility for foreign capacity to participate in the CM, and whether such provision would entail any changes to the Capacity Calculation Methodologies (CCM) which allows the ESO to reduce interconnector capacities.

National Grid ESO's View:

BSC modification P371 has now been approved, therefore changes to the BSAD statement are now required as part of the 2020-21 annual review, please see Section 2 for further details.

---

3. Industry Response:

RWE Supply & Trading GmbH

Question 1: Yes

Question 2: No

---

4. Industry Response:

Engie

Question 1: Yes

Question 2: No

---

5. Industry Response:

Calon Energy Limited

Question 1: Yes

Question 2: No

---

6. Industry Response:

Electricity North West Ltd

Question 1: Agree

Question 2: No

---

7. Industry Response:

Scottish Power Energy Ltd

Question 1: -

Question 2: -

---

8. Industry Response:

Limejump Energy Limited

Question 1: Yes

Question 2: Yes (See below)

There will also be an impact on the future of balancing services and how they will be procured as a result of the increased level of renewable generation on the system, the increased level of interconnection to the United Kingdom, the DNO/DSO operational model and the uptake of VLP and TERRE.

National Grid ESO's View:

We agree that increased renewable generation will have an impact on the future of balancing services and how we procure them and have foresight of these changes. We will endeavour to include the market in consultation of any resulting future changes to C16 in relation to the above. However, we are not recommending there are any changes required to the C16 statements regarding these points in this year's review.

---

9. Industry Response:

Centrica Plc

Question 1: Yes

Question 2: Yes (see below)

Whole systems initiatives and outputs from the ENA's Open Networks Project may need to be considered in future. The consultation document already notes p5 is not an exhaustive list.

National Grid ESO's View:

We agree that future changes potentially may be required as a result of the ENA's Networks Project, however we believe this will be unlikely due to the Open Networks Project focussing on DNO and DSO models. All changes required due the Open Networks Project will involve industry consultation prior to implementation.

Consultation Questions

1. Do you agree with National Grid ESO's view on future considerations which may affect the statements going forward post 2020-21 consultation? If not, please provide rationale.
2. Do you agree with National Grid ESO's view on industry feedback to future considerations? If not, please provide rationale. Do you have any other comments in relation to the consideration of Future Changes?
3. Do you have any other comments in relation to the consideration of Future Changes?

2

Proposed Changes

Details of proposed changes to C16 documents

Proposed changes to Procurement Guidelines 2020-21

The Procurement Guidelines set out the kinds of Balancing Services which we may be interested in purchasing, together with the mechanisms by which we envisage purchasing such Balancing Services. It acts as a generic statement of the procurement principles we expect to follow.

The amendments proposed for 2020-21 are:

- Version Control
- Housekeeping
- Updated frequency of tenders
- Addition of Intraday Trading limits and Network Transfer Capabilities in relation to interconnector, upon the outcome of the Interconnector Capacity Calculation consultation which was conducted in parallel with the informal C16 consultation in late 2019
- Removal of products no longer required

The proposed changes are detailed in Table 1 below:

ID	Purpose of Change	Reference	Change
1.1	Version Control	Title page	Change to Effective Date Change to Version Number
1.2		Page 3 version control table	Update to version control table
1.3	House Keeping	Page 4	Update to new ESO email address
1.4	Language Updates	Part A	Update to more clear language
1.5	Updates Proposed & Following Updates	Part B	Addition of reference to Intraday Trading limits and Network Transfer Capabilities in relation to interconnectors under Section 3, explanation of Forward plan incentive added and language / housekeeping updates.
1.6	Updates Proposed & Following Updates	Part C	Reserve definition updated to include surplus in demand, protection services added to Constraint Management, Removal of Demand Turn Up and Frequency Control by Demand Management product references, updates to procurement of reactive power, inclusion of new frequency response product.
1.7	Updates Proposed & Following Updates	Part D	Addition of Intraday Trading Limits / Net Transfer Capacity to Ancillary Services, update of procurement timescales for Firm Frequency Response, Fast Reserve and STOR and removal of reference to Frequency Control by Demand Management and Demand Turn Up products.

1.8	House Keeping	Part E	Updated hyperlink and update to new ESO email address.

Industry Feedback in relation to Procurement Guidelines in Informal Consultation

Please see detailed responses to the informal consultation questions regarding proposed changes to the Procurement Guidelines below from industry with National Grid ESO's initial views. Where industry have agreed with changes without comments we have captured this, however we have not provided a response.

Changes to Procurement Guideline informal consultation questions

Consultation question 1

Do you agree with the changes proposed by National Grid ESO to the Procurement Guidelines? If not, please provide rationale.

Consultation question 2

Do you agree with the changes proposed by industry to the Procurement Guidelines? If not, please provide rationale.

Consultation question 3

Would you like to propose any additional changes to the Procurement Guidelines?

---

1 Industry Response:

Drax Group PLC

Question 1: Partly (See below)

We note that the ESO mentions in the consultation: "Where appropriate, we will be reducing our long-term tendering processes and moving towards monthly and weekly tenders in line with our aim to implement closer to real-time procurement methods".
The current wording implies the ESO is biased towards short-term procurement. It is important the guidelines make clear that the ESO should aim to use an appropriate combination of short-term and long-term procurement, with the view to maximise current and future consumer benefits. Indeed, in some circumstances short-term procurement may be in the interests of consumers. However, long-term procurement provides investment signals and certainty, which are necessary to ensure the ESO has the right type of capacity available, connected in the right locations, to operate a secure and stable electricity transmission system. Finding a balance between these two procurement approaches will play a key role in creating.

Interconnector arrangements:

We have concerns about the commercial arrangements relating to interconnector capacity calculation that the ESO is considering introducing through its review of the C16 statements and guidelines. The comments provided below are relevant both to this consultation and to the separate dedicated consultation on interconnector commercial arrangements that ran in parallel.

We note that currently the ESO typically assumes more interconnector capacity as available for allocation than that which can be safely delivered. Consequently, closer to real time it reduces interconnector flows, via countertrading, to address system requirements (e.g. RoCoF) and allow for secure system operation.

We do not believe that this approach is efficient nor sustainable, and we note that the relevant costs will only increase as interconnection capacity in GB grows in the coming years. It is our view

that more emphasis should be placed on making better use of the Coordinated Capacity Calculation process so that only crosszonal capacity that can be safely delivered is allocated to the market.

Separately, it is not clear why interconnectors should be compensated for unallocated capacity. The arrangements for compensation are clearly set out in Commission Regulation (EU) 2015/1222 and Commission Regulation (EU) 2016/1719 and the relevant methodologies. These two Regulations do not include compensation arrangements for unallocated capacity because there is not meant to be any compensation.

Similarly, there are no compensation arrangements for capacity reduction after the 'day ahead deadline', because that capacity is meant to be 'firm' and not curtailed (except for force majeure and emergency situations). Should the ESO need to reduce allocated interconnector capacity, for example, due to an emergency, then it could use tools such as TERRE (2020) or MARI (2021) to countertrade. We consider this could be a transparent, market-driven way of reducing interconnector flows, where required.

More broadly, more clarity on the legal basis of the proposed arrangements will enable a more informed discussion on this topic.

Directive 2009/72/EC, Regulation (EC) No 714/2009 and the standard terms of the Interconnector Licence provide that interconnectors should be treated as transmission networks. We would welcome more information from the ESO on how this interacts with interconnectors being eligible for financially firm access rights.

Finally, we would expect Ofgem to hold a public consultation before issuing a decision on this matter. Clarification on whether Ofgem's decision on the ESO proposals as part of the 2020-2021 C16 Statements review would be sufficient from a regulatory perspective to enable the relevant payment flows from the ESO to interconnectors and vice versa would also be useful.

Question 2: Yes

Question 3: No

National Grid ESO's View:

In response to the point concerning tendering, we are committed to procuring balancing services through closer to real time procurement, where there is benefit to doing so, as demonstrated with the current auction trail for Frequency Response. Closer to real time procurement, in some instances, gives providers more opportunities to tender which also creates positive investment signals to ensure capacity. However, we would like to express that we are not biased towards short term procurement, and are also similarly committed to long term procurement, where appropriate, to ensure clarity on investment signals as can be demonstrated by our Pathfinder approach. We have set out in the Response and Reserve Roadmap our ambition to move to a single response and reserve market in Q4 2022/23. Therefore, we do not believe any changes related to this are expected in the 2020-21 C16 review process.

In response to the point in relation to interconnectors, we have passed on your comments internally to the team conducting the interconnectors consultation that was conducted alongside the C16 informal consultation in late 2019, which can be found here. Proposed changes to the Procurement Guidelines in relation to this issue have now been made, please see above table for details. We welcome any feedback on the proposed changes.

---

2. Industry Response:

Sembcorp Energy UK

Question 1: Yes (See below)

While we appreciate the intention to move towards close to real-time procurement of products, we would ask the ESO to be careful with the removal of the reference to buying 3 times a year for STOR. Clear and consistent indication of how much capacity and how frequently the ESO is planning to procure a given service is key for industry not to be led to second-guess the ESO's appetite for ancillary services. We understand that this change is driven by the Clean Energy Package and its requirement for day-ahead procurement. Yet, until these are fully integrated within GB arrangements, the ESO should set more specific procurement timescales to provide market participants with the appropriate framework to duly prepare to participate in tenders. For instance, monthly tenders to be in line with other products and provide a regular pattern.

We would also encourage the ESO to avoid instances like in the past, whereby a tender was scheduled to take place, yet there was no intention to procure any volumes. Should there be no appetite to procure any capacity, the ESO should inform the market at least a month before the scheduled tender.

Question 2: Yes

Question 3: Yes (See below)

Sembcorp has been calling for the need for improved Procurement Guidelines, especially for greater transparency around non-tendered bilateral contracts, and the need for NGESO to move away from existing non-tendered bilateral agreement and refrain from entering into new ones, ensuring that commercial services are procured through market mechanisms such as tenders or auctions. We welcome the ESO's commitment to move away from bilateral arrangements on new contracts, where this is possible. While service descriptions and expectations for the year ahead provide a fairly good indication of what NGESO is planning to procure or not procure, we would welcome more comprehensive and ambitious changes that would show to what extent NGESO is committed to addressing existing non-tendered bilateral contracts that are distorting competition by allowing a close set of units to benefit from payments and conditions that other providers able to offer comparable support to the system are not able to access.

National Grid ESO's View:

In relation to Question 1 and in light of the requirements of the Clean Energy Package we are engaging with Ofgem to seek clarity on the extent of its impact on the STOR service and while we do so, we have taken the decision to suspend TR 40. We will update the market on our timescales for STOR procurement to provide clarity and certainty for providers**.** Therefore, we are not recommending any changes as part of this year's update.

In relation to Question 3, National Grid ESO is committed to procuring more products through competitive market which can be seen in 2019 with the recent Stability, Reactive and Black Start tenders. As part of the ongoing transparency work, and our forward plan commitments, we currently publish a set of metrics on a quarterly basis and metric 5 part 2 specifically measures the direction away from bilateral arrangements, towards more open and accessible market opportunities.

As one of our commitments in the 2020-21 forward plan we will be continue quarterly metric reporting and endeavour to improve how we report these in order to ensure greater transparency. As part of the ongoing transparency work we are proposing a suite of metrics to give visibility of the level of competition in our balancing services markets. It is proposed to use three different metrics updated every quarter, covering the total spend, the total volume procured (where applicable), and the average market price paid. The metrics will be by service area rather than individual market (e.g. 'frequency response' rather than FFR) to give a holistic view of comparable products and markets.

The data for each metric will be split into two categories: Competitively Procured or Bilateral. Competitively Procured includes all regularly held markets open to prequalified providers, such as Mandatory Frequency Response, Firm Frequency Response (FFR), STOR, Fast Reserve, the Auction trial, etc. It also includes any procurement that involved an open and competitive

tendering process, such as Enhanced Frequency Response, Black Start Competitive Procurement Events and Pathfinders.

Therefore, we are not recommending any changes as part of this year's update.

---

3. Industry Response:

RWE Supply & Trading GmbH

Question 1: Yes

Question 2: Mostly

Question 3:

With regards to the impact of EBGL on ancillary services, the Fast Start service is not mentioned. Is this deliberate or has it been overlooked? A clear stance regarding the treatment of Fast Start, in light of EBGL reform and how a Provider should go about submitting utilisation prices in real-time, would be appreciated.

National Grid ESO's View:

Regarding the impact of EBGL on the treatment of Fast Start and other services of this nature, the EBGL requirement is that the price of balancing energy is not pre-determined in the contract for balancing capacity. While the original contract for the capacity will have had all the relevant fees for the services agreed (including for any energy delivered), service providers are able to subsequently update their prices as they wish as per the provisions of the contract. We believe these revisions of prices for Fast Start are in line with the EBGL requirement as we are not contracting for the capacity at that point in time. Therefore, the current provisions to update contract prices shall remain. We request any further feedback from industry regarding this point.

---

4. Industry Response:

ENGIE

Question 1: -

Question 2: -

Question 3:

As a result of the EBGL driven changes, all STOR providers (and Fast Reserve when this is also applied to Fast Reserve) will be able to change their utilisation prices in real time. For BM STOR, price changes will be obvious, as they will appear in the BM. For non-BM providers, currently prices are only made public when offers are accepted. If this price is not accepted, then the price is not published. These accepted offer prices are notified anonymously via BSAD around the same time as cashout prices are published after the event. Up until now the later publication of only accepted actions has not been an issue as non-BM STOR has not been able to change its prices (the contract prices were available from the published tender results). With the removal of fixed utilisation prices, non-BM STOR will have a clear advantage in that they can see the changing prices of BM STOR in real time but BM STOR cannot see the changing prices of non-BM STOR so cannot compete for the provision of STOR or Fast Reserve. This creates is an unjustified distortion. To provide price transparency, all prices submitted by non-BM providers to provide STOR should be published, in the same timescales as those for BM providers.

National Grid ESO's View:

In response to the point regarding publishing of prices submitted by non-BM providers for STOR in the same timescales as those for BM providers, we in principle agree that this data would be beneficial to industry by providing greater post event price transparency. Although we would like to clarify Non-BM STOR do not currently have a competitive advantage, as in real-time National Grid ESO only has sight of the stack(s) and not the details. In addition, this request is in line with our

ambition to increase data transparency as documented in RIIO T2 and therefore we will endeavour to provide more clarity regarding this point. However, we are currently assessing the requirements to implement this change. We appreciate this response and have informed the relevant internal teams who are now looking into this. We endeavour to communicate further details with industry regarding this matter as soon as possible.

---

5. Industry Response:

Calon Energy Limited

Question 1: Yes

Question 2: Yes

Question 3: No

---

6. Industry Response:

Electricity North West LTD

Question 1: Yes

Question 2: Yes

In particular the increased transparency. We have asked several times for more detail on the FR market e.g. the split between Optional and Firm Fast Reserve utilisations, where the contracts are being let, amongst other things. The information has never been provided so we look forward to greater transparency in the markets.

Question 3:

It would be beneficial to see which providers count towards operational margin and the definition of what counts toward Operational Margin. If NGESO do not contract the full requirement in a particular month can the details be provided as to why they haven't and where the additional volume has been procured from. Please provide an end date for the Other Reserve Services that aren't being procured as per the Procurement Guidelines.

National Grid ESO's View:

In relation to question 2, we apologise for any inconvenience caused and would like to inform industry we are currently in the process of splitting Operational and Firm Fast Reserve data, and therefore the split data will be published in the monthly Market Information Report sheet by April 2020.

In relation to question 3, we do not currently publish consolidated data on the Operational Data due to security reasons. However, we do publish data on STOR tender results, Fast Reserve tender results on our website in addition to the BMRS reports which indicate how margin has been purchased in the BM.

Once dates are confirmed for Other Reserve Services, we will ensure these are shared with industry via the Reserve Reform roadmap. There, we will not be making any changes to the statements regarding this point as part of the current annual review process. Ask Adam to check for wording etc.

---

7. Industry Response:

Scottish Power Energy Ltd

Question 1: Yes

Question 2: Yes

Question 3: No

---

8. Industry Response:

Limejump Energy Limited

Question 1: Yes

We are largely supportive of the proposed changes. Whilst we welcome the move to DAH procurement for STOR we recommend that this reserve product is dropped as part of your Q1 review of reserve products. The current STOR requirement is largely met using low efficiency diesel and gas assets which are called about once a week. They tend to have a high availability rate and then run out-of-the money during utilisation. These assets do not help the delivery of a carbon free system by 2025. The procurement of this volume of power could come through the BM.

We don't support the idea of running ad hoc auctions. Asset owners prefer certainty over revenue frequency and therefore we suggest NGESO set a proposed buying timeline.

Question 2: Yes

Question 3: Yes (See below)

We would like to see NGESO be fully accountable for BM instructions. This requires a mechanism which explains why assets are dispatched out of merit order. There is currently no way to understand why assets are not dispatched. We recommend a review of flags used in the BM and note there is no flag when Fast reserve is used.

National Grid ESO's View:

In response to Question 1, we will be reviewing the requirement of STOR as part of our wider review of our reserve products. We have recently introduced the optional STOR service which allows providers to make available capacity in real-time without having to contract for it well in advance. This could encourage units that may be intermittent and low carbon to offer their capacity to support the overall system. Therefore, we are not recommending any changes to the procurement guidelines in relation to this point as part of this year's update. We will endeavour to communicate any changes to STOR procurement well in advance to industry, we request any feedback on the best platform to provide this.

In response to Question 3, we are unable to publish data explaining why assets aren't dispatched due to confidentiality. However, we do have an agreed flagging methodology and flags issued are published on BM reports and we are currently internally investigating the requirement for a review of the flagging methodology. Therefore, we are not recommending any changes to the procurement guidelines in relation to this point as part of this year's update.

---

9. Industry Response:

Centrica Plc

Question 1: Feedback below

Reduction of long-term tendering etc - Supportive of the move to shorter term procurement. We welcome the weekly frequency auction trial.

Refreshing the list of procured response services – we would welcome more clarity from the ESO about which products it intends to remove, noting the recent publication of the updated Response and Reserve Roadmap on 3 December.

Removal of FCDM and DTU products – We support FCDM being removed. We are surprised to see DTU removed. We were disappointed in 2019 by the lack of communication around this product that some of our customers rely upon. We welcome publication of the Response and

Reserve Roadmap but given the delay to reforms to reserve services it would have been prudent to keep and use DTU until a negative reserve product is in place.

Ability to run adhoc tenders – in theory this is positive, but a) there needs to be enough lead time given to industry participants for such tenders b) adhoc tenders must not replace the usual scheduled tenders – industry needs clarity on tender timings and expected volumes to be procured. It would not be a good outcome if volumes fluctuate wildly in the regular tenders because they could be 'topped up' in ad-hoc tenders.

Impact of EBGL and CEP on utilisation price arrangements – We accept the need for the change, but the ESO needs to provide clarity on how tenders will be assessed. The ESO must commit to giving a transparent explanation of how Utilisation prices will be considered in the tender process, if at all, and also how other parameters are considered. This needs to be communicated widely to industry with enough notice for industry participants to modify bids. We suggest at least one month's notice is required.

Review of procured volumes and tendering frequency for FR – We support movement away from bilateral contracts into competitive procurement and welcome the 600MW trial for January 2020. Industry needs to the 3 success criteria for the trial understand what volumes will exist in the Fast Reserve markets going forward.

Question 2: Feedback below

We support:

Moving to a standardised set of T&Cs for EBGL for each product

Increased transparency by the ESO (we comment further on this below)

Clarity on T&Cs for distributed connected parties regarding pathfinders

Clarity on how the ESO will dispatch assets regarding pathfinders

We do not recognise the point "Extending the flexibility of STOR tenders across all other balancing services" from the 5th November forum. It is not clear what this means. The ESO should provide a clear explanation of this request in the January consultation.

Increased transparency by the ESO

We welcome the work the ESO is doing to improve its procurement by introducing greater competition. However, the following transparency improvements are needed to give industry confidence in investing in flexible technologies.

A clear justification for any spend on Commercial products (i.e. not competitively Tendered). The ESO should justify any bilateral procurement. Examples include Hydro Spin Gen No LF, Hydro Optional Spin Pump, BM GT Fast Start Availability, SO-SO Interconnector Capacity, Hydro Spin Gen with LF. For bilaterally procured products, the ESO should report the MW provided by each and how each product is reducing spend, usage and capacity.

The ESO to provide short, medium and long-term forecasts of the different types and volumes of balancing services it will need.

Tender results need to be fully transparent. The ESO must ensure that participants can determine why they were or were not successful in a tender. Success should be based on price and any other parameters affecting the result must be made clear to all participants.

Question 3: Yes (See below)

Please see the additional detail we have requested on transparency immediately above. There are other unused products in the Procurement Guidelines which could be considered for removal e.g. Interconnector Response and Spin Gen with low frequency trigger. We would like more clarity on what these products are and – if they are still needed – consideration to be given to whether they or similar services can be provided on a competitive basis.

National Grid ESO's View:

In relation to the point regarding refreshing the list of procured response services in Question 1, we published the Response and Reserve Roadmap on 3rd December 2019, which includes further details of products which we are looking to remove. As part of the product review, we are currently investigating ways to simplify communicating the status of new and existing products to providers on our website, these updates will form part of our continued engagement with industry regarding the Response and Reserve Roadmap. The update will include a consolidated view of any products we are looking to remove. We endeavour to provide the update to industry as soon as the first version is available.

In response to the point regarding Removal of Demand Turn up (DTU) in question 1, we appreciate this caused issues and appreciate the feedback on this and we will endeavour to improve our communications on future product removals. However, the reasoning behind the decision to remove DTU was due to the service not meeting the requirements of the control room, due to both the low volumes procured and the timescales involved for notification and dispatch, and was unsuccessful at increasing participation from demand side response providers because of the limited service revenue.

In relation to the point regarding the ability to run adhoc tenders, and transparency of tenders raised in questions 1, 2 and 3, we would like to clarify scheduled tenders, for certain products, will remain however we will now be tendering for some products on an as required basis. We are currently looking at how we can make the assessments of tenders more transparent, including a review of the assessment process and how we feedback to unsuccessful tenders and have engaged with industry and have put thoughts and concerns into the review. In addition, in the past year we have moved to procuring services such as Stability, Reserve and Black Start via competitive tenders as opposed to traditional bi-lateral contracts. As part of the Reserve reform we are committed to looking at other services which could be procured in a more competitive way and the viability of tendering completely for these services.

In relation to the point regarding CEP in question 1, we have recently hosted two industry webinars focussed on outlining relevant requirements of the Clean Energy Package and an update on two derogation requests we have submitted to Ofgem. We are actively looking at our implementation plan in respect of the provisions within Article 6(9) which we will share with Ofgem and providers at the earliest opportunity. We are working on providing more clarity on both EBGL and CEP changes and the associated timescales and we endeavour to share our implementation plan related to these changes with industry as soon as practicable.

In relation to the point regarding extending the flexibility of STOR tenders across all balancing services we would like to clarify this point was raised by industry stakeholders and not National Grid ESO. The point relates to the removal of procuring STOR three times per year and instead moving towards day ahead procurement and seeks for this approach to be used across all other balancing services. National Grid ESO's view on this is, as stated above, we are committed to looking at other services which could be procured in a more competitive way however we do not favour a particular procurement method and look to procure a mix of both short and long term where appropriate and as per relevant EU and GB regulations.

In response to point regarding clarity of removal of unused products in question 3, we endeavour to provide transparency on future removal of products and are continuously assessing the need for this. If in the case, additional products are required for removal we will ensure to inform industry ahead of further changes to the C16. However, we do not believe, other than the products mentioned for removal in this consultation, no further changes will be required as a result of the 2020-21 annual review.

Consultation Questions

1. Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 1 have been implemented correctly to the Procurement Guidelines in Appendix A? If not, please provide rationale.
2. Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 1 and in Appendix A, should be made? If not, please provide rationale.
3. Do you agree with National Grid ESO's view on industry feedback to the Procurement Guidelines? If not, please provide rationale.
4. Do you have any other comments in relation to the changes proposed to the Procurement Guidelines?

Proposed changes to BPS

The Balancing Principles Statement defines the broad principles of when and how we will use balancing services and other balancing actions to manage the system.

The amendments proposed are:

- Versioning control
- Housekeeping
- Updates to reflect required changes to contracting for Balancing Services as a result of EU code change
- Removal of reference to Demand Turn Up (DTU)

ID	Purpose of Change	Reference	Change
1.1	Version Control	Title page	Change to Effective Date Change to Version Number
1.2		Page 3 version control table	Update to version control table
1.3	House Keeping	Part C	Spelling and language corrections
1.4	House Keeping	Part D	Spelling and language corrections, updated implementation date for Project TERRE
1.5	Updates Proposed & Following Updates	Part D	Removal of reference to contracted generation for STOR and Fast Reserve, removal of reference to DTU

Industry Feedback in relation to BPS in Informal Consultation

Please see detailed responses to the informal consultation questions regarding proposed changes to the BPS below from industry with National Grid ESO's initial views. Where industry have agreed with changes without comments relating to we have captured this, however we have not provided a response.

Changes to BPS questions

Consultation question 1

Do you agree with the changes proposed by NGESO to the BPS? If not, please provide rationale.

Consultation question 2

Do you agree with the changes proposed by industry to the BPS? If not, please provide rationale.

Consultation question 3

Would you like to propose any additional changes to the BPS?

1. Industry Response:

Drax Group PLC

Question 1: No (See below)

a) Maxgen is hardly ever used at times of stress due to a lack of familiarity and fears it will cause plants to trip. Given the current and continually evolving generation mix, we no longer believe that Maxgen is fit for purpose. Maxgen should be removed or replaced by a more suitable product.

b) We agree that EU codes have an impact on contracting arrangements for ancillary services. However, this consultation doesn't make it explicitly clear what changes are required to the Balancing Principles Statement to facilitate EU codes. As such, this element of the proposal is difficult to comment on.

Question 2: Yes, we support any efforts to increase transparency of decision making processes in the ENCC.

Question 3: No

National Grid ESO's View:

In regard to point a), we are currently wary of losing this as part of the BM toolkit availability to the Control Room due to the current high level of change. Once Wider Access, EBGL and BREXIT changes have embedded into the system we will reassess the need for Max Gen and remove if deemed not required. In regard to point b) utilisation prices will no longer be fixed at time of tender due to EBGL requirements and therefore changes to the Procurement Guidelines will be made, as part of this annual review process, to reflect changes required.

In response to previous feedback requesting increased transparency by the ESO on actions taken by the ENCC (Electricity National Control Centre) we have increased the amount of data published on the ESO website , including the following: the MBSS will now have a Glossary of terms which will be published with the report as of January 2020, the day ahead constraints limits and a map are published Monday – Friday, Elexon publish the Bid offer acceptance under derived data for the Settlement Period each BOA taken for the half hour together with costs, volume and SO Flag. Elexon also have a push service (API) which can be downloaded from the BMRS website here.

In addition to the additional data available, we now also run monthly ENCC visits and operational forums for our stakeholders. We are currently working on how we can further improve transparency; however, some changes may require Elexon changes to the BMRS.

2. Industry Response:

Sembcorp Energy UK

Question 1: Yes

Question 2: Yes (See Below)

Sembcorp particularly welcomes the proposal for which the ESO should publish the rationale for dispatch. This would allow market participants to assess the way National Grid's control room operates, leading to improved transparency, and introducing an element of accountability and verification.

Question 3: No

National Grid ESO's View:

We appreciate the feedback received on publishing rationale for dispatch, however our view is this could result in cost implications in changes to the BM systems and real time dispatch. There is a significant risk, that if this data was made available, the market could potentially use the information to drive costs higher and therefore we are not proposing to make any changes as part of this year's review.

However, we would like to clarify that system actions are currently flagged In the BOAs which are sent within 2 minutes of acceptance. Elexon publish the Bid offer acceptance under derived data for the Settlement Period.

3. Industry Response:

RWE Supply & Trading GmbH

Question 1: Yes

Question 2: Yes

Question 3: No

4. Industry Response:

ENGIE

Question 1: -

Question 2:

There needs to be careful thought about publishing the "rationale for dispatch". There are often several reasons for a single action and, yet pragmatism would require a standardised approach which may not be that illuminating. There is a risk that any published rationale is over-interpreted. As a first step, it may be worth considering whether to devote more time to the commentary on the "Daily Balancing Costs" report.

Question 3: *No*

National Grid ESO's View:

We appreciate the above feedback and have taken the above point on board and are currently assessing the feasibility of providing more commentary and will ensure to share the outcome once determined.

5. Industry Response:

Calon Energy Limited

Question 1: Yes

Question 2: Yes

Question 3: No

6. Industry Response:

Electricity North West LTD

Question 1: Yes, in principle

Question 2: Yes

Question 3:

It would be useful to see the split between Firm FR and Optional FR and the rationale for dispatch between the two. Also, greater transparency on the number and length of utilisations per month.

National Grid ESO's View:

We agree with the above comment, and we are currently working on splitting Operational and Firm Fast Reserve data, and therefore the split data will be published in the monthly Market Information Report sheet by April 2020. However, we currently do publish data on Firm FR and Operational FR in both the MBSS and our market reports which can be found here.

7. Industry Response:

Scottish Power Energy Ltd

Question 1: Yes

Question 2: Yes

Question 3: No

---

8. Industry Response:

Limejump Energy Limited

Question 1: Yes

Question 2: Yes

Question 3: No

---

9. Industry Response:

Centrica Plc

Question 1: Yes

Question 2: Yes

Question 3: No

Consultation Questions

1. Do you agree that the changes proposed to the BPS, shown in Table 2 have been implemented correctly to the BPS in Appendix B? If not, please provide rationale.
2. Do you agree that the changes proposed to the BPS, shown in Table 2 and in Appendix B, should be made? If not, please provide rationale.
3. Do you agree with National Grid ESO's view on industry feedback to the BPS? If not, please provide rationale.
4. Do you have any other comments in relation to the changes proposed to the BPS?

Proposed changes to BSAD

This document sets out the Balancing Services Adjustment Data methodology. It sets out the information on relevant balancing services that will be taken into account when determining the imbalance price.

The amendments proposed are:

- Version Control
- Inclusion of non-BM STOR and non-BM Fast Reserve in the calculation of the Imbalance Price

The proposed changes are detailed in Table 3 below:

ID	Purpose of Change	Reference	Change
1.1	Version Control	Title page	Change to Effective Date Change to Version Number
1.2		Page 3 version control table	Update to version control table
1.3	Updates Proposed & Following Feedback	Part B	Update to requirements of BSAD data for each settlement period in line with the BSC, update to include non-BM STOR and non-BM Fast Reserve actions to be provided through BSAD following approval of P371 modification.

Industry Feedback in relation to BSAD in Informal Consultation

Please see detailed responses to the informal consultation questions regarding proposed changes to BSAD below from industry with National Grid ESO's initial views. Where industry have agreed with changes without comments relating to we have captured this, however we have not provided a response.

Changes to BSAD questions

Consultation question 1

Do you agree with the changes proposed by NGESO to the BSAD? If not, please provide rationale.

Consultation question 2

Do you agree with the changes proposed by industry to the BSAD? If not, please provide rationale.

Consultation question 3

Would you like to propose any additional changes to the BSAD?

1. Industry Response:

Drax Group PLC

Question 1: No (See below)

Even if Ofgem conclude non-BM Fast Reserve should not be included in the cash out calculation and reject P371, it is still beneficial to provide the relevant information to market participants for transparency purposes.

Question 2: Partly (See below)

As per our answer above, we would welcome greater transparency of non-BM Fast Reserve actions. Regarding Issue 83, no modifications have been raised and the direction of travel is not yet clear. Making the relevant C16 changes would be difficult at this time.

Question 3: No

National Grid ESO's View:

BSC modification P371 was approved on 16th December 2019 and is required to be implemented by 25th June 2020. As a result, and in response to industry feedback, the BSAD has now been amended to include STOR & non-BM Fast Reserve and Fast Start. Please Table 3, ID 1.3 for details of the change.

Regarding Issue 83 we cannot make a change to the statements until the conclusion of the modification process which will conclude 18 months after decision (expected in January 2020).

---

2. Industry Response:

Sembcorp Energy UK

Question 1: No (See below)

We believe that the current wording within the BSAD methodology does already require the inclusion of non-BM FR actions into cash out calculation. As such, NGESO should already be sending this information to Elexon and the methodology should be amended to reflect this. While industry is waiting for Ofgem's decision on BSC modification proposal P371, it could be argued that it is inefficient for a methodology to mention specific products for inclusion, leading to code modifications each time a change or addition is required. A principle approach could be preferable. At the same time, the EU Balancing Guidelines and the Imbalance Settlement Harmonisation Proposal require that the imbalance price is calculated from two classes of reserve (Replacement Reserve and Frequency Restoration Reserve). As such, as long as GB specific products can be classified as RR or FRR, then they should be included into the calculation.

Question 2: Yes

Question 3: No

National Grid ESO's View:

As stated above, BSC modification P371 was approved on 16th December 2019 and is required to be implemented by 25th June 2020. As a result, and in response to industry feedback, the BSAD has now been amended to include STOR & non-BM Fast Reserve and Fast Start. Please see above table for details of the change.

---

3. Industry Response:

RWE Supply & Trading GmbH

Question 1: Yes

Question 2: Yes

Question 3:

Is it correct that Non-BM STOR actions taken, following the implementation of EBGL Article 16.6, will feed into BSAD? If not, how will these costs be reflected in the imbalance price?

National Grid ESO's View:

This is correct, there will be no change as a result of EBGL and therefore Non-BM STOR actions will continue to feed into the BSAD post EBGL implementation.

---

4. Industry Response:

ENGIE

Question 1: Yes

Question 2:

The suggestion to consider the implications of the Issues 83group is incorrect. The conclusions of the group should not be second-guessed.

Question 3: No

National Grid ESO's View:

Regarding Issue 83 we cannot make a change to the statements until the conclusion of the modification process which will conclude 18 months after decision (expected in January 2020).

---

5. Industry Response:

Calon Energy Limited

Question 1: No (See below)

Question 2: Yes

To aid transparency across the industry we feel that non BM participants providing balancing services should be identified and reported as BM participants and identified in the BM. Have raised a mod to request these are provided through BSAD reports when providing balancing services to the ESO.

Question 3: Yes (See below)

We are raising a modification through the Elexon Change process to request that non BM participants are identified through the BSAD reports when providing balancing services to the ESO.

National Grid ESO's View:

P371 was approved 16th December 2019 and is required to be implemented by the 25th June 2020, and as a result we have amended the BSAD to include STOR & non-BM Fast Reserve and Fast Start, please see above table for details of the change. In relation to the additional modification mentioned in question 3, we have informed the design teams involved in the P371 solution about the potential additional future requirements from your modification to aid design efficiency if the additional mod is approved

---

6. Industry Response:

Electricity North West LTD

Question 1: Yes

Question 2:

ENWL agree with these changes. When will the impact to BSAD due to modifications which may arise as a result of Issue 83 ensuring that the Buy Price Adjustment reflects all additional balancing costs incurred by NGESO?

Question 3: N/A

National Grid ESO's View:

Regarding Issue 83 we cannot make a change to the statements until the conclusion of the modification process which will conclude 18 months after decision (expected in January 2020).

7. Industry Response:

Scottish Power Energy Ltd

Question 1: No

Question 2: Yes

Question 3: No

8. Industry Response:

Limejump Energy Limited

Question 1: Yes

Question 2: No

Question 3: No

9. Industry Response:

Centrica Plc

Question 1: Yes

Question 2: Neutral

Question 3: No

Consultation Questions

1. Do you agree that the changes proposed to the BSAD, shown in Table 3 have been implemented correctly to the BSAD in Appendix C? If not, please provide rationale.
2. Do you agree that the changes proposed to the BSAD, shown in Table 3 and in Appendix C, should be made? If not, please provide rationale.
3. Do you agree with National Grid ESO's view to industry feedback? If not, please provide rationale.
4. Do you have any other comments in relation to the changes proposed to the BSAD?

Proposed changes to SMAF

The System Management Action Flagging (SMAF) methodology sets out the means which NGESO will use to identify balancing services that are for system management reasons.

The amendments proposed are:

- Versioning control
- Housekeeping

The proposed changes are detailed in Table 4 below:

ID	Purpose of Change	Reference	Change
1.1	Version Control	Title page	Change to Effective Date Change to Version Number
1.2		Page 2 version control table	Update to version control table
1.3	House Keeping	Part B	Removal of bullet point

Industry Feedback in relation to SMAF in Informal Consultation

Please see detailed responses to the informal consultation questions regarding proposed changes to SMAF below from industry with National Grid ESO's initial views. Where industry have agreed with changes without comments relating to we have captured this, however we have not provided a response.

Consultation question 1

Do you agree with the changes proposed by NGESO to the SMAF? If not, please provide rationale.

Consultation question 2

Do you agree with the changes proposed by industry to the SMAF? If not, please provide rationale.

Consultation question 3

Would you like to propose any additional changes to the SMAF?

Consultation question 4

We would like to request from industry specifically what additional information is desired which is not currently available through reports such as BMRS?

1.. Industry Response:

Drax Group Plc

Question 1: No (See below)

For some time, industry have been requesting the ESO to disclose the identity of assets transacted with through 7A trades. We believe that the ESO should consider as part of this C16 review whether any changes are needed to the SMAF or in other C16 statements to facilitate the disclosure of this information. Further, whilst a change to the C16 statements might not be necessary, additional clarity on the difference between system and energy actions and the flagging methodology would be welcomed. This work is essential to progress Issue 83 which aims to ensure energy balancing costs are appropriately captured in cash out.

Question 2: Yes

Question 3: No

Question 4: N/A

National Grid ESO's View:

Currently the 7A trades are done through a confidentiality disclosure. If this is still required, all parties will need to be contacted and an agreement reached for all parties before the SMAF is changed. We endeavour to engage with industry regarding this point, and believe a suitable forum to. In addition, a new BSC modification, P399, was raised on 24th December 2019, which seeks to make the identity of the balancing service providers visible in the BSAD by separating and identifying each trade, without identifying the counterparty to the trade. Although this modification is in relation to the BSAD and not the SMAF, if approved will result in counterparties having visibility of what Balancing Services we require, in what location and under what System conditions. Therefore, we do not propose any updates in relation to this point as a part of the current annual review and we will wait for the solution from BSC modification P399 to guide us on the right changes to make in the future.

---

2. Industry Response:

Sembcorp Energy UK

Question 1: Yes

Question 2: Yes (See below)

Industry have requested more clarity on the difference between system and energy actions on reports. While we appreciate it's indeed very difficult to classify these actions, there should be an open and transparent framework in place that helps industry understand how the ESO is treating and perceiving the actions taken. As NGESO is responsible of assigning a SO flag to actions taken for system balancing reasons, how is that decision made? A workshop or guidance note to clarify this would be appreciated by industry.

Question 3: No

Question 4: N/A

National Grid ESO's View:

We are currently investigating the best approach to clarify how SO flags are decided upon, with an Operational Forum discussion or inclusion of explanations to the ENCC visits being explored. Although this isn't a change for this year, we welcome industry's view on how they would like us to engage regarding this matter.

---

3. Industry Response:

RWE Supply & Trading GmbH

Question 1: Yes

Question 2: Yes (See below)

Agreed. There needs to be greater consistency relating to the reporting of pre-gate closure (GTMA) trades carried out for system reasons although these should continue to feature in BSAD, not SMAF. The reasoning behind system or energy action categorisation could be more-clearly defined.

Question 3:

Non-BM actions should also be within the scope of the SMAF methodology going forward.

Question 4: N/A

National Grid ESO's View:

In relation to question 2, we agree with the comment that reasoning for GTMA (Grid Trade Master Agreement) trades is in relation to the BSAD not the SMAF and have made note of this.

In relation to question 3, Non-BM STOR actions are taken for Energy only, however if there are trades done as part of a connection agreement the party needs to agree with the disclosure.

---

4. Industry Response:

ENGIE

Question 1: Yes

Question 2:

The key point is the timeliness of the reporting of any trades undertaken. Currently, the publication is reasonably timely; but these trades can have a material impact on cashout and so it should be considered if any improvements can be made. It is not clear that it is necessary to publish the counterparty for any schedule 7 trades. The impact on cashout is known as any trades are reported as part of the disaggregated BSAD.

Question 3: No

Question4:

National Grid ESO's View:

As per response to similar industry response above, currently the 7A trades are done through a Confidentiality disclosure. If this is still required, all parties will need to be contacted and an agreement reached for all parties before the SMAF is changed. This should be included as a question to all market participants in the operational forum. In addition, a new BSC modification, P399, was raised on 24th December 2019, which seeks to make the identity of the balancing service providers visible in the BSAD by separating and identifying each trade, without identifying the counterparty to the trade. Although this modification is in relation to the BSAD and not the SMAF, if approved will result in counterparties having visibility of what Balancing Services we require, in what location and under what System conditions. Therefore, we do not propose any updates in relation to this point as a part of the current annual review and we will wait for the solution from BSC modification P399 to guide us on the right changes to make in the future.

---

5. Industry Response:

Calon Energy Limited

Question 1: Yes

Question 2: Yes

Question 3: No

Question 4:

Refer to BSAD data question & response

---

6. Industry Response:

Electricity North West LTD

Question 1: Yes

Question 2: Yes

Question 3: N/A

Question 4: N/A

7. Industry Response:

Scottish Power Energy Ltd

Question 1: Yes

Question 2: Yes

Question 3:

We would also propose in similar vein to provide greater transparency around schedule 8 interconnector trade processes and to include the publication of counter party details

Question 4: -

National Grid ESO's View:

Similar to our response on the publication of Schedule 7 trade process, there are also confidentiality clauses in schedule 8 which will need to be discussed with the market participants if they want their names and therefore prices published. Therefore, there will be no updates regarding this point in the current annual review.

8. Industry Response:

Limejump Energy Limited

Question 1: Yes

Question 2: Yes

Question 3: Yes

No additional changes

Question 4: Yes

We recommend that there is an audit to check that the correct flags were applied.

National Grid ESO's View:

We do not believe an audit is required as part of the current daily costs process any inconsistency is checked and flags are changed accordingly under BSCP18 to ensure they settlements are correct.

9. Industry Response:

Centrica Plc

Question 1: No

We support all three of the change proposed by industry.

Question 2: Yes

Question 3: No

Question 4: -

Consultation Questions

1. Do you agree that the changes proposed to the SMAF, shown in Table 4 have been implemented correctly to the SMAF in Appendix D? If not, please provide rationale.
2. Do you agree that the changes proposed to the SMAF, shown in Table 4 and in Appendix D, should be made? If not, please provide rationale.
3. Do you agree with National Grid ESO's view to industry feedback? If not, please provide rationale.
4. Do you have any other comments in relation to the changes proposed to the SMAF?

Proposed changes to ABSVD

The Applicable Balancing Services Volume Data methodology set out the information on Applicable Balancing Services that will be taken into account for the purposes of determining imbalance volumes.

The amendments proposed are:

- Version Control
- Update to capture BM sites which provide non-BM services

The proposed changes are detailed in Table 5 below:

ID	Purpose of Change	Reference	Change
1.1	Version Control	Title page	Change to Effective Date Change to Version Number
1.2		Page 3 version control table	Update to version control table
1.3	Proposed Changes & Following Feedback	Section B	Addition of requirements for BM sites providing non-BM services to allocate the ABSVD energy to the BMU

Industry Feedback in relation to ABSVD in Informal Consultation

Please see detailed responses to the informal consultation questions regarding proposed changes to ABSVD below from industry with National Grid ESO's initial views. Where industry have agreed with changes without comments relating to we have captured this, however we have not provided a response.

Consultation question 1

Do you agree with the changes proposed by NGESO to the ABSVD? If not, please provide rationale.

Consultation question 2

Do you agree with the changes proposed by industry to the ABSVD? If not, please provide rationale.

Consultation question 3

Would you like to propose any additional changes to the ABSVD?

1. Industry Response:

Drax Group Plc

Question 1: Yes (See below)

We do not recall the P354 workgroup reaching a joint view about the exclusion of long-term STOR contracts from ABSVD. Also, we are not aware of any consultation questions seeking stakeholders' views on this matter. In any case, we agree with the ESO that such an exception is not achievable with the current legal text.

Question 2: Yes

Question 3: No

National Grid ESO's View:

We engaged with Ofgem to gain greater clarity over the intention of BSC modification P354. Ofgem confirmed the intention of the modification P354 was to ensure all parties are treated equally and therefore all contracts including Long Term STOR should reflect the P354 solution from 1st April 2020.

---

2. Industry Response:

Sembcorp Energy UK

Question 1: Confidential

Question 2: N/A

Question 3: No

---

3. Industry Response:

RWE Supply & Trading GmbH

Question 1: Yes

Question 2: Yes

Question 3: Yes

The energy associated with delivering frequency response through the ongoing auction trial should be included in ABSVD. This is considered to be an unnecessary risk and encourages higher pricing.

National Grid ESO's View:

Whilst this is a trial, the complexity and cost does not lend itself to inclusion in ABSVD in the current form, however pending the outcome of the trial, this will be under consideration as a future change to the ABSVD statements.

---

4. Industry Response:

ENGIE

Question 1: Yes

Question 2: -

Question 3: -

---

5. Industry Response:

Calon Energy Limited

Question 1: Yes

Question 2: Yes

Question 3: No

---

6. Industry Response:

Electricity North West LTD

Question 1: Yes

Question 2: Yes

Question 3: N/A

---

7. Industry Response:

Scottish Power Energy Ltd

Question 1: No

We agree with the feedback provided by industry and would support the publication of terms and conditions for non-BM sites and metering to support greater transparency

Question 2: Yes

Question 3: No

National Grid ESO's View:

We appreciate the feedback raised in question 1, we do not believe this would require a C16 change to implement, however we are continually reviewing the information we publish and will assess the feasibility of this in the future we will endeavour to work with the proposer to find the best way forward.

---

8. Industry Response:

Limejump Energy Limited

Question 1: No

Question 2: No

Question 3: No

---

9. Industry Response:

Centrica Plc

Question 1: Yes

Question 2: Yes

Question 3: No

Consultation Questions

1. Do you agree that the changes proposed to the ABSVD, shown in Table 5 have been implemented correctly to the ABSVD in Appendix E? If not, please provide rationale.
2. Do you agree that the changes proposed to the ABSVD, shown in Table 5 and in Appendix E, should be made? If not, please provide rationale.
3. Do you agree with National Grid ESO's view to industry feedback? If not, please provide rationale.
4. Do you have any other comments in relation to the changes proposed to the ABSVD?

3

Consultation Questions

Summary of questions and how to respond

Questions

We now invite industry to provide feedback on the changes proposed to the C16 statements as part of the 2020-21 annual review process. The consultations questions are summarised below are also summarised in within the response proforma in Appendix F.

Consideration of future Changes post 2020-21 Update

1. Do you agree with National Grid ESO's view on future considerations which may affect the statements going forward post 2020-21 consultation? If not, please provide rationale.
2. Do you agree with National Grid ESO's view on industry feedback to future considerations? If not, please provide rationale. Do you have any other comments in relation to the consideration of Future Changes?
3. Do you have any other comments in relation to the consideration of Future Changes?

Procurement Guidelines

1. Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 1 have been implemented correctly to the Procurement Guidelines in Appendix A? If not, please provide rationale.
2. Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 1 and in Appendix A, should be made? If not, please provide rationale.
3. Do you agree with National Grid ESO's view to industry feedback? If not, please provide rationale.
4. Do you have any other comments in relation to the changes proposed to the Procurement Guidelines?

BPS

1. Do you agree that the changes proposed to the BPS, shown in Table 2 have been implemented correctly to the BPS in Appendix B? If not, please provide rationale.
2. Do you agree that the changes proposed to the BPS, shown in Table 2 and in Appendix B, should be made? If not, please provide rationale.
3. Do you agree with National Grid ESO's view to industry feedback? If not, please provide rationale.
4. Do you have any other comments in relation to the changes proposed to the BPS?

BSAD

1. Do you agree that the changes proposed to the BSAD, shown in Table 3 have been implemented correctly to the BSAD in Appendix C? If not, please provide rationale.
2. Do you agree that the changes proposed to the BSAD, shown in Table 3 and in Appendix C, should be made? If not, please provide rationale.
3. Do you agree with National Grid ESO's view to industry feedback? If not, please provide rationale.
4. Do you have any other comments in relation to the changes proposed to the BSAD?

SMAF

1. Do you agree that the changes proposed to the SMAF, shown in Table 4 have been implemented correctly to the SMAF in Appendix D? If not, please provide rationale.
2. Do you agree that the changes proposed to the SMAF, shown in Table 4 and in Appendix D, should be made? If not, please provide rationale.
3. Do you agree with National Grid ESO's view to industry feedback? If not, please provide rationale.
4. Do you have any other comments in relation to the changes proposed to the SMAF?

ABSVD

1. Do you agree that the changes proposed to the ABSVD, shown in Table 5 have been implemented correctly to the ABSVD in Appendix E? If not, please provide rationale.
2. Do you agree that the changes proposed to the ABSVD, shown in Table 5 and in Appendix E, should be made? If not, please provide rationale.
3. Do you agree with National Grid ESO's view to industry feedback? If not, please provide rationale.
4. Do you have any other comments in relation to the changes proposed to the ABSVD?

Responding

Responses should be submitted by replying to the consultation questions within the response proforma, attached as Appendix F and e-mailing the completed proforma to balancingservices@nationalgrideso.com . Responses will not be accepted in any other format.

If you do not wish any elements of your response to be made publicly available, please mark these as confidential.

The consultation period for this document is 28 days. Responses should be returned no later than **10th February 2020.** Following the consultation, a report will be produced and submitted to the Authority within seven days of the consultation close. Due to the timescales for the Authority report, it may not be possible to accept late consultation responses.

It is envisaged that, unless directed otherwise by the Authority, the implementation date for each of the revised documents will be 1st April 2020.

Next Steps

Following receipt of responses to this consultation, National Grid will prepare and submit a report to the Authority in accordance with Electricity Transmission Licence Standard Condition C16 paragraph (8). The current versions of the subject documents referred to in this report along with the consultation document, consultation report, and all responses, will be published on National Grid's website:

https://www.nationalgrideso.com/balancing-services/c16-statements-and-consultations

A

Revised C16 Documents

Tracked Change

Appendix A: Procurement Guidelines detailed changes

Please see separate document - here

Appendix B: BPS detailed changes

Please see separate document - here

Appendix C: BSAD detailed changes

Please see separate document – here

Appendix D: SMAF detailed changes

Please see separate document - here

Appendix E: ABSVD detailed changes

Please see separate document - here

Appendix F: Response Pro-forma

Please see separate document - here

As mentioned previously, responses will not be accepted in any other format.