

12<sup>th</sup> September 2022

# Additional C16 Report to Authority 2022-23

A report in accordance with standard condition C16 for 2022-23



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## 1. Executive Summary

In accordance with the requirements of Condition C16 of the Transmission Licence, National Grid Electricity System Operator (NGESO) has produced a further review outside of the annual review of the C16 Statements. This report details the questions proposed to industry regarding the suggested changes to the 2022-2023 C16 statements listed within the consultation and proforma as well as industry's responses to the questions.

NGESO has worked collaboratively and transparently with industry and Ofgem during this review. We have offered multiple avenues for all parties to provide us with feedback on the changes they would like to see represented to the C16 statements for 2022-23.

NGESO's key focus areas for the additional review of 2022/23 C16 statements that were consulted on were:

- Version control to Procurement Guidelines, Balancing Principles, SMAF and ABSVD statements.
- Housekeeping for Procurement Guidelines, Balancing Principles, SMAF and ABSVD statements.
- Changes required to the Procurement Guidelines statement, due to NGESO exploring options, including a Demand Flexibility service to ensure greater participation of demand side response from electricity customers.
- Changes required to the Balancing Principles Statement to include the Winter Contingency Contracts
- Changes required to the SMAF statement to include the Winter Contingency Contracts
- Changes required to the ABSVD Statement for the addition of the Demand Flexibility Product to the list of balancing services with ABSVD applied

NGESO has now concluded its licence obligation of consulting on proposed C16 changes for 28 days. The C16 consultation closed on the 5<sup>th</sup> September 2022 and NGESO is submitting the responses to Ofgem as evidence. Following feedback from industry on proposed changes to several C16 statements to accommodate for the Winter Demand Flexibility Service and Winter Contingency Contracts, we would like to ask Ofgem to allow us to reopen and extend the consultation window by another 2 weeks. By doing so this will allow us to share further information that has been requested by industry, to provide a chance to consult on any new information required.

This report will outline the proposals made in our consultation to the C16 Statements and detail the industry responses received within the 28 period and the ESO responses to these.

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.



**Jon Wisdom**

Code Change Delivery Senior Manager

## 2. Consultation Questions and Industry Responses

This Final Consultation was issued on the 8<sup>th</sup> of August and closed on the 5<sup>th</sup> of September 2022. The content of that consultation can be found [here](#).

### The Questions

We invited industry to provide feedback on the changes proposed to the Procurement Guidelines, Balancing Principles, SMAF and ABSVD 2022/23 C16 Statements. The consultation questions summarised below were also listed within the response proforma.

#### Procurement Guidelines Statement (PGS)

- 1) Do you agree with the proposed suggestions to the Procurement Guidelines in relation to housekeeping updates? Please provide rationale.
- 2) Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to the list of Commercial Ancillary Services we expect to procure? Please provide rationale. (Referenced p. 22)
- 3) Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to Table 2 Active Commercial Ancillary Services? Please provide rationale. (Referenced p. 29)
- 4) Do you have any other comments in relation to the changes proposed to the PGS?

#### Balancing Principles Statement (BPS)

- 1) Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to update references of NGET to NGESO?
- 2) Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to remove Trans European Replacement Reserve Exchange due to NGESO no longer being a TERRE member? (Referenced p.28)
- 3) Do you agree with the proposed suggestions to the BPS in relation to the addition of an exception for winter contingency service contracts? Please provide rationale. (Referenced p.38)
- 4) Do you have any other comments in relation to the changes proposed to the BPS?

#### System Management Action Flagging Statement (SMAF)

- 1) Do you agree with the proposed suggestions to the SMAF in relation to the addition of a system management type within the system management definitions for winter contingency service contracts? Please provide rationale. (Referenced p.7)
- 2) Do you agree with the proposed suggestions to the SMAF in relation to an additional balancing service to the list of services that will be SO Flagged for winter contingency service contracts? Please provide rationale. (Referenced p.11)
- 3) Do you believe any further changes are required as a result of the changes proposed to the SMAF Statement? Please provide rationale.
- 4) Do you have any other comments in relation to the changes proposed to the SMAF?

#### Applicable Balancing Services Volume Data Methodology Statement (ABSVD)

- 1) Do you agree with the proposed suggestions to the ABSVD in relation to the addition of the winter demand flexibility service to the list of balancing services for inclusion within the ABSVD? Please provide rationale. (Referenced p.11)

- 2) Do you agree with the proposed suggestions to the ABSVD in relation to applying ABSVD to HH-settled volume, but to not apply ABSVD to non-HH volume, due to the complexity of the data proportional impact on load-profiled demand? Please provide rationale. (Referenced p.11)
- 3) Do you have any other comments in relation to the changes proposed to the ABSVD? Or any additional changes you would like to see?

## Responses to the Consultation

We received 8 responses from various industry stakeholders for the additional C16 consultation. We have provided a response to feedback to the proposed changes to the C16 statements. Thank you to those stakeholders who have responded and provided us with your invaluable feedback.

### Procurement Guidelines Statement (PGS)

**Response Provided by:** RWE Supply, & Trading GmbH, RWE Generation UK plc, RWE Renewables UK Swindon Ltd and RWE Renewables UK Ltd.

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the Procurement Guidelines in relation to housekeeping updates? Please provide rationale.	No comment	
2	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to the list of Commercial Ancillary Services we expect to procure? Please provide rationale. (Referenced p. 22)	<p>NGESO needs to explain more specifically why it believes providers of the WDFS are not participating in the Balancing Mechanism and how and why the design of this new product needs to be different from BM arrangements. The fragmentation of DSR between the BM and other contracted for services potentially reduces efficiency of market pricing and of short term dispatch.</p> <p>Whilst the ODFM product was to provide flexibility at specific locations which is not necessarily currently achievable through BM arrangements, the WDFS appears to be purely an energy balancing product and therefore the reason for this type of contract outside the BM is not clear.</p> <p>We support the development of short term DSR arrangements such as the WDFS to help security of supply in the exceptional circumstances this winter, and believe</p>	<p>Thank you for your support in our development of DSR arrangements including the Demand Flexibility Service.</p> <p>We appreciate that following the feedback we need to make the use of these services clearer; we hope industry can appreciate the challenges faced in getting these services in place for winter whilst meeting the regulatory requirements.. The technical detail of this service relating to product design and transparency does not sit within the remit of the Procurement Guidelines Statement as part of the C16 consultation, so we do not think any changes are required to the statements, however we</p>

		that this product should not necessarily be enduring as it appears to be in the PGS	would like to point industry and Ofgem to the Operational Transparency Forums where we will share more information on this in the near future.  Further service design detail and rationale can also be found within our EBR Article 18 consultation which is open until the 3 <sup>rd</sup> of October 2022 for further industry feedback.
3	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to Table 2 Active Commercial Ancillary Services? Please provide rationale. (Referenced p. 29)	No comment	
4	Do you have any other comments in relation to the changes proposed to the PGS?	We do not have any further comments.	

**Response Provided by:** Uniper UK Ltd

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the Procurement Guidelines in relation to housekeeping updates? Please provide rationale.	Yes	Thank you for your response, we appreciate your view.

2	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to the list of Commercial Ancillary Services we expect to procure? Please provide rationale. (Referenced p. 22)	Yes	Thank you for your response, we appreciate your view.
3	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to Table 2 Active Commercial Ancillary Services? Please provide rationale. (Referenced p. 29)	Yes	Thank you for your response, we appreciate your view.
4	Do you have any other comments in relation to the changes proposed to the PGS?	No thank you.	

**Response Provided by:** Flexitricity

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the Procurement Guidelines in relation to housekeeping updates? Please provide rationale.	Yes – they are minor and helpful changes	Thank you for your response, we appreciate your view.

2	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to the list of Commercial Ancillary Services we expect to procure? Please provide rationale. (Referenced p. 22)	<p>Yes – we agree with the changes for the Winter Demand Flexibility service, particularly that it will be a pay-as-clear service</p> <p>As the coal contingency contracts are bilateral and one-off, we agree with the decision not to include them.</p>	<p>Thank you for taking the time to respond to this consultation, we appreciate your feedback.</p> <p>Further feedback on the detail of the settlement mechanism for the service can be provided through our Article 18 EBR consultation which is open to industry feedback until the 3<sup>rd</sup> of October 2022. We have also discussed the pricing mechanism within industry webinars which gives more detail on our approach and assessment.</p>
3	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to Table 2 Active Commercial Ancillary Services? Please provide rationale. (Referenced p. 29)	Yes – it is expected the service will go live in November	Thank you for your response, we appreciate your view.
4	Do you have any other comments in relation to the changes proposed to the PGS?	No	Thank you for your response, we appreciate your view.

**Response Provided by: Waters Wye Associates**

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the Procurement Guidelines in relation to housekeeping updates? Please provide rationale.	Yes	Thank you for your response, we appreciate your view.



2	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to the list of Commercial Ancillary Services we expect to procure? Please provide rationale. (Referenced p. 22	I would rather these things are codified, but given where we are I support the changes.	Thank you for your response, we appreciate your view.
3	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to Table 2 Active Commercial Ancillary Services? Please provide rationale. (Referenced p. 29)	No comment	
4	Do you have any other comments in relation to the changes proposed to the PGS?	<p>I would like to see a full review of the way interconnector trading is done. It should be aligned with all other NGENSO trading, and as such sit within the BSC. While the Principles of economic trading are fine sitting outside the codes, the fact that the interconnector actions are not being execute in line with other, more transparent, trades is not acceptable.</p> <p>There appears to be nothing to define at what point the interconnectors are told to physically reduce flows rather than NGENSO trading through whatever prices it sees to try to influence interconnector flows. This cannot be in the best interest of customers.</p> <p>Further, we are now in a very tight market, but the market is not clear when interconnectors get turned off, or made subject to emergency actions. If the market does not understand how these transmission lines are treated it will not respond rationally or economically.</p>	<p>Thank you for your response. We appreciate your feedback, we will take the comments on board and look at ways to make interconnector trading as transparent as possible through the winter.</p> <p>BSC modification P443 is now in flight, which may offer greater insight into interconnector trading and how they will be utilised in winter but if this does not result in the transparency needed, we are happy to explore with industry stakeholders what further actions could be taken.</p>

		I would therefore like to take this opportunity to ask NGENSO to review the way interconnector trading is done, where the rules are set out and how the trades are reported. May be a BSC issues group could be established?	
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**Response Provided by:** Habitat Energy

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the Procurement Guidelines in relation to housekeeping updates? Please provide rationale.	No comment	
2	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to the list of Commercial Ancillary Services we expect to procure? Please provide rationale. (Referenced p. 22	No comment	
3	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to Table 2 Active Commercial Ancillary Services? Please provide rationale. (Referenced p. 29)	No comment	
4	Do you have any other comments in relation to the changes proposed to the PGS?	No comment	

**Response Provided by:** EP UK Investments

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the Procurement Guidelines in relation to housekeeping updates? Please provide rationale.	No comment	
2	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to the list of Commercial Ancillary Services we expect to procure? Please provide rationale. (Referenced p. 22	No comment	
3	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to Table 2 Active Commercial Ancillary Services? Please provide rationale. (Referenced p. 29)	No comment	
4	Do you have any other comments in relation to the changes proposed to the PGS?	We are unclear why there have been no amendments made to the Procurement Guidelines in relation to the winter contingency service contracts given that this is a service which the ESO is still in the process of procuring.	Thank you for taking the time to respond to this consultation, we appreciate the feedback.  The winter contingency service contracts have not been added to the Procurement Guidelines Statement as an additional type because they are already reflected within the definition of Other Services.

**Response Provided by:** InterGen (UK) Ltd

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the Procurement Guidelines in relation to housekeeping updates? Please provide rationale.	Yes	Thank you for your response, we appreciate your view.
2	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to the list of Commercial Ancillary Services we expect to procure? Please provide rationale. (Referenced p. 22)	<p>No, we believe this will have a negative impact on the majority consumers, especially those most vulnerable to high prices. This suggestion will spread the cost through BSUoS from those who can afford to turn their demand down onto those who are only using the minimum amount necessary, disadvantaging those less well off.</p> <p>We also would like to clarify if the cost of this will actually be spread across consumers via BSUoS over next year rather than going on to the generators, who should not be penalised by paying this cost as they will be helping ease the issue already by adding to supply (generating).</p> <p>We would support a cap on BSUoS in line with this service to protect consumers.</p>	<p>Thank you for taking the time to respond to this consultation, we appreciate that following the feedback we need to make the use of these services clearer, we hope industry can appreciate the challenges faced in getting these services in place for winter whilst meeting the regulatory requirements.</p> <p>The recovery of these charges through the current BSUoS mechanism is the most appropriate way forward. Although we acknowledge that these costs will be unexpected for some market participants, we consider that this is the best overall course of action to manage the system over the winter period.</p>
3	Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to Table 2 Active Commercial Ancillary Services? Please provide rationale. (Referenced p. 29)	No comment	



4	Do you have any other comments in relation to the changes proposed to the PGS?	No comment	
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**Balancing Principles Statement (BPS)**

**Response Provided by:** RWE Supply, & Trading GmbH, RWE Generation UK plc, RWE Renewables UK Swindon Ltd and RWE Renewables UK Ltd.

Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to update references of NGET to NGENSO?	No comment
2	Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to remove Trans European Replacement Reserve Exchange due to NGENSO no longer being a TERRE member? (Referenced p.28)	No comment
3	Do you agree with the proposed suggestions to the BPS in relation to the addition of an exception for winter contingency service contracts? Please provide rationale. (Referenced p.38)	<p>We believe there is insufficient transparency in the Winter Contingency Service contractual arrangements. More clarity is required as to the triggers for warming and utilisation, including the priority order in which this and other arrangements (such as interconnector trades) will be used. We believe there should be more transparency in the price structure and price levels that have been agreed because this would help to incentivise optimal and efficient use of these contracts this winter</p> <p>Thank you for taking the time to respond to this consultation,</p> <p>Firstly, the contractual arrangements are being discussed with the generators concerned.</p> <p>Secondly, we appreciate that following the feedback we need to make the use of these services clearer, we hope industry can appreciate the challenges faced in getting these services in place for winter whilst meeting our regulatory requirements. We</p>

			would like to point industry and Ofgem to the Operational Transparency Forums where we will share more information on this in the near future.
4	Do you have any other comments in relation to the changes proposed to the BPS?	No comment.	

**Response Provided by:** Uniper UK Ltd.

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to update references of NGET to NGESO?	Yes	Thank you for your response, we appreciate your view.
2	Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to remove Trans European Replacement Reserve Exchange due to NGESO no longer being a TERRE member? (Referenced p.28)	Yes, there is no point in retaining it if NGESO is no longer participating in the TERRE mechanism.	Thank you for your response, we appreciate your view.
3	Do you agree with the proposed suggestions to the BPS in relation to the addition of an exception for winter contingency service contracts? Please provide rationale. (Referenced p.38)	Yes. It largely explains how the plant will be called. The retention of some flexibility to react to market circumstances introduces some uncertainty. However, we understand the rationale for doing so.	Thank you for your response, we appreciate your view.

4	Do you have any other comments in relation to the changes proposed to the BPS?	No	
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**Response Provided by:** Flexitricity

Question		Industry Response	ESO view
1	Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to update references of NGET to NGESO?	Yes – they are minor and helpful changes	Thank you for your response, we appreciate your view.
2	Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to remove Trans European Replacement Reserve Exchange due to NGESO no longer being a TERRE member? (Referenced p.28)	Yes – we cannot participate in TERRE because of Brexit	Thank you for your response, we appreciate your view.
3	Do you agree with the proposed suggestions to the BPS in relation to the addition of an exception for winter contingency service contracts? Please provide rationale. (Referenced p.38).	Yes – although details of warning and testing should be included	Thank you for your response, we appreciate your view. The technical detail of these services relating to order of dispatch, testing and transparency does not sit within the remit of C16, so we do not think any changes are required to the statements, however we would like to point industry and Ofgem to the Operational Transparency Forums where we will share more information on this in the near future.

4	Do you have any other comments in relation to the changes proposed to the BPS?	The Winter Demand Flexibility Service should be included, with more detail about when it will be used and how it will be used in relation to the coal contingency contracts.	Thank you for taking the time to respond to this consultation.  We appreciate your feedback on transparency. We would like to point industry and Ofgem to the Operational Transparency Forums where we will share more information on this in the near future. Additionally, in light of industry feedback, we will be requesting a two-week consultation extension where we will provide chance for industry to provide further feedback on additional C16 statement changes, including whether the Demand Flexibility Service should be included within the BPS statement.
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**Response Provided by:** Habitat Energy

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to update references of NGET to NGESO?	No comment	
2	Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to remove Trans European Replacement Reserve Exchange due to NGESO no longer being a TERRE member? (Referenced p.28)	No comment	



3	Do you agree with the proposed suggestions to the BPS in relation to the addition of an exception for winter contingency service contracts? Please provide rationale. (Referenced p.38).	No comment	
4	Do you have any other comments in relation to the changes proposed to the BPS?	No comment	

**Response Provided by:** InterGen (UK) Ltd

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to update references of NGET to NGENSO?	Yes	Thank you for your response, we appreciate your view.
2	Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to remove Trans European Replacement Reserve Exchange due to NGENSO no longer being a TERRE member? (Referenced p.28)	Yes	Thank you for your response, we appreciate your view.
3	Do you agree with the proposed suggestions to the BPS in relation to the addition of an exception for winter contingency service contracts? Please provide rationale. (Referenced p.38).	<p>Firstly, we recognise that there will be tight margins expected this winter and that it is prudent to procure further margins to ensure security of supply.</p> <p>Agree about the necessity of them and when they will be used (Obligated to take all feasible BM instructions first, barring STOR,</p>	Thank you for taking the time to respond to this consultation. We appreciate your comments, and we are investigating the best way to provide further clarity on last resort transparency. We would like to point industry and Ofgem to the Operational Transparency Forums where we will share more

		regardless of price). We want to be clear that this will be an absolute last resort.	information on this in the near future.
4	Do you have any other comments in relation to the changes proposed to the BPS?	<p>We think that there is a clear disconnect between this service (in timing of enactment) versus balancing the system in real time. This will provide a day ahead signals of scarcity.</p> <p>This suggests that last resort decisions at 24 hours ahead of time when so many of the market fundamentals are still to be determined.</p> <p>As emergency actions, these should not impact the market pricing.</p>	<p>Thank you for taking the time to respond to this consultation.</p> <p>We would like to point industry and Ofgem to the Operational Transparency Forums where we will share more information on this in the near future.</p>

**Response Provided by: EPUKI**

	<b>Question</b>	<b>Industry Response</b>	<b>ESO view</b>
1	Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to update references of NGET to NGESO?	No comment	
2	Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to remove Trans European Replacement Reserve Exchange due to NGESO no longer being a TERRE	No comment	

	member? (Referenced p.28)		
3	Do you agree with the proposed suggestions to the BPS in relation to the addition of an exception for winter contingency service contracts? Please provide rationale. (Referenced p.38)	These changes appear broadly consistent with the approach taken to previous contingency contracts, ie. Supplemental Balancing Reserve. However, we seek confirmation whether the dynamics of the units contracted under the winter contingency service would require them to be dispatched in advance of need to manage an anticipated shortfall. This may mean that they would need to be dispatched before all available offers have been accepted in the BM and this should be detailed in the BPS. We also seek confirmation whether there will be a testing regime for the contracted units and whether this might require them to be dispatched ahead of other available offers, which should also be detailed in the BPS.	Thank you for taking the time to respond to this consultation.  The decision to dispatch the units contracted to the Winter Contingency Service will be made at timescales determined by their specific dynamic parameters.  We would like to point industry and Ofgem to the Operational Transparency Forums where we will share more information on this in the near future.
4	Do you have any other comments in relation to the changes proposed to the BPS?	No comment	

**System Management Action Flagging Statement (SMAF)**

**Response Provided by:** RWE Supply, & Trading GmbH, RWE Generation UK plc, RWE Renewables UK Swindon Ltd and RWE Renewables UK Ltd.

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the SMAF in relation to housekeeping updates? Please provide rationale.	No comment	

2	Do you agree with the proposed suggestions to the SMAF in relation to the addition of a system management type to deliver winter contingency service contracts? Please provide rationale.	We recognise the exceptional circumstances that have arisen due to covid and the war in the Ukraine and support the development of arrangements to reduce the probability of demand control this winter.	Thank you for your response, we appreciate your view.
3	Do you agree with the proposed suggestions to the SMAF in relation to the addition of winter contingency service contracts within the list of balancing services that will be SO Flagged? Please provide rationale.	<p>We believe that the winter contingency service is an energy balancing service and any associated utilisation should not be tagged under normal circumstances.</p> <p>However, given that these contracts have been agreed in the very short term under exceptional circumstances, we agree that it is appropriate to tag actions associated with the 2022/23 winter contingency service.</p> <p>We note that this version of the SMAF does not include a provision to allow for the tagging of any winter contingency service beyond winter 2022/23 and would therefore expect that any extension of these tagging arrangements should require an appropriate review and consultation.</p>	Thank you for your response, we appreciate your feedback.
4	Do you believe any further changes are required as a result of the changes proposed to the SMAF Statement? Please provide rationale.	No comment	
5	Do you have any other comments in relation to the changes proposed to the SMAF? Or any additional changes you would like to see?	No comment	

**Response Provided by:** Uniper UK Ltd.



Question	Industry Response	ESO view
<p>1 Do you agree with the proposed suggestions to the SMAF in relation to housekeeping updates? Please provide rationale.</p>	<p>Yes</p>	<p>Thank you for your response, we appreciate your view.</p>
<p>2 Do you agree with the proposed suggestions to the SMAF in relation to the addition of a system management type to deliver winter contingency service contracts? Please provide rationale.</p>	<p>Yes</p>	<p>Thank you for your response, we appreciate your view.</p>
<p>3 Do you agree with the proposed suggestions to the SMAF in relation to the addition of winter contingency service contracts within the list of balancing services that will be SO Flagged? Please provide rationale.</p>	<p>Not fully. The consultation document says that the changes made to the SMAF will mean “all BOAs affiliated with this service will be system flagged to prevent them from setting the cash out price”. However, system flagging does not prevent prices for setting cash out prices. If after initial flagging, there are one or more unflagged acceptances with a more expensive price than that of the flagged action, then the flagged action is regarded as unflagged for imbalance pricing purposes. This would be expected to happen in this instance as the winter contingency contracts will be priced at zero. At a time of system stress it appears incorrect to possibly set a price of zero.</p> <p>It would seem more appropriate to either set the price closer to VOLL as occurred with the supplemental balancing reserve contracts, or to include the actions unpriced so that they are allocated a replacement price under the cash out methodology.</p>	<p>Thank you for taking the time to respond to this consultation.</p> <p>We appreciate your concerns surrounding system flagging impacting cash out prices. In light of industry feedback, we will be requesting a two-week consultation extension to provide industry an opportunity to comment on additional C16 statement changes NGENSO will propose to resolve these concerns.</p>

4	Do you believe any further changes are required as a result of the changes proposed to the SMAF Statement? Please provide rationale.	Not other than those mentioned above.	Thank you for your response, we appreciate your view.
5	Do you have any other comments in relation to the changes proposed to the SMAF? Or any additional changes you would like to see?	No thank you.	Thank you for your response, we appreciate your view.

**Response Provided by: Flexitricity**

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the SMAF in relation to housekeeping updates? Please provide rationale.	Yes – minor and helpful change	Thank you for your response, we appreciate your view.
2	Do you agree with the proposed suggestions to the SMAF in relation to the addition of a system management type to deliver winter contingency service contracts? Please provide rationale.	No – we agree that the action should be unpriced in the cash-out price in light of the current energy crisis. However the mechanism to do this is incorrect and may result in £0/MWh prices at times. The classification step in imbalance pricing means that unflagged actions that have more expensive actions will keep their price (they will become ‘Second Stage Unflagged’). So where the Coal actions are left in the price stack after tagging, the cash-out price would outturn as £0/MWh. A better solution would be to set the price as a very high price and also SO-flagged. This would result in the action being either repriced down to the next most expensive unflagged action. Where there are no more expensive unflagged actions, the action remains unpriced, and where the unpriced action remains in the	Thank you for taking the time to respond to this consultation.  We appreciate your concerns surrounding system flagging impacting cash out prices. In light of industry feedback, we will be requesting a two-week consultation extension to provide industry an opportunity to comment on additional C16 statement changes NGENSO will propose to resolve these concerns.

		stack the Market Index Price will apply.	
3	Do you agree with the proposed suggestions to the SMAF in relation to the addition of winter contingency service contracts within the list of balancing services that will be SO Flagged? Please provide rationale.	As above – yes in the current market context this feels appropriate for this Winter to flag Coal actions	Thank you for taking the time to respond to this consultation.
4	Do you believe any further changes are required as a result of the changes proposed to the SMAF Statement? Please provide rationale.	If the Demand Side Winter Flexibility service is included in cash-out price (which it should be via the BSAD Methodology) it may be appropriate to flag these also.	Thank you for your response.  We will consider the recommended additions to the SMAF statements in the additional consultation which we will be requesting, which will provide a chance for further industry feedback.  If you would like more information on this, further details can be found within our <a href="#">EBR Article 18 consultation</a> which is open until the 3 <sup>rd</sup> of October 2022.
5	Do you have any other comments in relation to the changes proposed to the SMAF? Or any additional changes you would like to see?	No	

**Response Provided by:** Waters Wye Associates

	Question	Industry Response	ESO view
2	Do you agree with the proposed suggestions to the SMAF in relation to the addition of a system management type to	The market needs significantly greater clarity around these coal contracts. The information provided to date has been insufficient for the market to understand what is going	Thank you for taking the time to respond to this consultation.  We appreciate your concerns around transparency. We would

<p>deliver winter contingency service contracts? Please provide rationale.</p>	<p>to happen – when will the plant be called, what are the notice periods, what happens o displaced plant, etc.?</p> <p>NGESO has said these will be last resort, but the reality is the coal plant dynamics means they need calling far in advance of their need. Further their ramp rates are slow, so NGESO is unlikely to call coal after say OCGTs. If the coal is displacing the OCGTs (for example) then those OCGTs should be compensated. Likewise, if coal is at full output and the wind picks up, if NGESO is then taking wind off the system due to coal the wind needs compensation.</p> <p>There also needs to be notice around testing – as there was with SBR. And all operational parameters should be public, again as they were under SBR.</p> <p>NGESO must come up with a coherent set of rules the market understands and that will leave all other parties whole. Again, failure to explain how these contracts will operate is likely to result in a less economically efficient market outcome, thereby costing customers more in the longer term.</p>	<p>like to point industry and Ofgem to the Operational Transparency Forums where we will share more information on this in the near future.</p> <p>In light of industry feedback, we will also be requesting a two-week consultation extension where we will provide chance for industry to provide further feedback on additional C16 statement changes required to resolve these concerns.</p>
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**Response Provided by:** Brook Green Supply



Question	Industry Response	ESO view
<p>2 Do you agree with the proposed suggestions to the SMAF in relation to the addition of a system management type to deliver winter contingency service contracts? Please provide rationale.</p>	<p>We agree with the inclusion of a winter contingency service to ensure security of supply. However, we do not agree with pricing the instructions at £0/MWh. This does not remove the pricing from the cashout calculation and will simply cause huge price volatility and uncertainty in the market</p>	<p>Thank you for taking the time to respond to this consultation.</p> <p>In light of industry feedback, we will be requesting a two week consultation extension where we will provide chance for industry to provide further feedback on additional C16 statement changes required to resolve these concerns.</p>
<p>3 Do you agree with the proposed suggestions to the SMAF in relation to the addition of winter contingency service contracts within the list of balancing services that will be SO Flagged? Please provide rationale.</p>	<p>We do not agree. This service is being procured to reduce the tightness this winter not to manage any system constraints, therefore do not think they should be SO flagged.</p>	<p>Thank you for taking the time to respond to this consultation.</p> <p>We appreciate your concerns surrounding system flagging. In light of industry feedback, we will be requesting a two-week consultation extension to provide industry an opportunity to comment on additional C16 statement changes NGESO will propose to resolve these concerns.</p>
<p>4 Do you believe any further changes are required as a result of the changes proposed to the SMAF Statement? Please provide rationale.</p>	<p>We believe there needs to be a review of pricing instructions at £0/MWh.</p>	<p>Thank you for taking the time to respond to this consultation.</p> <p>We appreciate your concerns surrounding system flagging and pricing instructions. In light of industry feedback, we will be requesting a two-week consultation extension to provide industry an opportunity to comment on additional C16 statement changes NGESO will propose to resolve these concerns.</p>
<p>5 Do you have any other comments in relation to the changes proposed to the SMAF? Or any additional changes you would like to see?</p>	<p>During the recent NGESO transparency forums, participants have raised significant concerns around the pricing structure. No clarity or firm response has been given, so it is unclear whether the</p>	<p>Thank you for taking the time to respond to this consultation.</p> <p>In light of industry feedback, we will be requesting a two week consultation extension where we will provide chance for industry to provide further feedback on</p>

	methodology we are consulting on is the final version.	additional C16 statement changes required to resolve these concerns.
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**Response Provided by:** Habitat Energy

Question	Industry Response	ESO view
1 Do you agree with the proposed suggestions to the SMAF in relation to housekeeping updates? Please provide rationale	No comment	
2 Do you agree with the proposed suggestions to the SMAF in relation to the addition of a system management type to deliver winter contingency service contracts? Please provide rationale.	No, we believe that actions taken under the winter contingency service are for bulk energy balancing and specifically for the purpose of increasing operational margin. The service is not locational and is not aimed at resolving a specific transmission constraint. As such we feel that actions be energy flagged and priced at a level that reflects the variable running cost of the plant and the price of scarcity at the time the service is called by the System Operator.	Thank you for taking the time to respond to this consultation.  We appreciate your concerns. In light of industry feedback, we will be requesting a two-week consultation extension to provide industry an opportunity to comment on additional C16 statement changes NGENSO will propose to resolve these concerns.
3 Do you agree with the proposed suggestions to the SMAF in relation to the addition of winter contingency service contracts within the list of balancing services that will be SO Flagged? Please provide rationale.	No, we think the current formulation is misguided and are surprised that the System Operator has proposed the service to be flagged in this way:  “Winter Contingency Service Contracts All despatch action of units under the 2022/23 winter contingency service will be tagged as a system flagged BOA and be priced at £0/MWh.”  As set out it is not clear whether this would be first stage flagged and subject to the classification process, or if the intent is actually that these contracts are null priced (as per intertrips) and will immediately be second stage flagged and subject to a	Thank you for taking the time to respond to this consultation. We appreciate your concerns surrounding system flagging impacting cash out prices.  In light of industry feedback, we will be requesting a two-week consultation extension to provide industry an opportunity to comment on additional C16 statement changes NGENSO will propose to resolve these concerns.

	<p>replacement price if they enter the net imbalance volume.</p> <p>As presented it suggests that these actions would be subject to classification, then as per the current imbalance pricing methodology if a first stage flagged balancing action has a less expensive price than the most expensive first stage unflagged balancing action (which will almost certainly be the case if the volume is to be priced at £0/MWh) it is considered an energy balancing action and becomes second stage unflagged. As it keeps its original price in this instance there would then be significant volume at £0/MWh which could then set the imbalance price at this level.</p> <p>This treatment introduces at least two perverse and unintended consequences were this to happen, which are: 1) units providing the winter contingency contracts would presumably be run at their stable export limit (SEL) in order to provide headroom and increase operating margin. However as the offer price is set at zero, the system operator when calling balancing actions in economic order could be incentivised to turn-down other sources of lower carbon intensity generation with positive bid down prices and turn-up these higher carbon intensity MWs for the purposes of price arbitrage. 2) it could also incentivise flexible demand and storage assets to increase consumption in a short system due to the price signal exacerbating an undersupplied market.</p> <p>Clearly neither of these outcomes is desirable.</p> <p>If subject to a replacement price, then as the replacement price average reference volume (RPAR) is calculated from the most expensively priced 1MWh of unflagged actions this would at least have the effect of valuing the winter contingency contracts at a market reflective level but it is noted that this could lead to a high degree of price</p>	
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		uncertainty on settlement period (SP) by SP basis which may impact liquidity.	
4	Do you believe any further changes are required as a result of the changes proposed to the SMAF Statement? Please provide rationale.	<p>Yes, the service should be treated as an energy balancing action in either the same way as the current STOR service or as the nearly identical legacy service Supplemental Balancing Reserve. Service. Our preferred solution is to treat the service in a similar way to STOR contract acceptances. The primary aim of the service is to increase the amount of reserve available to the System Operator in balancing mechanism timescales. Whereas STOR is a static service provided by fast response units, this is a synchronised spinning reserve type service.</p> <p>Acceptance volumes should be priced at a level that is reflective of the marginal cost of its generation with a formula based on a market based index for coal and UK emission certificates and it should be subject to reserve scarcity pricing (RSP).</p> <p>This would give the market a clear means to assess the price impact once a unit is brought on, whilst also utilising a pre-existing mechanism to re-price based on the loss of load expectation and scarcity at the time. Volume acceptances would better reflect the relative economics of coal versus gas generation at the time of utilisation</p>	<p>Thank you for taking the time to respond to this consultation, we appreciate that following the feedback we need to make the use of these services clearer, we hope industry can appreciate the challenges faced in getting these services in place for winter , whilst meeting the regulatory requirements</p> <p>We appreciate your concerns surrounding system flagging impacting cash out prices. In light of industry feedback, we will be requesting a two-week consultation extension to provide industry an opportunity to comment on additional C16 statement changes NGENSO will propose to resolve these concerns.</p>
5	Do you have any other comments in relation to the changes proposed to the SMAF? Or any additional changes you would like to see?	<p>The winter contingency service appears identical to Supplementary Balancing Reserve that was brought in from 2016 for a number of years. This service was priced at £3000/MWh which, the value of lost load (VoLL) at the time.</p> <p>Given these winter contingency contracts should only be called on once all other BM options available to NGENSO have been exhausted then there is clearly an</p>	<p>Thank you for taking the time to respond to this consultation, we appreciate that following the feedback we need to make the use of these services clearer, we hope industry can appreciate the challenges faced in getting these services in place for winter , whilst meeting the regulatory requirements</p>

	<p>argument for these too to be priced at the current VoLL.</p> <p>However, given these units will, due to their operating constraints, need to be called on ahead of the spot peak; having a such an extreme flat price across every SP may be undesirable, which is why we feel our proposal of pricing at the marginal cost of generation but subject to RSP is a balanced alternative which should be seriously considered.</p>	
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**Response Provided by:** InterGen (UK) Ltd

	Question	Industry Response	ESO view
1	Do you agree with the proposed suggestions to the SMAF in relation to housekeeping updates? Please provide rationale.	Yes	Thank you for your response, we appreciate your view
2	Do you agree with the proposed suggestions to the SMAF in relation to the addition of a system management type to deliver winter contingency service contracts? Please provide rationale.	Yes	Thank you for your response, we appreciate your view
3	Do you agree with the proposed suggestions to the SMAF in relation to the addition of winter contingency service contracts within the list of balancing services that will be SO Flagged? Please provide rationale.	<p>We agree with the intent that actions that exist outside of the wholesale market should be system flagged. However, we do have concerns on the implementation in line with balancing principles.</p> <p>We would expect that, under our interpretation of flagging rules, it will be unflagged by any offer volume in the system. So, as they will be unflagged they will then impact system price calculations and therefore market price of power.</p>	<p>Thank you for taking the time to respond to this consultation, we appreciate that following the feedback we need to make the use of these services clearer; we hope industry can appreciate the challenges faced in getting these services in place for winter, whilst meeting the regulatory requirements.</p> <p>We appreciate your concerns surrounding system flagging</p>

		<p>We don't believe that this is the intended outcome of flagging these actions at £0, and that it was intended to completely remove them from this pricing process.</p> <p>If the possible cashout price is £0 then this could send a false price signal and so any impact to market prices must be considered in the implementation.</p> <p>We don't want the pricing to influence market pricing.</p>	<p>impacting cash out prices. In light of industry feedback, we will be requesting a two-week consultation extension to provide industry an opportunity to comment on additional C16 statement changes. NGESO will propose to resolve these concerns.</p>
4	<p>Do you believe any further changes are required as a result of the changes proposed to the SMAF Statement? Please provide rationale.</p>	<p>Yes. The price should not be included in the imbalance pricing. These actions are being delivered by units excluded from the wholesale and balancing markets, and so should, wherever possible, not impact the active balancing and wholesale markets</p>	<p>Thank you for taking the time to respond to this consultation, we appreciate your view.</p>
5	<p>Do you have any other comments in relation to the changes proposed to the SMAF? Or any additional changes you would like to see?</p>	<p>No comment</p>	

**Response provided by: EP UK Investments**

	<b>Question</b>	<b>Industry Response</b>	<b>ESO view</b>
1	<p>Do you agree with the proposed suggestions to the SMAF in relation to housekeeping updates? Please provide rationale.</p>	<p>No comment</p>	<p>Thank you for your response, we appreciate your view.</p>
2	<p>Do you agree with the proposed suggestions to the SMAF in relation to the addition of a system management type to deliver winter contingency service contracts? Please provide rationale.</p>	<p>While we appreciate that a new category of system management action is required to allow for flagging of some actions related to the winter contingency service contracts, we do not consider that all such actions should be flagged for system management as some will relate to resolving energy</p>	<p>Thank you for taking the time to respond to this consultation, we appreciate that following the feedback we need to make the use of these services clearer; we hope industry can appreciate the challenges faced in getting these services in place for winter, whilst meeting the regulatory requirements.</p>



		<p>imbalances (see response to Q3 below).</p>	<p>In light of industry feedback, we will be requesting a two week consultation extension where we will provide chance for industry to provide further feedback on additional C16 statement changes required to resolve these concerns.</p>
<p>3</p>	<p>Do you agree with the proposed suggestions to the SMAF in relation to the addition of winter contingency service contracts within the list of balancing services that will be SO Flagged? Please provide rationale.</p>	<p>No. The proposals relating to the flagging and pricing of actions associated with the winter contingency service contracts represent a significant interference in cash out price formation and could lead to serious unintended consequences. The proposals appear to be based on a belief that system flagging would prevent the BOAs from having an influence on the cash out calculation and that their price is therefore irrelevant, but this is a fundamental misunderstanding of the cash out calculation. Issues</p> <p>Pricing all despatch of units under the winter contingency service at £0/MWh. Under the P217A methodology, SO-flagged actions which are 'out of merit' (ie. more expensive than the most expensive non-flagged energy action) are repriced at the Replacement Price Average Reference, while SO-flagged actions which are 'in merit' retain their original price. SO flagging therefore does not 'remove' actions from the imbalance calculation, but merely determines whether to reprice them.</p> <p>When the coal units contracted under the winter contingency service are dispatched, they would need to ramp to their Stable Export Limit and be held at that level for a long period given their minimum run time. During these periods there would need to be a large amount of</p>	<p>Thank you for taking the time to respond to this consultation, we appreciate that following the feedback we need to make the use of these services clearer; we hope industry can appreciate the challenges faced in getting these services in place for winter whilst meeting the regulatory requirements.</p> <p>We appreciate your concerns surrounding system flagging impacting cash out prices. In light of industry feedback, we will be requesting a two-week consultation extension to provide industry an opportunity to comment on additional C16 statement changes NGESO will propose to resolve these concerns.</p>

	<p>bid activity both to create space for the coal units and to allow for headroom and contingency reserve. Analysis of historic periods with low derated margins shows that it is common practice for NGENSO to use bid volume in combination with offer volume in the circumstances in which the winter contingency service contracts are likely to be used. The volume of offers and bids in a Settlement Period are netted off each other in the cashout calculation. The most expensive actions are netted off first and the cashout price calculated from the most expensive 1 MWh of remaining actions. Pricing the offers on the coal units at £0/MWh in cashout would introduce a large volume of low, non-market price offers into the offer stack. This would result in more offers priced by market participants being netted off in the cashout calculation and lead to lower overall cashout prices in many of the Settlement Periods when the winter contingency contracts are utilised. In some scenarios, this could result in cashout prices of £0/MWh around peak periods. By pricing the winter contingency service contracts at the bottom of the offer stack, where the actions would not be repriced, it is far more likely that the contingency contract volume would influence or set the System Buy Price than if it was priced above the market, when it would be repriced to the most expensive non-flagged action and is likely to be the first action netted off by bid volume.</p> <p>The approach proposed by NGENSO would therefore represent a significant interference in the cashout calculation in periods when system margins are very tight, which could impact the behaviours</p>	
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	<p>of market participants. These behaviours are likely to vary depending on portfolio considerations but could economically encourage companies to leave greater volumes to imbalance because of the possibility that the cash out price may be zero. Within day and day ahead power prices could then become suppressed, and generators may be encouraged to withhold their capacity to offer into the Balancing Mechanism to capture higher margins, leading to higher overall balancing costs and higher BSUoS for generators, discouraging PN dispatch. We are concerned that an approach to including the winter contingency contracts in cashout which encourages significant changes in market behaviour would be imprudent going into a winter when security of supply needs careful consideration and that there could be serious unintended consequences.</p> <p>We also note that no information has been provided to the market as to whether there will be a testing regime for the contracted coal units. However, we assume that a testing regime has been incorporated into the winter contingency contracts to provide reassurance that the coal units will deliver when instructed. Dispatching the coal units for tests would introduce a large volume of non-market generation in certain periods and could impact efficient market operation. The signalling of these tests and the way in which they are priced into cashout therefore also needs careful consideration.</p> <p>System flagging all BOAs associated with the winter contingency service</p> <p>We do not consider it logical that all BOAs associated with the winter contingency service contracts should be SO-flagged. System flagging is intended to identify</p>	
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	<p>actions taken by the SO for system management reasons, ie. reasons other than energy balancing. However, the purpose of the winter contingency service is to resolve energy imbalances once all available market actions have been exhausted. In periods in which the output from contracted units is required to resolve an energy shortage, the BOAs are therefore fundamentally associated with energy balancing and should not be flagged.</p> <p><b>Solution</b></p> <p>We consider it important that the winter contingency service contracts are priced into cashout in a way that is logical and minimises the impact on market participant behaviour.</p> <ul style="list-style-type: none"> <li>• In periods when the output of the coal units is required to maintain security of supply due to a shortfall in energy supply, the coal unit offers should be priced into cashout at the Value of Lost Load (£6,000/MWh). This is rational because the alternative to instructing the coal units would be to initiate demand disconnection, which would be priced into cashout at VoLL. Instructions in these periods should be unflagged as the units are being dispatched primarily for energy purposes rather than for system management.</li> <li>• In periods when the coal units are being positioned to deliver energy when required (eg. when ramping or when being held on for their minimum run time) or during periods of testing, the coal unit offers should be SO flagged but still priced at VoLL. In these Settlement Periods, the SO flag would ensure that the offers are repriced to level of the</li> </ul>	
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		most expensive energy action. This would allow cashout prices to reflect the true value of energy actions in these periods rather than being depressed by a large zero-priced volume and by the increased bid activity associated with accommodating the coal units on the system.	
4	Do you believe any further changes are required as a result of the changes proposed to the SMAF Statement? Please provide rationale.	No comment	
5	Do you have any other comments in relation to the changes proposed to the SMAF? Or any additional changes you would like to see?	No comment	

**Applicable Balancing Services Volume Data Methodology Statement (ABSVD)**

**Response Provided by:** Uniper UK Ltd.

	<b>Question</b>	<b>Industry Response</b>	<b>ESO view</b>
1	Do you agree with the proposed suggestions to the ABSVD in relation to the addition of the winter demand flexibility service to the list of balancing services for inclusion within the ABSVD? Please provide rationale.	Yes	Thank you for your response, we appreciate your view.
2	Do you agree with the proposed suggestions to the ABSVD in relation to applying ABSVD to HH-settled volume, but to not apply ABSVD to non-HH volume, due to the complexity of the data proportional	This seems reasonable in light of the practicality around doing so.	Thank you for your response, we appreciate your view.

	impact on load-profiled demand? Please provide rationale.		
3	Do you have any other comments in relation to the changes proposed to ABSVD? Or any additional changes you would like to see?	No thank you.	

**Response Provided by:** Uniper UK Ltd.

Question		Industry Response	ESO view
1	Do you agree with the proposed suggestions to the ABSVD in relation to the addition of the winter demand flexibility service to the list of balancing services for inclusion within the ABSVD? Please provide rationale.	Yes – it is appropriate to adjust Balance Responsible Parties positions for balancing services provided	Thank you for your response, we appreciate your view.
2	Do you agree with the proposed suggestions to the ABSVD in relation to applying ABSVD to HH-settled volume, but to not apply ABSVD to non-HH volume, due to the complexity of the data proportional impact on load-profiled demand? Please provide rationale.	Yes, there are challenges with adjust non-half hourly volumes, so it is not suitable for the service this Winter. However, this will result in a benefit to these suppliers, as they will receive a long imbalance volume (or less short volume)	Thank you for your response, we appreciate your view.
3	Do you have any other comments in relation to the changes proposed to ABSVD? Or any additional changes you would like to see?	No  But we have an additional comment about a C16 document not included – the BSAD methodology. The Demand Side Winter Service should be included in this and reflected in	Thank you for taking the time to respond to this consultation, we appreciate the feedback.  We will be energy flagging the Demand Flexibility Service and this service will be added to BSAD.



		<p>imbalance prices, but the actions should be flagged.</p>	<p>In light of industry feedback, we will be requesting a two week consultation extension where we will provide chance for industry to provide further feedback on additional C16 statement changes required to resolve these concerns.</p> <p>If you would like more information, service details can be found within our <a href="#">EBR Article 18 consultation</a> which is open until the 3<sup>rd</sup> of October 2022.</p>
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**Response Provided by:** Brook Green Supply

Question		Industry Response	ESO view
1	<p>Do you agree with the proposed suggestions to the ABSVD in relation to the addition of the winter demand flexibility service to the list of balancing services for inclusion within the ABSVD? Please provide rationale.</p>	<p>As per the previous response, we support the addition of the Winter Demand Flexibility Service and will provide a more detailed response once the full consultation is launched.</p>	<p>Thank you for your response, we appreciate your view.</p>

**Response Provided by:** Habitat Energy

Question		Industry Response	ESO view
1	<p>Do you agree with the proposed suggestions to the ABSVD in relation to the addition of the winter demand flexibility service to the list of balancing services for inclusion within the ABSVD? Please provide rationale.</p>	<p>No comment</p>	

2	Do you agree with the proposed suggestions to the ABSVD in relation to applying ABSVD to HH-settled volume, but to not apply ABSVD to non-HH volume, due to the complexity of the data proportional impact on load-profiled demand? Please provide rationale.	No comment	
3	Do you have any other comments in relation to the changes proposed to ABSVD? Or any additional changes you would like to see?	No comment	

**Response Provided by:** Intergen (UK) Ltd

Question	Industry Response	ESO view	
1	Do you agree with the proposed suggestions to the ABSVD in relation to the addition of the winter demand flexibility service to the list of balancing services for inclusion within the ABSVD? Please provide rationale.	No Comment	
2	Do you agree with the proposed suggestions to the ABSVD in relation to applying ABSVD to HH-settled volume, but to not apply ABSVD to non-HH volume, due to the complexity of the data proportional impact on load-profiled demand? Please provide rationale.	No Comment	

3	Do you have any other comments in relation to the changes proposed to ABSVD? Or any additional changes you would like to see?	No Comment	
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**Response Provided by:** EP UK Investments

Question	Industry Response	ESO view	
1	Do you agree with the proposed suggestions to the ABSVD in relation to the addition of the winter demand flexibility service to the list of balancing services for inclusion within the ABSVD? Please provide rationale.	No comment	
2	Do you agree with the proposed suggestions to the ABSVD in relation to applying ABSVD to HH-settled volume, but to not apply ABSVD to non-HH volume, due to the complexity of the data proportional impact on load-profiled demand? Please provide rationale.	No comment	
3	Do you have any other comments in relation to the changes proposed to ABSVD? Or any additional changes you would like to see?	No comment	