

January 16th, 2023

C16 Annual Review

Final industry consultation for C16 Statements 2022/23



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1. 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 (NGESO) C16 Statements.

NGESO held an industry forum on 7 November 2022, the aim of which was to enable both NGESO and industry to share their early thoughts on what changes should be considered to the five C16 statements and the Relevant Balancing Services (RBS) Guidelines this year and what could be considered for future reviews.

Following the forum NGESO published a consultation incorporating both C16 and RBS Guidelines proposed changes which ran from 18th November 2022 to 6th December 2022. This consultation did not form part of the formal C16 Licence Condition process, rather this is an additional element that allows NGESO to do more fact finding and create a more efficient and thorough review at the formal stage.

This official consultation does form part of the C16 License Condition and will detail the changes NGESO are considering during this year's review following the feedback from the industry forum and early consultation. It will only concern proposed changes to the C16 Statements. A final RBS consultation will be issued separately, and the new timelines will be communicated to industry shortly. This will allow NGESO time to draft contract terms for a new service called Local Constraint Market (LCM). These contract terms are being formulated over January. Separating out RBS will enable a more robust RBS Guidelines final review, with endeavours to avoid multiple RBS consultations over a short period.

We publish five statements under our Condition C16 licence obligations. These are open for review and change during this consultation:

- 1) Procurement Guidelines Statement (PGS)
- 2) Balancing Services Adjustment Data Methodology Statement (BSAD)
- 3) System Management Action Flagging Methodology Statement (SMAF)
- 4) Balancing Principles Statement (BPS)
- 5) Applicable Balancing Service Volume Data Statement (ABSVD)

NGESO's proposed key focus areas for review of the five C16 statements this year are:

- Housekeeping updates
- Addition of new regulating reserve product: Balancing Reserve
- Addition of new constraint management services - Local Constraint Market (LCM) and Regional Development Programmes (RDPs) such as MW Dispatch & Generation Export Management Scheme (GEMS)
- Amendments to frequency response products: Dynamic Moderation and Dynamic regulation
- Separation of Dynamic and Static Firm Frequency Response (FFR)
- Removal of the Winter Contingency Service (WCS) contracts
- Amendment of wording to ODFM
- Addition of wording for the Demand Flexibility Service (DFS)

Following the early consultation, we have taken onboard industry feedback, resulting in some changes to the final consultation. Initially, we proposed to remove the wording for our ODFM service, however, following feedback at the forum and internal review, the decision has been taken to not remove ODFM

Key Dates:

Official Consultation Release: 16 January 2023

Official Consultation Deadline: 13 February 2023

Documents sent to Ofgem: 20 February 2023

Ofgem Veto/Direction: 20 March 2023

Revised C16 Statements Go live: 1 April 2023

from our applicable balancing services. We have also since included service information around GEMS.

NGESO welcomes industry views on the proposed changes to the C16 statements. Responses are required by close of play on 13 February 2023. Details on how to make a response can be found in the Consultation Questions section.

Following receipt of responses to this final consultation NGESO will incorporate feedback where possible which will then be documented, and a report issued to the Authority including ESO responses and final proposed changes to statements to meet the specified regulatory timescales.

The current versions of the C16 statements, this consultation, industry responses and the consultation report will all be published at the links below:

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

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

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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.



Jonathan Wisdom

Code Change Delivery Senior Manager

2. Introduction & Process Overview

The Review

In accordance with Standard Condition 16 (C16) of its Transmission Licence, NGESO 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 NGESO's annual review and consultation is to ensure that each of the applicable documents remains current by seeking industry views on any proposed changes. NGESO invite the Authority to review proposed changes. If the Authority chooses to exercise their powers of veto for these proposed changes to the C16 statements, the existing versions will remain in place. Alternatively, the proposed changes will become effective from 1 April 2023.

The following statements are the focus of each review:

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

It should be noted that the annual review of the C16 statements is not the primary forum for development of new products. They will be created and consulted on in a separate process, and any subsequent changes to the statements will be a consequence of this.

If the Authority chooses to exercise their powers of veto for these proposed changes to the C16 statements, the existing versions will remain in place.

Step 1 Industry Forum

The first step of the review process is for NGESO to hold an industry forum, the aim of which is to allow NGESO to engage early with industry on the key elements of change we are considering and enable industry to offer early challenge and further suggestions.

Step 2 Early Consultation

The second step of the review process is for NGESO to issue an early consultation, this builds on the outputs from the industry forum and allows wider industry to respond to NGESO's thoughts on what needs to change.

This consultation does not form part of the C16 Licence Condition process and is an additional one that allows NGESO to do more fact finding and create a more efficient and thorough review.

Step 3 Review and Final Consultation

The third step of the process is for NGESO to review all the early consultation responses and begin to finalise a draft position on the text changes in the statements. NGESO will also offer a response to each point raised by industry. This will be documented and issued via an "official" consultation that does form part of the C16 Licence Condition.

This consultation will allow industry to review our responses to them as well as the recommended text changes in the statements.

This consultation will run for 28 days.

Step 4 Report to Authority

The fourth step in the review process is for NGESO to document in the form of a report the final position on the proposed changes for this year along with the track changed versions of the statements, including any proposed revisions. The report will also include in a clear and transparent way, all industry responses across both consultations and NGESO's view for each of these.

A report will be submitted for the C16 review following the close of the consultations. The C16 report must be issued to the Authority (Ofgem) within 7 days (5 working) from the closure of the official consultation.

Step 5 Authority Decision and Statement go live

The fifth step in the review process is for the Authority (Ofgem) to review all the documents submitted to them from step 4.

As part of the C16 Licence Condition, Ofgem have 28 days to offer a direction or challenge the submission, if Ofgem do not veto the changes then the statements go live on the NGESO website on the 1st of April of that year.

If Ofgem do veto (either in whole or part), then there are 2 different directions for the statements to go live. Ofgem can either direct a change or they can request NGESO to run a further consultation on the specific issues they have identified, which may push back the go live date or a statement might go live pending further changes.

3. 2022 Industry Event and Next Steps

This consultation marks the third step of the review process relating to the C16 statements and methodologies.

Step 1 Industry Forum

The industry forum was held on 7 November 2022. The aim of this workshop was to seek early industry views on the review process and discuss any changes that industry would like to propose ahead of the annual review or provide feedback on the changes proposed by ESO for the upcoming consultation. The initial changes proposed for the RBS Guidelines were also discussed at the forum. The slides can be found [here](#).

Areas highlighted for C16 by National Grid ESO were:

- Review of progress since last year's annual review for MW Dispatch constraint management Service
- Removal of Winter Contingency Service contracts
- Discussion of potentially removing ODFM from statements
- Addition of new regulating reserve product: Balancing Reserve
- Development of new reserve products: Slow and Quick Reserve (Positive and Negative)

ESO

- Changes required for separation of Dynamic Firm Frequency Response and Static Firm Frequency Response
- Changes required for Dynamic Moderation (DM) and Dynamic regulation (DR)
- Update on other reports i.e., BPS Report, Procurement Guidelines Report

The forum was attended by one industry stakeholder plus two representatives from Ofgem. Despite low attendance, there was good engagement during the webinar on the proposed changes and feedback was taken on board which we will seek to incorporate within this final consultation and provide responses to within our report submission to the Authority.

Thank you to those who have engaged with the process so far and we continue to welcome any feedback that may improve the content and process in future years.

Step 2 Early Consultation

The early consultation which included the initial proposed changes for C16 statements and RBS Guidelines was issued from November 18 – December 6, 2022.

Step 3 Review and Final Consultation

The final consultation to be issued 16 January until 13 February 2023.

This consultation is on C16 statement changes only, further proposed changes to RBS guidelines will be consulted on separately and timelines will be communicated to industry shortly.

Step 4 Report to Authority

To be issued by 20 February 2023.

Step 5 Authority Decision and Statement Go Live

Ofgem Veto/Direction expected on/before 20 March 2023.

Changes to C16 statements are effective 1 April 2023.

4. Review of Suggested Changes to C16 statements

Proposals for Procurement Guidelines Statement Review 2022/23

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 2022-23 are:

- Version control
- Housekeeping
- Addition of new reserve product: Balancing Reserve (BR)
- Amendments to new reserve products

- Separation of Dynamic and Static Firm Frequency Response (FFR)
- Amendments to frequency response products: Dynamic Moderation (DM) and Dynamic Regulation (DR)
- Amendment to ODFM from the list of balancing services procured by NGENSO
- Addition of wording for the Demand Flexibility Service (DFS)
- Addition of new MW Dispatch constraint management service
- Addition of the Generation Export Management Scheme (GEMS)
- Addition of new Local Constraint Market (LCM) service
- Amendment to Enhanced Frequency Response

Please see the tracked change document for Procurement Guidelines Statement (PGS) for detail of changes below:

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

More detail of these changes is outlined below:

Addition of new regulating reserve product, Balancing Reserve (BR)

We are planning to deliver a new Balancing Reserve product in March 2023 (subject to implementation timing). Balancing Reserve will fulfil the Control Room requirements for synchronised reserve, which is used to manage imbalance between generation and demand in real-time and response shortfalls. The reserve will be made up of synchronised generators able to deliver a contracted volume in the form of increased or decreased generation output within 2 minutes following the instruction. The Balancing Reserve will be procured from BM providers at Day Ahead stage for the next day delivery in 48 Service Windows (Settlement Periods). The providers will be paid an Availability Payment when awarded the contract at Day Ahead and Utilisation Payment when dispatched in the BM during the Service Windows. This product will offer Negative Reserve and Positive Reserve, which will be procured independently.

Modification of wording for new reserve products

A suite of new reserve products is being designed to replace the existing suite of positive and negative Reserve products. System conditions are changing, and faster-acting reserve is required to support the new frequency response products, Dynamic Containment, Dynamic Regulation, and Dynamic Moderation.

We are planning to deliver two new reserve products in Q3/Q4 2023-24. Quick Reserve will react to pre-fault disturbances to restore the energy imbalance quickly and return the frequency close to 50.0 Hz. Slow Reserve will displace large losses on the system and recover frequency to ± 0.2 Hz within 15 minutes.

They will be Firm and Optional Services in dual direction (Positive & Negative Reserve). These new services intend to replace the existing STOR and Fast Reserve services, which we seek to phase out in mid-2024 dependent on the successful participation and operation of the Quick and Slow Reserve. Negative Slow Reserve was included in the statements listed below last year; however, its delivery has been reprioritised.

Amendment to frequency response products: Dynamic Moderation (DM) and Dynamic Regulation (DR)

The new suite of dynamic frequency response products was completed in spring 2022 with the launch of DM and DR. These new dynamic response services are better suited both to the current and future operability challenges, and the technical abilities of modern assets. Both new services will be procured at day ahead in EFA blocks on a pay-as-clear auction platform in the same way as Dynamic Containment (DC).

Therefore, we will be updating wording and adding DM and DR products under Frequency Response products.

Separation of Dynamic and Static Firm Frequency Response (FFR)

We can see value in having a static response service (like Static FFR) to support our post-fault frequency needs and analysis has shown that it could offer a cost-effective way of supporting frequency recovery in post fault situations. We are therefore proposing to move procurement of the existing Secondary Static FFR service to day-ahead of service delivery to be compliant with the Clean Energy Package regulation¹. Day-ahead procurement of Static FFR will start on 1st April 2023, subject to implementation due to the potential knock-on impacts of winter readiness activities.

We are planning to move procurement of our Static FFR service to day-ahead delivery whilst our Dynamic FFR service continues to be procured via monthly tenders. For this reason, we need to update the C16 statements to distinguish between the two different types of FFR and provide correct and complete information to industry on their procurement mechanisms.

In 2023, our aim is to replace Dynamic FFR with our new pre-fault frequency services DR and DM. First, we must deliver a number of IT changes and update internal processes to begin offsetting dynamic FFR with DM and DR. Delivery of these IT changes will allow us to increase the volume caps on the new dynamic services. We currently don't have sufficient volume to help manage the steady transition from dynamic FFR to DM and DR, we intend to seek an extension to the existing CEP derogation for Dynamic FFR. This derogation will allow us to continue procuring Dynamic FFR through monthly tenders..

Amendments to the procurement of Operational Downward Flexibility Management (ODFM)

The ODFM product was a temporary arrangement to manage unforeseen and unprecedented low demand conditions between April and October 2020, and to minimise any potential use of Grid Code emergency measures to curtail embedded generation. The service was reinstated for summer 2021 as there were credible forecast scenarios in which it was required, however it has not been utilised since being reinstated in May 2021.

Since the industry forum and the informal C16 consultation our position has changed regarding ODFM within the C16 statements. Initially, we proposed removing the wording for ODFM however, following feedback at the forum and internal review, the decision has been taken to not remove ODFM from our applicable balancing services as a potential option for the control room, although the requirement is considered unlikely. While we are not planning to reinstate the service for summer 2023, we have considered it prudent to leave the option within C16 for the coming year in case this does change.

¹ Otherwise called the recast Electricity Regulation, as retained, and amended in UK law by Statutory Instrument 2020 No. 1006. The Electricity and Gas (Internal Markets and Network Codes) (Amendment etc.) (EU Exit) Regulations 2020))

| Initial Industry Feedback (Industry Forum 7/11/22): | ESO Response: |
|---|---|
| ODFM/Flexibility look at volumes that we don't normally access? Do you have plans in place to recapture the volume if it is needed in a more formalised manner? | <p>Thank you for your question. We are looking at requirements for downwards flexibility product currently across our portfolio of services.</p> <p>This is certainly an area that we're keeping an eye on as to whether there's requirement for downward flexibility type product.</p> |

Amendments to the Demand Flexibility Service (DFS)

DFS was added to the Procurement Guidelines following Authority approval² from additional C16 consultations issued in September and October 2022. In this year's C16 review we intend to keep DFS within the statements, outline the anticipated service lifespan and provide a summary of DFS provision as an ancillary service.

The ESO intends to use DFS from November 2022 until 31 March 2023, with a potential extension beyond that date, anticipated to be no later than 30 April 2023, if required.

Any extension beyond March 2023 will be communicated to industry and all registered DFS participants for full transparency, as well as any further requirement beyond April 2023.

Addition of new MW Dispatch constraint management service

MW Dispatch is a transmission constraint management service and the first product to be developed through our joint Regional Development Programmes with DNOs. This service, expected to go live in 2023, is initially only open to Distributed Energy Resource (DER) connected to specific Grid Supply Points in National Grid Electricity Distribution (Southwest) DNO area. This enables those DER with specific connection terms and conditions to fulfil these obligations and the ESO expects to open this service up to more parties and geographies in the coming months.

The service, regardless of technology, requires providers to reduce real power output to zero ('turn to zero') when instructed by NGENSO under certain network conditions and when it is economic to do so. If instructed, and providing they comply with the instruction, MW Dispatch Service Providers will be paid for the volume of energy they have curtailed.

| Initial Industry Feedback (Industry Forum 7/11/22) | ESO Response: |
|---|--|
| Will it be rolled out to whole industry and not just southwest? Is it more useful to control wind output? | <p>Thank you for your question. We've started in the southwest and that includes solar. However, we have not ruled this out for other areas, but we would look at what the benefits case is for each DNO.</p> <p>Our priority is to get MW Dispatch in the Southwest area up and running and prove that the process works and then look at other areas</p> |

² Direction to National Grid Electricity System Operator in relation to revisions to its C16 Statements required due to introduction of the Demand Flexibility Service

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| | and potential benefits for further potential roll out |
| The C16 statements lies with the ESO licence not the DSO so changes to C16 will be under ESO licence not DNOs licence? | Thank you for your question. Yes, this is an ESO service and so will be under the ESO's Transmission License. |

Addition of the Generation Export Management Scheme (GEMS)

The Generation Export Management Scheme (GEMS) has been included within the final consultation, following feedback since the early consultation from ENCC, that due to the technicalities of the scheme design, GEMS information should be documented to ensure it is compliant with Standard Condition C16.

GEMS is a transmission thermal constraint management system developed to manage a reconfigured radial network between Kilmarnock South 400kV substation and Tongland 132kV substation. The scheme was developed when the outcome of the 2016 Strategic Wider Work (SWW) assessment carried out for the future transmission network in Southwest Scotland, in conjunction with Scottish Power Transmission (SPT), concluded that a 'non-build' is likely to be the most cost-effective solution as an alternative to the proposed SPT transmission reinforcements.

The system will be delivered in two releases. Release 1 is targeting BMUs which is expected to be operational towards the end of 2023. The operational principle of this part is being designed to work within the current BM rules but in an automated manner to increase efficiency. Release 2 is targeting DERs which is expected to be operational around 2024/25. The service principle of this part is expected to be similar to MW Dispatch above, subject to agreement with Scottish Power Distribution.

In both BMUs and DERs case, only the new connecting parties (any connection offers issued from ~2017) are mandated to be part of the scheme. This is based on the assessment that any existing generation will not cause constraint issues on their own and by controlling additional generation the network will be compliant. However, this does not prohibit any existing generation joining the scheme should they wish to.

ESO expect to use the system when high wind output is expected as this area predominantly is wind generation. When the system is active it will only use the generation who are participant of the scheme to manage constraint by issuing BID instructions to BM parties and turn to zero instructions to DERs as appropriate. BM parties will be settled via usual BM settlement process and DERs as per MW Dispatch principles

Addition of new Local Constraint Market (LCM) service

Local Constraint Market (LCM) is a thermal constraint management service which will provide an interim solution over the next three to four years to help manage the high and rising costs at the England/Scotland boundary. With industry and partners, we are finalising service terms for the LCM, which will be instructed ahead of BM actions. LCM is expected to be launched in Q1 2023.

ESO

Historically, we have only been able to use generation turn down from BM registered assets. The new service will engage new flexibility providers and will be an additional option where it is more cost-effective than the BM. It will be available to generation turn down and demand turn up Providers who are non-BM, including those registered in the Capacity Market (CM).

| Initial Industry Feedback (Industry Forum 7/11/22): | ESO Response: |
|---|---|
| The OTF presentations in April 22 said LCM would launch in Q4 or is this the turn up service? | Thank you for your question. Yes, whilst we had aspiration for early live trials in late 2022, the target ESO set is to launch during this winter. To do this we will run live trials planned for the end of February and soft launch the LCM service in Q1 2023. We aim to include both demand turn up and generation turn down. |
| Is this non-BM? | Thank you for your question. Yes this is a non-BM service. |

Amendment to Enhanced Frequency Response (EFR)

NGESO are not actively looking to procure any additional volume of EFR and any requirement will be met by existing agreements. The Procurement Guidelines will be updated accordingly to reflect this and provide clarity around EFR procurement.

Other Industry Feedback on the Procurement Guidelines:

Early Consultation: National Grid Ventures

| Proforma Questions | Industry Response | ESO Response |
|--|---|--|
| Question 1: Do you agree with the housekeeping updates (p.14, 15, 25, 29, 32,)? Please provide rationale | P.27 Response - Regarding Interconnector Response, the text says that you are working with all affected parties to transition them to new routes to market. Has this work already started and if so, who have you been working with? We at National Grid Ventures have not been included in this working group so far and would particularly like to be involved in this. | Thank you for taking the time to respond to our consultation and for your feedback. We currently do not anticipate any changes in the near future in relation to Interconnector response reform. As a result of this feedback, we will remove interconnector response from this section to increase industry clarity around this subject and seek to review, should any further changes occur. |
| Question 5: Do you agree with the edits and additional wording proposed for | Our initial feeling is that moving from monthly to daily tenders could be positive as you're more likely to know what Interconnector | Thank you for taking the time to respond to our consultation and for your feedback. |

| | | |
|---|--|--|
| <p>Firm Frequency Response to incorporate DC, DM, DR & Static FFR within the Response Section (p.20-21,30)? Please provide rationale.</p> | <p>scheduled flow looks like closer to real-time (noting though that there may be other parts of I/C business process to accommodate such as Intraday, and also possible external TSO effects/impacts with a frequency-initiated transfer change).</p> | <p>We also concur that moving static to day ahead procurement would open up the market to new participants and is a positive step.</p> |
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Proposals for Balancing Principles Statement Review 2022/23

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:

- Version Control
- Housekeeping i.e., updating Mvar to MVar
- Amendment to Control Phase - Pre gate closure
- Addition of wording to Regulating Reserve
- Addition of Dynamic Moderation (DM) and Dynamic Regulation (DR), including small changes to existing wording
- Addition of the Generation Export Management Scheme (GEMS)
- Removal of the Winter Contingency Services (WCS)

Please see the tracked change document for Balancing Principles Statement (BPS) for detail of changes below:

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

More detail of these changes is outlined below:

Amendment to Control Phase - Pre-Gate Closure (PCB)

NGESO no longer carries out PGB Transactions and this is no longer set out in the Procurement Guidelines, therefore we are updating the BPS to keep all statements up to date.

Addition of wording to Regulating Reserve

Further wording has been added to the BPS to provide clarity that Regulating Reserve can be procured using the new Balancing Reserve market.

Addition of frequency response products Dynamic Moderation and Dynamic Regulation

A new suite of frequency response products were implemented in March 2022, that are better suited both to the current and future operability challenges, and the technical abilities of modern assets.

- Dynamic Regulation (DR)

- Pre fault frequency service designed to slowly correct and deliver between +/- 0.015 and +/-0.2 frequency deviation.
- Dynamic Moderation (DM)
 - DM is a pre fault frequency service designed to rapidly deliver between +/-0.1 and +/-0.2 frequency deviation

We will be updating wording and adding DM and DR products under Response.

Addition of Regional Development Plan Programme services: Generation Export Management Scheme (GEMS) and MW Dispatch

As part of the Regional Development Programme, two new services are being developed this year; Generation Export Management (GEMS) for SW Scotland and MW-Dispatch for Southern England (initially SW England). These represent innovative ways of operating the network and managing transmission constraints in a coordinated whole system manner, with DNOs. These ESO services will integrate with DNO automatic network (constraint) management systems with further enhanced coordinated of DNO & ESO planning and real-time operational activities.

The MW Dispatch service will be utilised whenever there is congestion in the transmission system in SW England. Connected exporting parties which cause DNO exports and impact broader transmission constraints in SW England, will be considered alongside existing BM participants for system curtailment purposes. The assessment will be based upon both system needs and economic efficiency.

The GEMS automatic constraint management service will be utilised whenever there are active constraints in SW Scotland. A new automatic system will monitor network boundaries and curtail in merit order from the list of participating, MW-exporting parties impacting that boundary. The initial service will be limited to transmission connected parties. This will be extended in the coming years to include distribution connected parties

Amendments to the procurement of the Winter Contingency Services (WCS)

The WCS contracts are in place between 1 October 2022 to 31 March 2023 and therefore shall be removed from the C16 statements from 1 April 2023, as the services will not be utilised beyond this point.

Proposals for System Management Action Flagging (SMAF) Statement Review 2022/23

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

The amendments proposed are:

- Version Control
- Removal of the wording relating to the Winter Contingency Services (WCS)

Please see the tracked change document for the System Management Action Flagging (SMAF) Statement for detail of changes below:

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

More detail of these changes is below:

Amendments to the procurement of the Winter Contingency Services (WCS)

The WCS contracts are in place between 1 October 2022 to 31 March 2023 and therefore shall be removed from the C16 statements from 1 April 2023, as the services will not be utilised beyond this point.

Proposals for Applicable Balancing Services Volume Data Methodology (ABSVD) Statement Review 2022/23

The Applicable Balancing Services Volume Data methodology sets out the information on Applicable Balancing Services that will be considered for the purposes of determining imbalance volumes.

The amendments proposed are:

- Version Control
- Housekeeping
- Addition of new MW dispatch Constraint Management Service
- Addition of new Local Constraint Market (LCM) service
- Removal of the Winter Contingency Services (WCS)

Please see tracked change document for the ABSVD Statement for detail of changes below:

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

More detail of these changes is below:

Addition of new MW dispatch constraint management service

MW Dispatch will be included within the ABSVD calculation for non-BM providers.

Addition of new Local Constraint Market (LCM) service

LCM will be included within the ABSVD calculation for non-BM providers.

Amendments to the procurement of the Winter Contingency Services

The WCS contracts are in place between 1 October 2022 to 31 March 2023 and therefore shall be removed from the C16 statements from 1st April 2023, as the services will not be utilised beyond this point.

Proposals for the Balancing Services Adjustment Data (BSAD) Review 2022/23

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

The amendments proposed are:

- Version Control
- Housekeeping
- Addition of new MW Dispatch Constraint Management Service
- Addition of new Local Constraint Market (LCM) service

- Removal of the Winter Contingency Services (WCS)

Please see the tracked change document for the BSAD Statement for detail of changes below:

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

More detail of these changes is below:

Addition of new MW Dispatch constraint management service

The MW dispatch constraint management service will be provided through BSAD as a Balancing Service Adjustment Action.

Addition of new Local Constraint Market (LCM) service

LCM will be provided through BSAD as a Balancing Service Adjustment Action.

Amendments to the procurement of the Winter Contingency Services (WCS)

The WCS contracts are in place between 1 October 2022 to 31 March 2023 and therefore shall be removed from the C16 statements from 1st April 2023, as the services will not be utilised beyond this point.

5. The Consultation

The C16 Questions

We invite industry to provide further feedback on the changes proposed to the Procurement Guidelines, Balancing Principles, SMAF, BSAD and ABSVD 2022/23 C16 Statements. The consultation questions summarised below are also within the response proforma in Appendix A.

Procurement Guidelines Statement (PGS)

1. Do you agree with the housekeeping updates (p.14, 15, 25, 31)? Please provide rationale
2. Do you agree with the proposed addition of wording to define and update current wording for frequency response products Dynamic Moderation and Dynamic Regulation (p. 15, 21, 22)? Please provide rationale.
3. Do you agree with the proposed suggestion to change STOR to daily auction from tendered (p.19, 34)? Please provide rationale.
4. Do you agree with the edits proposed for New Reserve Products (p.20-21)? Please provide rationale.
5. Do you agree with the edits and additional wording proposed for Firm Frequency Response to incorporate changes for DC, DM, DR, Dynamic and Static FFR within the Response Section (p.21-22, 30)? Please provide rationale.
6. Do you agree with the proposed addition of wording for the new Balancing Reserve product (p20, 34)? Please provide rationale.
7. Do you agree with the proposed addition of thermal constraints to the type of constraint management services (p23)? Please provide rationale.
8. Do you agree with the proposed addition of wording for the new MW dispatch service to constraint management services (p23, 33)? Please provide rationale.
9. Do you agree with the proposed addition of wording for the Generation Export Management Scheme (GEMS) (p24, 33)? Please provide rationale.
10. Do you agree with the proposed addition of wording for the new Local Constraint Management (LCM) service to constraint management services (p25, 33)? Please provide rationale.
11. Do you agree with the proposed changes and addition of wording for ODFM (p25)? Please provide rationale.
12. Do you agree with the proposed addition of wording for the Demand Flexibility Service (p.26, 42)? Please provide rationale.
13. Do you agree with removal of Interconnector response wording due to the fact we are not planning on removing frequency response products for interconnectors in the near future (p27)? Please provide rationale.
14. Do you agree with the proposed edits and additions to Table 2 Active Commercial Ancillary services (p. 33-34)? Please provide rationale.
15. Do you agree with the proposed addition of wording for EFR within Table 3 Commercial ancillary services under review (p35)? Please provide rationale.
16. Do you agree with the proposed edits and additions to Table 2: Balancing Services Information Provision Summary (p40-42)? Please provide rationale.
17. Do you have any other comments in relation to the changes proposed to the Procurement Guidelines? Or any additional changes you would like to see?

Balancing Principles Statement (BPS)

1. Do you agree with the housekeeping updates proposed, for example updating Mvar to MVar, throughout the statement (p1-40)? Please provide rationale.
2. Do you agree with proposed wording amendments to Control Phase - Pre gate closure (p24)? Please provide rationale.
3. Do you agree with proposed wording added for New localised constraint management services – Regional Development Program (MW Dispatch and GEMS) (p25). Please provide rationale.

4. Do you agree with the proposed wording added for DM and DR (p27)? Please provide rationale.
5. Do you agree with the proposed addition of wording to Regulating Reserve (p28)? Please provide rationale
6. Do you agree with the proposed suggestions to remove the wording in relation to Winter Contingency Services (p.39-40)? Please provide rationale.
7. Do you find the BPS Report useful, please bear in mind that the information will be presented in the annual report in the future? Do you have any suggestions on improvements?
8. Do you have any other comments in relation to the changes proposed to the BPS or the BPS reports? Or any additional changes you would like to see?

Balancing Services Adjustment Data Methodology Statement (BSAD)

1. Do you agree with the housekeeping updates? Please provide rationale.
2. Do you agree with the proposed changes in relation to adding MW dispatch and LCM to Balancing service adjustment actions (p9)? Please provide rationale.
3. Do you agree with the proposed changes in relation to removing the wording for Winter Contingency Services? (p13) Please provide rationale.
4. Do you have any other comments in relation to the changes proposed to the BSAD? Or any additional changes you would like to see?

Applicable Balancing Services Volume Data Methodology Statement (ABSVD)

1. Do you agree with the housekeeping updates? Please provide rationale.
2. Do you agree with the proposed addition of wording for the MW Dispatch constraint management service (p8, 13)? Please provide rationale.
3. Do you agree with the proposed addition of wording for LCM (p8,13)? Please provide rationale.
4. Do you agree with the proposed changes to remove wording in relation to the Winter Contingency Services (p11)? Please provide rationale.
5. Do you have any other comments in relation to the changes proposed to the ABSVD? Or any additional changes you would like to see?

System Management Action Flagging Statement (SMAF)

1. Do you agree with the housekeeping updates? Please provide rationale.
2. Do you agree with the proposed changes in relation to removal of wording for the Winter Contingency Services (p7, p11)? Please provide rationale.
3. Do you have any other comments in relation to the changes proposed to the SMAF or the SMAF reports? Or any additional changes you would like to see?

6. How to respond

Responses should be submitted by replying to the consultation questions within the response proforma, attached as Appendix A and e-mailing the completed proforma to:

balancingservices@nationalgrideso.com

(Please ensure there is an “s” at the end of balancing services, as there have been issues of the “s” not populating when clicking on the hyperlink).

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

Responses should be returned no later than **close of play 13 February 2023**.

Following the closure of the consultation, NGESO will review all feedback and submit a report to the Authority which will include our views on the responses received as well as the proposed final statement changes.

If you would like to receive notification of future C16 events, consultations and updates, then please sign up to our [mailing list](#).

Appendix A: Response Proforma

The proforma can be found [here](#).