

Balancing Reserve Service

Summary changes from BR version 1

We have summarised below the changes we are now proposing to make to the service documentation for the Balancing Reserve (BR) service, following Ofgem’s decision in March 2023 not to approve amendments to the Article 18 terms and conditions related to balancing in order to accommodate the new BR service.

BR Procurement Rules

Our original service documentation in March included a standalone set of procurement rules for BR. We have moved away from those procurement rules and instead have created a new set of procurement rules which are substantially based on the procurement rules for the dynamic response services (dynamic containment, dynamic regulation and dynamic moderation) – and which will also be utilised in due course for the new slow and quick reserve products – which utilise our new enhanced auction capability and which are currently with Ofgem for approval.

The key substantive change, however, is to the eligibility requirements set out in paragraph 5.1, which no longer require a minimum 50MW size. An additional requirement has however been added which is the capability to be despatched by control or system telephony. Clarification has also been included that participating BM Units may include secondary BM Units and additional BM Units.

Our proposal will therefore align procurement of BR with how we intend to procure the dynamic response products and in due course the new reserve products.

BR Service Terms

Our proposal is to continue to use the draft service terms which we consulted upon earlier this year, but with various changes, of which the material ones are summarised below.

Version	Paragraph	Subject Matter	Change
Consultation Draft	3	Defined terms	Restructured for consistency with Response/Reserve service terms
	5.5.1	Service Availability	Addition to formula to allow battery which has pre-qualified stating they can supply the service through zero, to supply the service as supplier only.
	5.7	Service Availability	Addition to formula amending requirement of final physical notification for Negative Balancing Reserve through zero.
	5.9	Service availability	Clarification that unavailability due to inability to deliver full contracted capacity over entire window, where already notified to NGENSO, does not need to be separately notified as a withdrawal of availability

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	5.12	Service availability	A unit will be treated as unavailable for the entirety of a window if at any time in that window (1) it cannot meet the dispatch flexibility rules, or (2) it cannot deliver the full contracted capacity over the remainder of the window (and note, 5.13.2 will also apply – see below), or (3) it is not manned so as to be able to respond to signals from control or system telephony.
	5.13.2	Service availability	These are the additional circumstances in which unavailability in a window may cause the provider’s unit to be disqualified from the auctions, and this now includes where a unit which is otherwise technically capable is nonetheless unable to deliver the full contracted capacity for the remainder of the window We have also clarified that whether or not a unit is so disqualified is at NGESO’s discretion and not automatic.
	7.1	Service delivery	Ramping must commence by the end of the response time (max 2 minutes from issue of instruction) with the full instructed volume delivered by the end of the ramping period (so as to deliver within 10 mins of instruction).
	7.2	Service delivery	Clarification that the full contracted capacity must be capable of being delivered for the entirety of the service window.
	7.3	Service delivery	Simplification to remove duplicate/overlapping clauses
	8	Dispatch Flexibility Rules	New rules inserted
	15.1	Provision of other services	Clarification that undertaking not to erode headroom/footroom by changes in output does not cover unplanned outages
	15.3	Compensation	Obligation to reimburse NGESO’s costs of alternative service provision where 15.1 undertaking breached now linked to payment of “Incremental Volume Cost Amount” to provide clearer disincentive to breach undertaking.
	[15.7] [and deletion in 15.1.2]	Capacity market	Clarification that units can stack BR with capacity market contracts
	Schedule 1	Definitions	Insertion of definitions schedule to align with formal of response/reserve service terms