

# Balancing Reserve Service

## Summary changes from BR version 1 and industry consultation

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.

We have included in blue below the further changes that we are proposing to make following consideration of feedback from stakeholders during this latest Article 18 consultation process. Furthermore, subsequent to that consultation, the Common Flexibility Service Terms and Conditions (published by the Energy Networks Association) have been updated. We have taken the decision not to incorporate into the BR Service Documentation those updates, so that the relevant provisions of the Common Flexibility Service Terms and Conditions as incorporated into our BR Service Documentation remain unchanged. Accordingly, we have updated the BR Service Documentation so that where it refers to the “prevailing” Common Flexibility Service Terms and Conditions, it instead refers to the version of those Common Flexibility Service Terms and Conditions in force prior to our Article 18 consultation process.

### 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 that align with the Dynamic Response services procurement rules and which reflect the use of our new Enhanced Auction Capability for BR.

A couple of key changes to note in clause 5.1:

- Removal of 50MW minimum size for units.
- Addition of requirement to have the capability to be despatched by control or system telephony.
- Participating BM Units may include secondary BM Units or additional BM Units.

Following consultation with stakeholders, we have further updated the proposed procurement rules to clarify that the maximum and minimum market prices will be communicated to participants by way of publication on our website.

### 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.

Paragraph	Subject Matter	Change
3	Defined terms	Restructured for consistency with Response/Reserve service terms.

Paragraph	Subject Matter	Change
5.5.1	Service Availability	Addition to formula to allow a 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 NGESO, does not need to be separately notified as a withdrawal of availability.
5.12	Service availability	A unit will be treated as unavailable for the entirety of a window if at any time in that window: <ul style="list-style-type: none"> <li>(1) it cannot meet the dispatch flexibility rules; or</li> <li>(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</li> <li>(3) it is not manned so as to be able to respond to signals from control or system telephony.</li> </ul>
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.
Throughout draft	Terminology	For consistency with the procurement rules, all references to Contracted Capacity have been changed to Contracted Quantity

Paragraph	Subject Matter	Change
7.3(a) and 15.4 and definitions	Operation in frequency sensitive mode	We have updated para 15.4 to align with updates made to other service terms, so as to introduce flexibility for ESO to determine that another balancing service may be provided simultaneously with BR (in which case the precedence rule in this clause would not be applicable). We have also confirmed that this will always be the case when a unit is operating in a frequency sensitive mode pursuant to an instruction from ESO, since such operation is not incompatible with BR delivery. As a related change, we have clarified in para 7.3(a) that, for monitoring and payment purposes, delivery volumes will be adjusted for operation in a frequency sensitive mode where in accordance with an ESO instruction.
8.1.1 and 15.4 and definitions	Delivery from zero MW	We have simplified para 8.1.1 so that units must be capable of BR delivery from prevailing SEL/SIL (which could be zero), meaning that delivery capability is not required from zero if the prevailing SEL/SIL is higher.
9.1	Availability Payments	Correction of cross reference (should be Schedule 2 not 1)
23.4, 23.8 and 23.11	Transfer provisions	We have moved back the deadline for notification of contract transfers, from 90 to 60 minutes prior to the applicable contract window. We have also confirmed that transfer notices (and cancellation notices) must be in a designated template available on the ESO website. Finally, we have removed the validation step, so that transfer notices will be automatically treated as valid provided they are in the correct format.
Schedule 1	Definition of BR Service Parameters	We have updated this clause to be more prescriptive around ramping at the end of BR delivery, so that the time to revert to FPN at service end is broadly symmetrical with the time to delivery at service start.
Schedule 1	Definition of Incremental Volume Cost	We have corrected an error in the formula (resulting from Contracted Quantity being MW not MWh) by including a multiplication factor 0.5 in the formula at (1).
Schedule 3	Payment provisions	We have removed the unintended numbering from the opening paragraph, with the result that some cross referencing errors have been corrected.