

Ian Pashley  
Electricity Codes Manager  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

**Commercial Asset Optimisation - UK**

Contact Raoul Thulin  
Phone 01793 892634  
Fax 01793 892167  
Email raoul.thulin  
@rwe.com

Swindon, 10/10/2012

**Re: Open Letter on BELLA participation in the Balancing Mechanism**

Dear Ian,

Thank you for the invitation to provide comments on the above subject. The following response is provided on behalf of the RWE group of companies, including RWE Npower plc, RWE Npower Renewables Limited and RWE Supply & Trading GmbH.

In response to the specific points raised in the letter, we make the following comments:

We believe that there should not be a prohibition (but clearly no obligation) on BELLAs participating in the Balancing Mechanism through the process described, namely as supplier registered BMUs, in order to increase the availability of flexible generation to the System Operator.

As outlined in the letter, it appears that the current framework does allow for BM participation subject to meeting the required technical requirements (EDT, EDL etc.).

We do not see a requirement for explicit access rights for a BELLA to participate in the BM to the extent of providing additional flexibility to the System Operator. In the event that bids or offers were accepted in relation to a BELLA in the BM, it would be for the SO to assess the system capacity at the time and there would be no additional rights gained by the BELLA and the only change would be the introduction of a mechanism to offer flexibility to the SO. However, a BELLA operating as a BM Unit would be treated differently from a non-BM BELLA in the event of, for example, an emergency instruction to disconnect. Without explicit access rights, this may not be an appropriate distinction and could result in significant additional costs being incurred by the System Operator.

It seems that BM participation is possible within the current framework, but it may be useful to explicitly state the technical requirements that would need to be met in order to participate. Also, thought needs to be given to whether the rules relat-

**RWE Supply & Trading GmbH**  
Swindon Branch  
Windmill Hill Business Park  
Whitehill Way  
Swindon SN5 6PB  
United Kingdom  
T +44(0)1793/87 77 77  
F +44(0)1793/89 25 25  
I www.rwe.com  
Registered No. BR 7373  
VAT Registration No.  
GB 524 921354  
Board of Directors:  
Stefan Judisch (CEO)  
Dr Bernhard Günther  
Alan Robinson  
Head Office:  
Essen, Germany  
Registered at:  
Local District Court,  
Essen  
Registered No.  
HR B 14327

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ing to emergency actions are appropriate for a BELLA where access rights have not been otherwise secured.

As well as exploring BELLA participation in the BM, National Grid should introduce processes that would allow a simple way of transferring from a BELLA to a BEGA. If BELLAs were seeking to participate in the BM, then a simple process to transfer to a BEGA may be a preferred route.

Further to the specific points raised in the letter, we would add that in addition to encouraging participation in the BM, National Grid should continue to explore other commercial balancing services that BELLAs might offer such as commercial intertrips, constraint management services, forward location specific trading etc.. Such services may be more attractive to some BELLAs than BM participation and may therefore give access to more flexibility with which to manage the system. However, we believe that all such services should be subject to the same levels of transparency as the Balancing Mechanism as this will facilitate competition and encourage all parties to offer any flexibility that may be available.

Yours sincerely,

Raoul Thulin  
Ancillary Services Manager