

Annual Industry
Consultation

Proposed revisions to the
Balancing Services Adjustment Data Methodology Statement
Procurement Guidelines
System Management Action Flagging Methodology Statement
Balancing Principles Statement

as part of the C16 Annual Review

In accordance with Standard Condition 16 (C16) of its Electricity Transmission Licence, National Grid is required to conduct an annual review of all licence statements, proposing changes as necessary.

Executive Summary

This consultation has been produced under Condition C16 of the Transmission Licence to undertake a review of National Grid's C16 Statements.

As a result, changes are proposed to the following documents:

- Balancing Services Adjustment Data Methodology (BSAD)
- Procurement Guidelines
- System Management Action Flagging Methodology (SMAF)
- Balancing Principles Statement (BPS)

The changes that are proposed to the documents this year relate mainly to the following areas:

- Supplemental Balancing Reserve (SBR) – National Grid no longer intends to procure SBR and references to this service have been removed.
- General housekeeping amendments to keep the statements current and relevant.

The changes to the above documents are detailed in Sections 3 to 7 inclusive of this consultation.

National Grid welcomes industry views on the proposed changes, and invites views on any other aspects of the subject documents for future consideration.

Responses are required by **20th February 2018**. Details on how to make a response can be found in Section 9.

Following receipt of responses to this consultation, National Grid will prepare and submit a report to the Authority by **27th February 2018**. The current versions of the C16 statements, this consultation, industry responses and the consultation report will all be published at the link below:

<https://www.nationalgrid.com/uk/electricity/market-operations-and-data/transmission-licence-c16-statements-and-consultations>

A further consultation will take place commencing **9th February 2018** on the following methodology. Further information on this additional consultation can be found in section 3.

- Applicable Balancing Services Volume Data Methodology (ABSVD).

If you have any questions about this document please contact:

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1 Introduction

In accordance with Standard Condition 16 (C16) of its Electricity Transmission Licence, National Grid 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 National Grid's annual review and consultation is to ensure that each of the applicable documents remains current by seeking industry views on any proposed changes. Proposed changes can only become effective if approved by the Authority.

As a result of this review, National Grid is proposing changes to the following documents:

- Balancing Services Adjustment Data Methodology (BSAD)
- Procurement Guidelines
- System Management Action Flagging Methodology (SMAF)
- Balancing Principles Statement (BPS)

These changes are primarily related to:

- **Removal of Supplemental Balancing Reserve (SBR)** – As the Capacity Market is now operational, National Grid no longer procures Supplemental Balancing Reserve. These changes seek to remove all references to SBR from the C16 statements.
- **General Housekeeping Amendments** have been made to keep the statements current and relevant.

A workshop was held on 5th January 2018 to gather stakeholder views on proposed changes and suggest new potential changes to the C16 documents. Information on this can be found in Section 2.

National Grid is also due to propose changes to the Applicable Balancing Services Volume Data Methodology (ABSVD) following informal consultation relating to performing imbalance adjustment for Non-BM Balancing Services provision. However, the formal consultation on this document will take place from **9th February – 8th March 2018** to align with the related BSC modification proposal P354. Further detail on this can be found in Section 3.

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.

2 2017-18 Annual update and stakeholder feedback

This consultation marks the beginning of the formal annual update process relating to the C16 statements and methodologies. Prior to this, two sets of feedback have been received from stakeholders via a workgroup and informal consultation on the ABSVD methodology and through a stakeholder webinar.

Informal workgroup and consultation on the ABSVD methodology

More detail on this can be found in Section 3 below.

Stakeholder webinar prior to formal consultation

A webinar was held on 5th January 2018 to discuss potential changes to be included in the 2017-18 annual update. The slides can be found [here](#).

Areas highlighted by National Grid were:

- Removal of references to discontinued products.
- Proposed changes to ABSVD methodology: follow on from informal consultation
- Potential changes regarding Demand Connection Code (DCC) compliance

The webinar was attended by thirteen stakeholders. In addition to the areas discussed above, stakeholders were invited to propose other potential areas for change in the statements and methodologies. No additional areas were identified for change in the 2017/18 update, but a number of questions were asked and responses given below.

Question	Action / Response
A number of questions relating to the ABSVD methodology and link to P354 such as timing of ABSVD formal consultation, considering whether to align timescales with P344 (TERRE), timings of passing ABSVD data through to Elexon for performing of imbalance adjustment.	Response: These will be responded to as part of the ABSVD methodology consultation opening on 9 th February 2018. Please see Section 3 for more information.
When Max Gen is removed, have National Grid considered how participants are paid following an Emergency Instruction?	Response: Providers of the Max Gen service will be paid according their terms and conditions. The CUSC sets out compensation arrangements relating to Emergency Instructions.
What was the distribution for the letter accompanying the recent STOR tender round?	Action: National Grid to confirm distribution and ensure has been sent to correct audience.
Would proposed DCC changes impact on changes made as a result of BSC modification P305.	Response: The potential DCC changes would cover technical requirements relating to demand side balancing services, and is not envisaged to impact the BSC.
How will European Guidelines be implemented into the C16 statements?	Response: It is envisaged that changes may be required as a result of European Guidelines in future years. Please see below.

Consideration of changes post 2017-2018 update

There are a number of changes which will affect the future of Balancing Services and how they are procured. These include, but are not limited to:

- [Product Roadmap](#) for Frequency Response and Reserve

- European Network Codes: introduction of new products such as TERRE and compliance
- Removal of products as a result of product rationalisation ([letter on 30th October 2017](#)).

As enduring solutions are developed for any new balancing services products, and as European Network Codes are implemented, it is anticipated that these changes would also follow through to the relevant C16 statements and methodologies. These are likely to form part of future annual update processes, however there is scope ad-hoc updates should they be required within year.

In terms of the removal of products as a result of the rationalisation work, these will be removed from the C16 statements and methodologies as contracts end. It is not anticipated that any of those named explicitly in the statements will expire prior to 1st April 2018 but this is likely to change for future annual updates.

3 Proposed Changes to the ABSVD

In late 2017, an informal workgroup and consultation process was undertaken to explore potential changes to the ABSVD methodology statement relating to non-BM Balancing Services. This was around what changes would be required to give effect to the changes being proposed in the in-train BSC modification P354 <https://www.elexon.co.uk/mod-proposal/p354/>. This modification seeks to perform imbalance adjustment for non-BM Balancing Services provision.

The consultation document which includes an overview of the process, workgroup discussions, and proposed changes to the methodology as part of the informal consultation can be found at <https://www.nationalgrid.com/uk/electricity/market-operations-and-data/transmission-licence-c16-statements-and-consultations>.

The ABSVD methodology is not being consulted on alongside the other C16 statements and methodologies in this current consultation, and will instead take place from **9th February – 8th March 2018**. This is to give stakeholders an opportunity to review the proposed changes to the ABSVD methodology relating to P354 at the same time as the P354 Report Phase consultation.

This will also mean that the date for the Authority to receive any proposed changes to the ABSVD will align with the current planned submission date to the Authority for P354, enabling a decision to be made on both proposals at the same time.

4 Proposed Changes to the BSAD

The amendments proposed to the BSAD are:

- Housekeeping – updating references to the C16 webpages on the National Grid website to the correct address.
- Removal of references to Supplemental Balancing Reserve as the service has been discontinued.

The proposed changes are detailed in Table 1 below.

Table 1 – Proposed changes to the BSAD

ID	Purpose of Change	Reference	Change
1.1	Version control change	Title Page	Change to Effective Date Change to Version Number
1.2		Page 4 – Version control table	Update to version control table
1.3	Web page link change	Page 4	Update to new National Grid website link
1.4	Remove SBR references	Part B, 2.1	Removal of References to Supplemental Balancing Reserve
1.5		Part B, 3.1.1	Removal of References to Supplemental Balancing Reserve
1.6		Part C, 3	Removal of References to Supplemental Balancing Reserve

The proposed changes detailed above are shown in a changed marked version of the BSAD attached as Appendix B.

Consultation Question 1

Do you agree that the changes proposed to the BSAD, shown in Table 1 have been implemented correctly to the BSAD in Appendix A? If not, please provide rationale.

Consultation Question 2

Do you agree that the changes proposed to the BSAD, shown in Table 1 and in Appendix A, should be made? If not, please provide rationale.

Consultation Question 3

Do you have any other comments in relation to the changes proposed to the BSAD?

5 Proposed Changes to the Procurement Guidelines

The amendments proposed to the Procurement Guidelines are:

- Housekeeping – updating references to the C16 webpages on the National Grid website to the correct address.
- Removal of references to Supplemental Balancing Reserve as the service has been discontinued.

The proposed changes are detailed in Table 2 below.

Table 2 – Proposed changes to the Procurement Guidelines

ID	Purpose of Change	Reference	Change
2.1	Version control change	Title Page	Change to Effective Date Change to Version Number
2.2		Page 3 – Version control table	Update to version control table
2.3	Web page link change	Page 4	Update to new National Grid website link
2.4		Part C, 4	Update to new National Grid website link
2.5	Remove references to SBR	Part C, 1	Removal of Reference to Supplemental Balancing Reserve
2.6		Part C, 2.2	Removal of Reference to Supplemental Balancing Reserve
2.7		Part D, Table 1	Removal of Reference to Supplemental Balancing Reserve
2.8		Part E, 3	Removal of Reference to Supplemental Balancing Reserve
2.9		Part E, Table 2	Removal of Reference to Supplemental Balancing Reserve

The proposed changes detailed above are shown in a changed marked version of the Procurement Guidelines as Appendix C.

Consultation Question 4

Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 2 have been implemented correctly to the Procurement Guidelines in Appendix B? If not, please provide rationale.

Consultation Question 5

Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 2 and in Appendix B, should be made? If not, please provide rationale.

Consultation Question 6

Do you have any other comments in relation to the changes proposed to the Procurement Guidelines?

6 Proposed Changes to the SMAF

The amendments proposed to the SMAF are:

- Housekeeping – updating references to the C16 webpages on the National Grid website to the correct address.
- Removal of references to Supplemental Balancing Reserve as the service has been discontinued.

The proposed changes are detailed in Table 3 below.

Table 3 – Proposed SMAF changes

ID	Purpose of Change	Reference	Change
3.1	Version control change	Title Page	Change to Effective Date Change to Version Number
3.2		Page 2 – Version control table	Update to version control table
3.3	Web page link change	Page 3	Update to new National Grid website link
3.4	Remove References to SBR	Part B, 1	Removal of References to Supplemental Balancing Reserve
3.5		Part B, 2	Removal of References to Supplemental Balancing Reserve

The proposed changes detailed above are shown in a changed marked version of the SMAF as Appendix D.

Consultation Question 7

Do you agree that the changes proposed to the SMAF, shown in Table 3 have been implemented correctly to the SMAF in Appendix C? If not, please provide rationale.

Consultation Question 8

Do you agree that the changes proposed to the SMAF, shown in Table 3 and in Appendix C, should be made? If not, please provide rationale.

Consultation Question 9

Do you have any other comments in relation to the changes proposed to the SMAF?

7 Proposed Changes to the BPS

The amendments proposed to the Balancing Principles Statement are:

- Housekeeping – updating references to the C16 webpages on the National Grid website to the correct address.
- Removal of references to Supplemental Balancing Reserve as the service has been discontinued.

The proposed changes are detailed in Table 4 below.

Table 4 – Proposed changes to the BPS

ID	Purpose of Change	Reference	Change
4.1	Version control change	Title Page	Change to Effective Date Change to Version Number
4.2		Page 3 – Version control table	Update to version control table
4.3	Web page link change	Page 3	Update to new National Grid website link
4.4		Page 8	Update to new National Grid website link
4.5	Remove References to SBR	Part B, 5, (e)	Removal of References to Supplemental Balancing Reserve
4.6		Part D, 3.2 (e) Demand Side Balancing Reserve	Removal of References to Supplemental Balancing Reserve
4.7		Part C, 4 (i)	Removal of References to Supplemental Balancing Reserve
4.8		Part C, 4 (iv)	Removal of References to Supplemental Balancing Reserve
4.9		Part C, 5	Removal of References to Supplemental Balancing Reserve
4.10		Part C, 11	Removal of References to Supplemental Balancing Reserve
4.11		Part D, 3.2 (e)	Removal of References to Supplemental Balancing Reserve
4.12		Part D, 3.3	Removal of References to Supplemental Balancing Reserve
4.13		Part e, 1, Step 8	Removal of References to Supplemental Balancing Reserve
4.14		Part E, 2, Step 3	Removal of References to Supplemental Balancing Reserve

The proposed changes detailed above are shown in a changed marked version of the BPS attached as Appendix E.

Consultation Question 10

Do you agree that the changes proposed to the BPS, shown in Table 4 have been implemented correctly to the BPS in Appendix D? If not, please provide rationale.

Consultation Question 11

Do you agree that the changes proposed to the BPS, shown in Table 4 and in Appendix D, should be made? If not, please provide rationale.

Consultation Question 12

Do you have any other comments in relation to the changes proposed to the BPS?

8 Consultation Questions

The consultation questions detailed here are also summarised within a response proforma as Appendix E.

BSAD

Consultation Question 1

Do you agree that the changes proposed to the BSAD, shown in Table 1 have been implemented correctly to the BSAD in Appendix A? If not, please provide rationale.

Consultation Question 2

Do you agree that the changes proposed to the BSAD, shown in Table 1 and in Appendix A, should be made? If not, please provide rationale.

Consultation Question 3

Do you have any other comments in relation to the changes proposed to the BSAD?

Procurement Guidelines

Consultation Question 4

Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 2 have been implemented correctly to the Procurement Guidelines in Appendix B? If not, please provide rationale.

Consultation Question 5

Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 2 and in Appendix B, should be made? If not, please provide rationale.

Consultation Question 6

Do you have any other comments in relation to the changes proposed to the Procurement Guidelines?

SMAF

Consultation Question 7

Do you agree that the changes proposed to the SMAF, shown in Table 3 have been implemented correctly to the SMAF in Appendix C? If not, please provide rationale.

Consultation Question 8

Do you agree that the changes proposed to the SMAF, shown in Table 3 and in Appendix C, should be made? If not, please provide rationale.

Consultation Question 9

Do you have any other comments in relation to the changes proposed to the SMAF?

BPS

Consultation Question 10

Do you agree that the changes proposed to the BPS, shown in Table 4 have been implemented correctly to the BPS in Appendix D? If not, please provide rationale.

Consultation Question 11

Do you agree that the changes proposed to the BPS, shown in Table 4 and in Appendix D, should be made? If not, please provide rationale.

Consultation Question 12

Do you have any other comments in relation to the changes proposed to the BPS?

9 Responding

Responses should be submitted by replying to the consultation questions within the response proforma, attached as Appendix E and e-mailing the completed proforma to balancingservices@nationalgrid.com

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

The consultation period for this document is 28 days. Responses should be returned no later than **20th February 2018**. Following the consultation, a report will be produced and submitted to the Authority within seven days of the consultation close. Due to the timescales for the Authority report, it may not be possible to accept late consultation responses.

It is envisaged that, unless directed otherwise by the Authority, the implementation date for each of the revised documents will be 1st April 2018.

10 Next Steps

Following receipt of responses to this consultation, National Grid will prepare and submit a report to the Authority in accordance with Electricity Transmission Licence Standard Condition C16 paragraph (8). The current versions of the subject documents referred to in this report along with the consultation document, consultation report, and all responses, will be published on National Grid's website:

<https://www.nationalgrid.com/uk/electricity/market-operations-and-data/transmission-licence-c16-statements-and-consultations>

Appendix A - Revised BSAD

Please see separate document - [here](#)

Appendix B - Revised Procurement Guidelines

Please see separate document - [here](#)

Appendix C - Revised SMAF

Please see separate document - [here](#)

Appendix D - Revised BPS

Please see separate document - [here](#)

Appendix E - Response Proforma

Please see separate document – [here](#)