

Report to Authority

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Proposed revisions to the  
Applicable Balancing Services Volume Data Methodology

Following Industry Consultation

A Report by National Grid  
In accordance with Standard Condition C16 of its  
Electricity Transmission Licence

15<sup>th</sup> March 2018

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## Executive Summary

In accordance with Standard Condition C16 of its Electricity Transmission Licence, National Grid has carried out a review of the Applicable Balancing Services Volume Data (ABSVD) Methodology.

Following this review, National Grid proposed changes to the ABSVD via an industry consultation document published on 8<sup>th</sup> February 2018. Industry responses to the consultation were requested by 8<sup>th</sup> March 2018. Responses were received from:

- Engie
- Elexon
- The Association for Decentralised Energy (ADE)
- Npower
- Electricity North West
- Smartest Energy
- Flexible Generators Group
- EDF Energy (late comments)
- Plus one confidential response

This report provides details of the outcome of the ABSVD consultation process undertaken by National Grid.

### Recommendation

In the industry C16 consultation, National Grid proposed changes to the statements in relation to the following:

- Changes relating to performing imbalance adjustments for non-BM market participants. This was the subject of a previous [informal consultation](#) 16<sup>th</sup> November – 15<sup>th</sup> December 2017.
- General housekeeping amendments to keep the statement current and relevant.

Following industry consultation, National Grid now presents to the Authority for consideration revised versions of the ASBVD methodology supporting the changes outlined above.

The revised version of the ASBVD methodology recommended for approval incorporates both the revisions originally proposed by National Grid in the ABSVD methodology consultation and the changes to these revisions as a result of the ABSVD methodology consultation.

The final revised version of the ABSVD methodology recommended for approval is included in the Appendices.

The Authority is invited to approve either all the proposed changes or one or more of them based on the assigned 'ID' reference number.

If the Authority does not approve these proposed changes to the ABSVD methodology, the existing versions will remain in place. Subject to approval by the Authority, the proposed changes become effective on 12<sup>th</sup> April except where this is otherwise indicated in the draft methodology.

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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 and, if appropriate, to propose changes to these documents.

The purpose of the 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.

Changes have been proposed to four other C16 statements and methodologies

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

These changes were consulted on between 23<sup>rd</sup> January – 20<sup>th</sup> February 2018, and a final report on these was submitted to the Authority on 27<sup>th</sup> February 2018.

Separately from these changes, and also in accordance with Standard Condition C16 of its Electricity Transmission Licence, National Grid have carried out a review of the Applicable Balancing Services Volume Data (ABSVD) Methodology. This included the establishment of an informal workgroup an informal consultation process on proposed changes to the ABSVD methodology in Autumn 2017.

Following this review, National Grid proposed changes to the ABSVD via an industry consultation document published on 8<sup>th</sup> February 2018. Industry responses to the consultation were requested by 8<sup>th</sup> March 2018. Responses were received from:

- Engie
- Elexon
- The Association for Decentralised Energy (ADE)
- Npower
- Electricity North West
- Smartest Energy
- Flexible Generators Group
- EDF Energy (late comments)
- Plus one confidential response

This report provides details of the outcome of the ABSVD consultation process undertaken by National Grid.

### Recommendation

In the industry C16 consultation, National Grid proposed changes to the statements in relation to the following:

- Changes relating to performing imbalance adjustments for non-BM market participants. This was the subject of a previous [informal consultation](#) 16<sup>th</sup> November – 15<sup>th</sup> December 2017.
- General housekeeping amendments to keep the statement current and relevant.

Following industry consultation, National Grid now presents to the Authority for consideration revised versions of the ASBVD methodology supporting the changes outlined above.

The revised version of the ASBVD methodology recommended for approval incorporates both the revisions originally proposed by National Grid in the ABSVD methodology consultation and the changes to these revisions as a result of the ABSVD methodology consultation.

The final revised version of the ABSVD methodology recommended for approval is included in the Appendices.

If the Authority does not approve these proposed changes to the ABSVD methodology, the existing versions will remain in place. Subject to approval by the Authority, the proposed changes become effective on 12<sup>th</sup> April except where this is otherwise indicated in the draft methodology.

## 2 Industry responses to the formal ABSVD methodology consultation

### 1. Consultation background

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. The documentation from the consultation, along with [non-confidential responses](#) and [main consultation themes](#) can be found at <https://www.nationalgrid.com/uk/electricity/market-operations-and-data/transmission-licence-c16-statements-and-consultations>.

National Grid reflected responses to this consultation in the ABSVD methodology when it formally proposed changes to the ABSVD via an industry consultation document published on 8<sup>th</sup> February 2018.

The Consultation Document was written to consult on the proposed changes to update the following:

- Changes relating to performing imbalance adjustments for non-BM market participants.
- General housekeeping amendments to keep the statement current and relevant.

The following questions were asked at consultation:

#### **Consultation Question 1**

*Do you agree that the changes proposed to the ABSVD, have been implemented correctly to the ABSVD? If not, please provide rationale.*

#### **Consultation Question 2**

*Do you agree that the changes proposed to the ABSVD, 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 ABSVD?*

### 2. Industry responses

Responses were received from:

- Engie
- Elexon
- The Association for Decentralised Energy (ADE)
- Npower
- Electricity North West
- Smartest Energy
- Flexible Generators Group
- EDF Energy (late comments)
- Plus one confidential response

Responses can be found in Appendix D.

A summary of responses to question 1 and 2 can be found below in Table 1 below. In addition, all respondents provided some form of free text responses either in response to consultation question 3 or in response to the first two questions. The volume of these was too large to contain in the body of this report, and have been responded to in Appendix C.

**Table 1 – Summary of Responses to Questions 1 and 2**

<b>Respondent</b>	<b>Do you agree that the changes proposed to the ABSVD have been implemented correctly to the ABSVD?</b>	<b>Do you agree that the changes proposed to the ABSVD should be made?</b>
Engie	Yes	Yes
Elexon	Yes	Yes
ADE	Yes	Yes
NPower	No	Yes
Electricity North West	No	No
Smartest Energy	-	No
Flexible Generators Group	-	-
EDF Energy	No	-

### 3 Proposed Changes to the ABSVD methodology

The amendments proposed to the ABSVD methodology are:

- Changes relating to performing imbalance adjustments for non-BM market participants.
- General housekeeping amendments to keep the statement current and relevant.

The proposed changes are detailed in Table 2 below.

**Table 2 – Proposed changes to the ABSVD**

ID	Purpose of Change	Reference	Change
1.1	Version control change	Title Page	Change to Effective Date Change to Version Number
1.2		Page 2 – Version control table	Update to version control table including version number and information on implementation.
1.3	Web page link change	Page 3, Page 6	Update to new National Grid website link
1.4	Minor housekeeping	Page 6	Minor change to definition reference of National Grid.
1.5	Contents page update	Page 4	Update to reflect changes in text
1.6	Changes relating to including non-BM Providers in ABSVD	Page 6	Definition of Non-BM Provider for the purposes of the methodology .
1.7		Part B title	Clarity that the section refers to BM participants
1.8		Part B, 1.1	Removal of opt-out provisions which have previously been available to BM participants.
1.9		Part B, 1.2	Removal of references to non-BM participants
1.10		Part C	New part C to reflect arrangements for the provision of Non-BM ABSVD.
1.11		Part D title	Clarity that this section refers to BM participants
1.12		Part D , 1	Changes to the Determination of $SF_{sm}$ to reflect the removal of opt-out provisions which have previously been available to BM participants.
1.13		Part D, 2	Removal of Notification Procedure relating to the removal of opt-out provisions which have previously been available to BM participants.
1.14	Part E	New part E to reflect methodology for calculation of ABSVD for Non-BM providers	

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

We would like the Authority to note particularly the text in the version control table regarding implementation arrangements. We are proposing that updates other than the web address will only apply on and if an enabling BSC modification proposal is approved and in such case will be applicable from the implementation date of any enabling modification.



## 4 Proposed Recommendations

National Grid notes the responses given by the Industry to the proposed changes to the ABSVD methodology and has carefully considered each of the responses to the changes proposed within the document. National Grid has provided its views in relation to the responses received in Appendix C.

Following industry consultation, National Grid now presents to the Authority for consideration a revised version supporting the following changes:

- Changes relating to performing imbalance adjustments for non-BM market participants.
- General housekeeping amendments to keep the statement current and relevant.

The revised version of the ASBVD methodology recommended for approval incorporates both the revisions originally proposed by National Grid in the ABSVD methodology consultation and the changes to these revisions as a result of the consultation. The revised version of the ABSVD methodology can be found in Appendix A.

The Authority is invited either to approve either all the proposed changes or one or more of them based on the assigned 'ID' reference number.

If the Authority does not approve these proposed changes to the ABSVD methodology, the existing versions will remain in place. Subject to approval by the Authority, the proposed changes become effective on 12<sup>th</sup> April except where this is otherwise indicated in the draft methodology.

## **APPENDIX A- Change Marked ABSVD methodology**

Please see separate document.

## **APPENDIX B – Consultation document**

Please see separate document.

## **APPENDIX C – Consultation comments and responses**

Please see separate document.

## **APPENDIX D – Industry responses**

Please see separate documents.