

## Appendix B - Response Proforma

National Grid invites responses to this consultation by **8<sup>th</sup> March 2018**. The responses to the specific consultation questions (below) or any other aspect of this consultation can be provided by completing the following proforma.

Please return the completed proforma to [balancingservices@nationalgrid.com](mailto:balancingservices@nationalgrid.com)

<b>Respondent:</b>	Martin Mate
<b>Company Name:</b>	EDF Energy
<b>Does this response contain confidential information? If yes, please specify.</b>	No

No	Question	Response (Y/N)	Rationale
1	Do you agree that the changes proposed to the ABSVD, shown in Table 1 have been implemented correctly to the ABSVD methodology in Appendix A? If not, please provide rationale.	N	See comments below regarding items 1.5-1.10.
2	Do you agree that the changes proposed to the ABSVD, shown in Table 1 and in Appendix A, should be made? If not, please provide rationale.		Changes are necessary to support the estimation and transfer of ABSVD from a wider range of balancing services to the BSC, but more clarity and consistency is desirable. See comments below.
3	Do you have any other comments in relation to the changes proposed to the ABSVD?	Y	See comments below.

The ABSVD statement should aim to be consistent with terms in the BSC, CUSC and the EU Electricity Balancing Guideline (EU2017-2195 Article 2):

*“(6) ‘balancing service provider’ means a market participant with reserve-providing units or reserve-providing groups able to provide balancing services to TSOs;*

*(7) ‘balance responsible party’ means a market participant or its chosen representative responsible for its imbalances;”*

*“(14) ‘imbalance adjustment’ means an energy volume representing the balancing energy from a balancing service provider and applied by the connecting TSO for an imbalance settlement period to the concerned balance responsible parties, used for the calculation of the imbalance of these balance responsible parties;”*

### **‘BM’ and ‘Non-BM’ as written in LC16 doesn’t mean ‘balancing mechanism’ and non-‘balancing mechanism’:**

In the Transmission Licence, “balancing mechanism” means the mechanism for the making and acceptance of offers and bids pursuant to the arrangements contained in the BSC and referred to in paragraph 2(a) of standard condition C3 (Balancing and Settlement Code (BSC)).’ We take this to mean the “BM”, but this doesn’t appear to be what is meant by BM and non-BM in the C16 methodology statements.

The Transmission Licence defines Balancing Services in relation to Licence Condition C as ancillary services, Bids and Offers in the Balancing Mechanism, and other services available to the licensee.

Licence Condition C16 says "applicable balancing services" means those services that the Authority directs the licensee to treat as applicable balancing services;'. Licence Condition C16 refers to Applicable Balancing Services Volume Data required under the BSC, and Authority approval of a methodology for determining and providing this. It appears that Authority approval of the methodology is taken as simultaneous approval of what the applicable balancing services are, or perhaps that approval is given secretly. In reality, the BSC is not currently explicit about what data is required; that is left to NGET and the Authority.

Given that Bid-Offer volumes in the BM are settled with the BSC Party registrants of relevant BM Units under the BSC, it seems clear that Applicable Balancing Services relate to balancing volumes not provided as Bid-Offer volumes. ie. All ABSVD volumes are "non-Balancing Mechanism".

**ABSVD statement Part B 1.1** is a general description of how ABSVD data is used in the BSC (in which it is described by the acronym QBS). The general description of 'Balancing Services' at the beginning is effectively for information and not specific to "BM" or "non-BM" ABSVD. It would be better placed in an appendix.

**Part B 1.1 Page 7 bottom of page:** Note that the determination of QBS in BSC Section T4.3.2 was changed with P305 Electricity Balancing Significant Code Review on 5 November 2015, and further changes are likely for P344 TERRE.

An informal terminology seems to have arisen in the Licence Condition C16 statements and elsewhere, in which 'BM' means something other than the Balancing Mechanism as defined in the Transmission Licence.

In the LC16 statements:

- 'BM' seems to refer to balancing services provided by a BSC Party from a BM Unit registered to it, regardless of whether those services are provided through the balancing mechanism (settled under the BSC) or outside it (bilateral contracts).
- 'Non-BM' seems to refer to balancing services contracted by NGET with someone other than a BSC Party, necessarily outside the balancing mechanism, where the relevant volume will affect the flow attributed to one or more BSC Parties but the BSC Party(s) are not necessarily party to the balancing contract.

**The first two paragraphs of Part B 1.2 and the first paragraph of Part C 1** are a general description of Balancing Services, which according to the transmission licence include ancillary services, volumes procured in the balancing mechanism, and other services. Repetition of this background could be avoided by moving it to Part A. ABSVD volumes clearly relate to ancillary services and other services, and not to balancing mechanism volumes, and this should also be made clear.

It would be preferable to summarise in Part A the difference between services provided explicitly by a BSC Party within or outside the Balancing Mechanism ("BM Participants"? or more correctly BSC Parties), and services provided by a non-BSC Party outside the Balancing Mechanism ("Non-BM Participants", or more correctly Non-BSC Parties).

The title of Part B suggests it is specific to BM Participants, but the text actually describes balancing services contracted with BSC Parties outside the Balancing Mechanism. The title would be more accurate as "Part B: Applicable Balancing Services Volume Data 'ABSVD' for balancing service volumes contracted directly with BSC Parties outside the Balancing Mechanism".

The title of Part C suggests it is specific to non-BM Participants, but the text actually describes balancing services contracted with non-BSC Parties, necessarily outside the Balancing Mechanism, with reference to imbalances attributed to the relevant supplier(s). The title would be more accurate as "Part C: Applicable Balancing Services Volume Data 'ABSVD' for balancing services contracted with non-BSC Parties outside the Balancing Mechanism".

ie. there are actually two separate distinctions to be made, which should be summarised in Part A:

1. Between balancing volumes in the BM vs those outside it:
  - a. submitted to and accepted in the Balancing Mechanism in relation to a BM Unit (which are necessarily transactions with the BSC Party to whom that BM Unit is registered) (a BM Participant and BSC Party), and those
  - b. contracted bilaterally with NGET without reference to the Balancing Mechanism (Non-BM participant, either a BSC Party or a non-BSC Party);
2. Between balancing volumes contracted with a BSC Party vs those with a non-BSC Party:

- a. contracted directly with the BSC registrant of a BM Unit, a “BSC Party”, or
- b. contracted with someone other than the BSC registrant of a BM Unit, a “Non-BSC Party” such as an exempt generator, end-consumer or aggregator. The flow of a “Non-BSC Party” is usually (but not necessarily) included in the flow of one or more BSC Party BM Units, usually Supplier’s BM Units.

Part B as written covers 2a (1a + 1b for BSC Parties); Part C as written covers 2b (1b for non-BSC Parties).

	BM (Balancing Mechanism)	Non-BM (Non-Balancing Mechanism)
BSC Party	<ul style="list-style-type: none"> <li>• Balancing volume delivered from a BM Unit by its registrant through submission and acceptance by NGET of Bid-Offers in the BM.</li> <li>• Settled with provider in the BSC.</li> </ul>	<ul style="list-style-type: none"> <li>• Balancing volume delivered from a BM Unit by its registrant by means other than acceptance of Bid-Offers in the BM.</li> <li>• Settled with provider bilaterally outside the BSC, although ABSVD volume may be included in the BSC calculation of BSC Party imbalance.</li> </ul>
Non-BSC Party	Not permitted.	<ul style="list-style-type: none"> <li>• Volume delivered from a Third Party contracted directly to NGET by means other than acceptance of Bid-Offers in the BM.</li> <li>• Settled with provider bilaterally outside the BSC, although ABSVD volume may be included in the BSC calculation of BSC Party imbalance for the relevant BSC Party(s) to whom boundary meters are registered.</li> </ul>

The last sentence of the first paragraph of Part B 1.2 and Part C 1 says “ABSVD covers a subset of the Balancing Services that we intend to procure”. The next sentence of Part B 1.2 says “In general, Balancing Services deemed to be Applicable will be those services required by the System Operator for economic operation of the transmission system, that result in the service provider being exposed to imbalance charges whilst assisting in system balancing. Both Part B 1.2 and Part C 1 say “For the avoidance of doubt a consultation will be carried out prior to any further Balancing Services being included in the calculation of ABSVD.” The transmission licence requires the Authority to agree applicable balancing services, and the method for calculating volumes and providing them to the BSC. The ABSVD Methodology statement appears to be the method of publishing the Authority position on both these requirements. It should be made clear that while ‘in general’ there are balancing services likely to be deemed to be Applicable, only the specific services listed are actually approved by the Authority to be considered Applicable (unless the Authority has explicitly delegated its direction to NGET, or the approval is confidential).

Page 15, middle of page, describes frequency response volumes to be included in the summation referred to on the previous page. It is presumably attempting to say that Mode A Frequency Response delivered as a mandatory service and/or other types of frequency response with similar features but different parameters delivered according to a relevant service agreement should be included in the summation, but gives the impression (‘except that’) that only other types should be included.

Without prejudice to previous comments on ‘BM’ and ‘non-BM’ terminology:

From “PART C: APPLICABLE BALANCING SERVICES VOLUME DATA ‘ABSVD’ FOR NON-BM PARTICIPANTS”

“2. ABSVD Calculation for Non-BM Participants

*A Non-BM Participant is someone who provides a Balancing Service as a Balancing Services Provider (BSP) outside of the Balancing Mechanism. [This could include volumes from a BSC Party at the level of a BM Unit] This means that their imbalances are attributed to their relevant Supplier who is therefore the Balancing Responsible Party (BRP). [This won’t necessarily be true for provision at BM Unit Level by a BSC Party (eg. frequency response), where a generator may be the BRP] Where*

a BSP is not a BRP, ABSVD cannot be assigned to a BM unit for the BSP as one does not exist. An adjustment will ~~therefore need to be made to the BRP's imbalance account~~ **in the BSC** to ensure this takes into account the the relevant ancillary service volumes provided within their **relevant BSC Party(s) portfolio(s)**. I.e. where a **non-BSC** party contracts to provide ancillary services directly with National Grid outside of the Balancing Mechanism, ELEXON will calculate Non BM Unit ABSVD for each impacted BRP **for use in accordance with the BSC**, ~~which will be used to adjust~~ **correct** BRP imbalance positions.

The Non-BM ABSVD volumes will take the form of delivered volumes of contracted balancing services, collared at the instructed amount, by MSID pair and by settlement period. This will be applied to all Non-BM sites irrespective of the complexity.

Where this data is requested in contracts by National Grid this will be provided by the BSP to National Grid. National Grid will validate the volumes by confirming that they do not exceed the total instructed volume. These will then be passed to Elexon who will **[what does the rest of this sentence mean? Is it referring to the use of ABSVD to adjust a BSC Party's imbalance position? Neutralisation is not appropriate terminology, adjustment would be better]** then neutralise them against the relevant Supplier Energy Account Any volumes outside those relating to the Balancing Service (i.e. over-delivery) will not be part of this data pass-through and therefore these volumes will not be applied to the relevant Supplier's account for imbalance neutralisation."

From "PART E: ABSVD METHODOLOGY FOR NON-BM PARTICIPANTS"

## "2. Disputes

### 2.1. Disputes raised by BSP

A dispute arises where the BSP disagrees with the value of the Non-BM ABSVD notified by National Grid. ..."

**A BSP is not likely to be interested in ABSVD data, which is data applied to the BRP. A BSP is only likely to be interested in the volumes for which it is paid.**

### "2.2. Disputes for ABSVD by Supplier

These will be dealt with via Elexon through BSC Trading Disputes processes. BSCP11. Where the dispute requires investigation into the source data provided to Elexon, National Grid will seek to provide supporting information to resolve this matter.

**[Dependent on the outcome of P354, a supplier may have limited information on which a dispute might be raised]**

In the event that an error is identified in the ABSVD, the data will be re-submitted and corrected, as soon as reasonably practicable, but not later than the Final Reconciliation Run, once the corrected data is available.

## 3. Calculation of ABSVD

The calculations for the Determination of Non-BM Unit ABSVD are laid out in the Balancing and Settlement Code Annex S-2: Supplier Volume Allocation Rules, Section 7 "Half Hourly Metering System Consumption", paragraph 7.3. **[Presumably this concerns the allocation of MSID pair volumes between MSIDs and hence suppliers]**

Note for consultation: This is currently the subject of the P354 proposed legal text <https://www.elexon.co.uk/mod-proposal/p354/>"

The ABSVD statement could be condensed down to something like this:

Applicable Balancing Services are those balancing services approved by the Authority as such, as described in the Transmission Licence. The methods of estimating and reporting Applicable Balancing Services Volume Data (ABSVD) to the BSC are also approved by the Authority as described in the Transmission Licence. This statement lists the Applicable Balancing Services and the methods of estimating and reporting ABSVD as approved by the Authority at the time of publication.

Applicable Balancing Services delivered by means of a Balancing Mechanism Bid-Offer Acceptance (including 'BM STOR') are settled through the BSC with the BSC Party which submitted the BM Unit Bid-Offer. Volumes delivered by acceptance of Balancing Mechanism Bid-Offer Acceptances are not included in Applicable Balancing Services Volume Data.

Applicable Balancing Service volumes delivered by means other than a Balancing Mechanism Bid-Offer Acceptance are settled according to the service agreement between NGET and the balancing service provider. The associated Applicable Balancing Services Volume Data to be used for adjustment of the imbalance position of the relevant BSC Party(s) whose BM Unit volume(s) are affected are as follows:

Balancing Service	Applicable Balancing Services Volume Data determination method	
	BSC Party BM Unit	Non-BSC Party
BM-STOR	Not applicable (included explicitly in BSC Bid-Offer volumes)	Not applicable
Non-BM STOR	Not applicable	[As in STOR terms & conditions?]
Mode A Frequency Response [as defined in the CUSC as the minimum service capability from mandatory providers under the Grid Code]	Paragraph 4.1.3.9A of CUSC and Part C of ABSVD statement	Not applicable
Frequency Response other than Mode A Frequency Response (commercial frequency response, enhanced frequency response)	In accordance with system frequency and the characteristic of the response service [Part C of ABSVD statement refers to Paragraph 4.1.3.9A of the CUSC, with substitution of terms 'Mandatory Services Agreement' and 'Mode A Frequency Response']	Not included.
Fast Reserve	[Part C where a bid offer acceptance is not issued in respect of the service call off]	Instructed Volume in relation to utilisation of Fast Reserve
Commercial Intertrips	In accordance with relevant Commercial Services Agreement	n/a
Fast De-Load Service (a type of constraint management service)	In accordance with relevant Commercial Services Agreement	n/a
Maximum Generation Service	In accordance with CUSC, relevant Commercial Services Agreement and Part C of this statement.	n/a
System-to-Generator Operational Tripping	In accordance with Part C of this statement. Where the scheme is a Category 1 Intertripping Scheme as defined in the CUSC and determined within a generator's Bilateral Connection Agreement, $SF_{sm}$ will always be 0.	n/a
Demand Turn Up	Not applicable	[As in service agreement?]

Further details of some of the estimation methods are provided in Parts X and Y. Other details of timescales for determination and disputes.