

Appendix F - Response Proforma

National Grid invites responses to this consultation by **20th February 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

Respondent:	Simon Lord
Company Name:	Engie
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response (Y/N)	Rationale
1	Do you agree that the changes proposed to the BSAD, shown in Table 1 have been implemented correctly to the Procurement Guidelines in Appendix A? If not, please provide rationale.	Y	Implement the change.
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.	Y	Implement the change.
3	Do you have any other comments in relation to the changes proposed to the BSAD?	Y	Implement the change.
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.	No	We believe a further change needs to be made to include services from non BM providers.
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.	No	We believe a further change needs to be made to include services from non BM providers.

No	Question	Response (Y/N)	Rationale
6	Do you have any other comments in relation to the changes proposed to the Procurement Guidelines?	Yes	<p>We believe that:</p> <p>Part B GENERAL PRINCIPLES 2. Procurement Principles</p> <p>A new bullet point should be added to ensure compliance with the C16 licence condition that prohibits discrimination between class or classes of generation.</p> <p>“When procuring services from non-BM providers the estimated customer cost associated with imbalance energy following the use of the services will be taken account in tender assessments unless an agreement is in place to remove the volume from the relevant supplier’s account.”</p> <p>Further details are contained at the end of this response.</p>
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.	Y	No comment
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.	Y	No comment
9	Do you have any other comments in relation to the changes proposed to the SMAF?	No	N/A
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.	No	We believe a further change needs to be made to include services from non BM providers.
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.	No	We believe a further change needs to be made to include services from non BM providers.

No	Question	Response (Y/N)	Rationale
12	Do you have any other comments in relation to the changes proposed to the BPS?	Yes	<p>Addition bullet point are required in the following sections :-</p> <p>PART C Principles Underlying Balancing Measures</p> <p>Section 2 (a) (V) a new bullet point and /or</p> <p>Section 4 (Vii) a new bullet point</p> <p>“ for non-BM providers the estimated customer cost associated with imbalance energy unless an agreement is in place to remove the energy volume from the relevant suppliers account.”</p> <p>Further details are contained at the end of this response.</p>

No	Question	Response (Y/N)	Rationale
	<p>The C16 Annual Industry Consultation asks for other comments on the Procurement Guidelines and Balancing Principles Statement. Engie believes that it is important to address flaws in the procurement of services from non-BM providers and both of these guidelines need to be updated. We believe that the guidelines should contain explicit statements about the treatment of imbalance energy associated with the despatch and use of services from non-BM providers from the 1st April 2018.</p> <p>Further details</p> <ul style="list-style-type: none"> • The Balancing Principles Statement and Procurement Guidelines remains silent over the use of non-BM plant to manage power flows on the system. These documents need to be updated to reflect the extensive use of these services for balancing the system. We have highlighted the minimum set of changes that we believe are required to maintain compliance with the licence condition. • Transmission Licence C16 Statements require the Transmission Company (TC) to procure and use Balancing Services without discriminating between classes of users. The current procurement of non-BM services does not fully take account of all the costs of the use of these non-BM services and creates discrimination between BM and non-BM classes to the detriment of BM providers. • The economic assessment and dispatch of non-BMU tenders (principally Fast Reserve and STOR) ignores the costs of the “spill” energy. This leads to sub-optimal procurement and, therefore, increased cost for consumers. The cost of “spill” energy is not included in the current SO incentive scheme. • We believe that for all new tenders and, where practical, dispatch instructions made after 1st April 18 National Grid should include an assessment of the cost spill energy and, as such, the C16 methodologies should be amended prior to submission to Ofgem. • Whilst we believe that this should apply to both tender assessment and dispatch the initial focus should be on tender assessments as this is simple to implement. • Including this in tender assessments we believe will deliver real value to customers and allow BM providers to compete with flexible non-BM providers on an equal basis with benefits to customers, as well as ensuring compliance with the relevant licence condition. 		