

C16 Report to Authority

A report in accordance with standard condition C16 for 2019-20

Proposed revisions to the:

Procurement Guidelines

Balancing Principles Statement

Balancing Services Adjustment Data Methodology Statement

System Management Action Flagging Methodology Statement

Applicable Balancing Service Volume Data

25st February 2019



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Executive summary

In accordance with Standard Condition C16 of its Electricity Transmission Licence, National Grid has carried out an annual review of the C16 Statements.

Proposed changes have been made to the following documents:

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

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

- Review of the Procurement Guidelines
- Updates to services to ensure all are up to date
- Introduction of TERRE, where appropriate.
- Increased clarity and transparency where appropriate.
- Updates to reflect a legally separate National Grid Electricity System Operator

National Grid ESO proposed the above changes via an industry C16 consultation document published on 21st January 2019. Industry responses to the consultation were requested by 18th February 2019. Responses were received from:

- Scottish Power
- SSE
- ENGIE
- Uniper
- UKPR
- Centrica
- Flextricity
- Peak Gen
- Green Frog Power
- Elexon
- EnAppSys

Consultation Recommendation Summary

Following the industry C16 consultation, NGENSO proposed changes to the statements in relation to the following:

ABSVD Formula change The February 2019 BSC release will be effective from 28 February 2019. As part of this release, the formula's for QBS and QABS were revised considering implementation of P344 'Project TERRE'. These formulas are written on page 8 and 9 of the ABSVD document and have been updated to reflect the BSC Section T.

Key Dates:

Consultation Response Deadline: 18th February 2019

Documents sent to Ofgem: 25th February 2019

Expected Ofgem Decision: 25th March 2019

C16 Documents Uploaded to NGENSO Website: 29th March 2019

General housekeeping amendments have been made to keep the statements current and relevant.

Following industry consultation, National Grid now presents to the Authority for consideration revised versions of the C16 Statements supporting the changes outlined above.

These revised versions of the C16 Statements recommended for approval incorporate both the revisions originally proposed by National Grid in the C16 consultation and the changes to these revisions as a result of the C16 consultation.

The final revised versions of the C16 Statements recommended for approval are included in the Appendices.

The Authority is invited to review and approve the changes, if the Authority does not approve these proposed changes to the C16 Statements, the existing versions will remain in place. Subject to approval by the Authority, the proposed changes will become effective from 1st April 2019.

If you have any questions about this document, please contact:

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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.



Colm Murphy
Electricity Market Change Delivery Manager
Warwick



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Introduction

The Review

In accordance with Standard Condition 16 (C16) of its 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.

Below you will find a summary of the process of engagement that has been followed for the C16 process.

C16 Procurement Guidelines Webinar

This webinar was held on the 26th October 2018 and set up as an introduction to the C16 process and Procurement Guidelines. It marked the beginning of the formal annual update process relating to the C16 statements and methodologies.

Follow up C16 Procurement Guidelines webinar

This webinar went into more detail about the review of Procurement Guidelines and was held on the 9th November 2018. It also aimed to give Stakeholders the opportunity to provide thoughts on the current Procurement Guidelines update and how they could be improved.

C16 Stakeholder Workshop prior to formal Consultation

The external workshop was held on the 6th December 2018. This was attended by a wide variety of stakeholders. The aim was to discuss potential changes to be included in the 2018-19 annual update in more detail. The slides can be [found here](#).

Areas highlighted by National Grid and stakeholders were:

- A review of Procurement Guidelines. Such as explaining services in a more transparent manner, committing to procuring commercial services through market mechanisms where possible, alignment with the MBSS, updating service description and expectations for the year ahead. Lastly adding signposting to further service information on the ESO website.
- Changes to the BPS to refer to the principles around why we are using products available to the market. Also, adding clarity for certain products within the document.
- Changes to BSAD if the outcome of BSC modification P371 is known.
- Providing more clarity within SMAF regarding tagging and interconnectors.
- Consideration of Enhanced Frequency Response (EFR) Service is needed.

The workshop was attended by 14 stakeholders from across industry. There was a lot of productive discussion around the proposed changes and wider feedback from attendees. In addition to the above bullet points, attendees raised other potential areas for change within the statements and methodologies. More information on the feedback given and NGENSO's consideration of these, can be found in the Stakeholder Feedback section of this report.

Consideration of changes post 2019-20 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:

- European Network Codes: specifically, European Balancing Guideline (EBGL)
- Future of Balancing Services work being carried out by NGENSO including product rationalisation

- As mentioned above, if no decision is reached before the consultation closes, the results of P371 may need to be introduced in to C16 methodologies during the year or during the next annual update.

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

Regarding EBGL, Article 18 requires the Transmission System Operator to produce a set of terms and conditions for Balancing Service Providers (BSPs) and Balance Responsible parties (BRPs) which they must follow in order to provide services to us. These requirements already exist throughout the GB frameworks (codes and Standard Contract Terms (SCTs)) and so our proposal for Article 18 demonstrates that we are already compliant through a letter and mapping to the relevant places in our frameworks. You can view the proposal [here](#)

The EBGL also says that where amendments are made to these Ts and Cs, we need to follow a process which includes a consultation of at least 30 days, followed by submission to the regulator for approval. Where we have mapped parts of our existing frameworks to the A18 requirements, we need to follow this process. This means that we need to make some updates to our processes for code and SCT changes to ensure that we comply with this.

NGESO proposed in the original mapping for EBGL A18 in June 2018 references to C16. This proposal was not approved by the Authority and on February 4th 2019 Ofgem sent a letter to ask for the proposal to be reconsidered and amended. Within that NGESO were given direction by Ofgem to reconsider references we had made to C16 as C16 does not directly place obligations on Balancing providers, but places obligations on the ESO. In light of this our new proposal for EBGL A18 that will go out to consultation at the end of February 2019 will not have any references to C16 within it

In terms of the removal of products as a result of the Future of Balancing Services 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 2019 but this is likely to change for future annual updates.

Consultation on Changes

National Grid ESO proposed the above changes via an industry C16 consultation document published on 21st January 2019. Respondents were asked to provide comments and views on the proposed changes individually. Each proposed change was tracked and discussed with statement owners and experts.

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

- Review of the Procurement Guidelines
- Introduction of TERRE where appropriate.
- Increased clarity and transparency.
- Updates to reflect a legally separate National Grid Electricity System Operator

Industry responses to the consultation were requested by 18th February 2019. Responses were received from:

- Scottish Power
- SSE
- ENGIE
- Uniper

- Centrica
- Flextricity
- Peak Gen
- Green Frog Power
- Elexon
- EnAppSys

Following the closure of the consultation period, National Grid is required to prepare and submit a post-consultation report to the Authority within seven days in accordance with Electricity Transmission Licence Standard Condition C16 paragraph (8) by which National Grid invites the Authority to approve either all the proposed changes or one or more of them

This report provides details of the proposed change and consultation process undertaken by National Grid.



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Industry responses to the C16 consultation

Details of the responses made by industry during the C16 consultation window

Proposed changes to Procurement Guidelines

The Procurement Guidelines set out the kinds of Balancing Services which we may be interested in purchasing, together with the mechanisms by which we envisage purchasing such Balancing Services. It acts as a generic statement of the procurement principles we expect to follow.

From April 2018, NGENSO has been under a new broader evaluative incentive scheme. Under this scheme NGENSO published a Forward Plan detailing what we were going to deliver over the next year (2018/19). One of these deliverables was the publication of an improved Procurement Guidelines. This falls under the role of managing system balancing and operability, Principle 2 and Principle 3 within our plan. Therefore, a review of the document has been undertaken.

The amendments proposed are:

- Dates updated and version number added
- Update National Grid Website reference
- Update of National Grid address
- Publication of improved Procurement Guidelines (as per our Forward Plan Deliverable). Updates such as explaining services in a more transparent manner, committing to procuring commercial services through market mechanisms where possible, alignment with the MBSS, updating service description and expectations for the year ahead. Lastly, removal of Pre-Gate Closure BMU Transactions (PGBTs) following feedback and adding signposting to further service information on the ESO website.

The proposed changes are detailed in Table 1 below:

ID	Purpose of Change	Reference	Change
1.1	Version Control	Title page	Change to Effective Date Change to Version Number
1.2		Page 3 version control table	Update to version control table
1.3	Webpage link change	Page 4	Update to new NGENSO webpage link
1.4	Address update	Page 4	Update to new NGENSO address
1.5	National Grid Reference	Part A	Update NGET reference to NGENSO
1.6	Updates proposed and following feedback	Part B	Ancillary services references in line with Grid Code, addition of alignment to ESO Forward Plan principles, more emphasis on using competitive processes in service procurement, removal of section 3 and additional information regarding taking actions outside of the BM.
1.7	Updates proposed and following feedback	Part C	Update to types of balancing services to be in line with the Grid Code, clearer categories of commercial services and further clarity on what we expect and don't expect to procure over the coming year, removal of section 2.4, update to section 3
1.8	Updates proposed and following feedback	Part D	Clarity added to section 1 on the Procurement Process and updates to following sections. Table 2 added

			which details Active Commercial Ancillary Services and Table 3 which looks at commercial services which are under review.
1.9	Updates proposed and following feedback	Part E	Added signpost links to specific areas on our website.

1.1 Changes to Procurement Guideline questions

Consultation question 1

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

Consultation question 2

Do you agree that the changes proposed to the Procurement Guidelines, 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 Procurement Guidelines?

1.1.1 Industry Response:

Centrica

Question 1: Yes

Question 2: Yes

Question 3: Yes (see below)

It would be helpful if you gave an example of where you might procure a balancing service for a third party (page 11) as we are struggling to see when this might apply We are surprised that Grid have not taken.

the opportunity to remove MAXGEN, like they have for PGBT. We do not agree with National Grid's rationale for keeping with MAXGEN as we think, even in an emergency, it is extremely unlikely to be used. If Grid genuinely believe it is part of their toolkit more should be done to educate the remaining providers and seek updates to the data submissions made under that service. We respectfully suggest further work is required (as part of the forthcoming reserve review) on the interaction of the various products (including TERRE and trading on the interconnectors) Grid has its disposal and how they interact.

NGESO View:

We are unable to accommodate this proposal this year due to timescales to review the impact if MAXGEN service was removed. We welcome Centrica's suggestion to undertake further work on the interaction of products and include MAXGEN as part of the reserve services review.

1.1.2 Industry Response:

Confidential Response received NGENSO will confer directly with those who provided a confidential response

1.1.3 Industry Response:

Elexon

Question 1: Yes

Question 2: Yes

Question 3: Yes (See Below)

We note the following sentence

“All licensed generators are required to provide Part 1 System Ancillary Services to ensure the provision of a minimum technical capability to provide reactive power and frequency sensitive generation.” We expect a large number of generators to become licensed in the future who were not previously licensed, to avoid the Final Consumption Levy. It is our understanding that not all licensed generators are required to provide System Ancillary Services, just those classed as Large. The Grid Code wording in CC.8.1 supports this view. The proposed wording in the Procurement Guidelines is therefore misleading. It is also our understanding that it is not a requirement for all licensed generators to be signatories to the Grid Code or CUSC. Page 8 and 9 of Ofgem’s consultation on “Clarifying the regulatory framework for electricity storage: licensing” supports this viewpoint.

If NGENSO disagrees then we suggest that this requires urgent clarification and an agreed consistent view amongst all Parties to be derived to prevent unnecessary Industry confusion.

We note there is no mention of Replacement Reserve in this document. Industry may expect to see Replacement Reserve mentioned within the Procurement Guidelines, or at least an explanation within the document to explain why it is not specifically mentioned. At the moment it may appear like an accidental omission.

NGESO View:

Where Elexon have stated “*It is our understanding that not all licensed generators are required to provide System Ancillary Services, just those classed as Large. The Grid Code wording in CC.8.1 supports this view*”

Not all licensed generators are required to provide System Ancillary Services. The requirement to provide System Ancillary Services is based on the assets a generator operates rather than their licensed status. Grid Code CC. 8.1 requires that all Large and Medium power stations, excluding those generators which are embedded on the distribution network, are required to provide System Ancillary Services.

Therefore, NGENSO is suggesting we change the wording in the C16 statement to read “*All Large and some Medium power stations are required to provide Part 1 System Ancillary Services to ensure the provision of a minimum technical capability to provide reactive power*”

To their other point “*It is also our understanding that it is not a requirement for all licensed generators to be signatories to the Grid Code or CUSC. Page 8 and 9 of Ofgem’s consultation on “Clarifying the regulatory framework for electricity storage: licensing” supports this viewpoint.*”

It is not a legal requirement that all licensed generators are party to the CUSC or Grid Code. As outlined in Section 6 of the CUSC, all power stations above 50MW must be a party to the CUSC and by extension the Grid Code. This means that licensed generators of <50MW, who are connected to the distribution network, do not have to be a CUSC or Grid Code party.

We note however that a generator is required to be a CUSC party to participate in the Balancing Mechanism. Therefore, distribution connected generators of <50MW who are not party to the CUSC cannot participate in the Balancing Mechanism unless they are registered as a Virtual Lead Party.

Therefore, NGENSO is recommending no change be made.

Regarding Replacement Reserve not being noted in the document, a change to the procurement guidelines has now been made, NGENSO has included a sentence regarding Replacement Reserve in Part B point 1 that reads:

“In addition to the above definitions and separate to the transmission licence, replacement reserve shall also constitute as a balancing service.”

“Replacement Reserve:

These are commercial services offered by, generators, suppliers and virtual lead parties and represent a willingness to increase or decrease the energy output from balancing mechanism units in exchange for payment. Accepted services are used to balance generation and demand across participating TSO’s participating in project TERRE”

NGESO has also included Replacement Reserve in “Table 1 BM, Trading and System Ancillary Services” in Part D of the procurement guidelines.

1.1.4 Industry Response:

ENGIE

Question 1: Yes (See Below)

It is a worthwhile review of the document. The changes are a good signal for the ESO’s approach and ambitions. The suggested changes seem to have been correctly implemented. The approach taken across all the documents is reasonable. The most important part of this process was the industry consultation at the end of 2018. The extent of ESO’s work on this review is to be welcomed.

Question 2: Yes

Question 3: Yes (See Below)

At points in the Procurement Guidelines there seems to be an attempt to provide an exhaustive list of procured services (particularly the tables at the end of the documents). There is a chance that some services are missed. Some categories which are reported in the MBSS have not been included (for example, Hydro Pump Deload, Synchronous Compensation). It may be worth reviewing the document to either include these measures or introduce a generic “other” category.

NGESO View:

Where ENGIE have stated “It may be worth reviewing the document to either include these measures or introduce a generic “other” category” NGENSO agrees in principle however, this may be slightly more difficult for NGENSO post event as there is no way to flag pump storage units as SYNC Comp instructions (which is currently described as “other” service) in the BM system and making this change will require an EDL change to the pump storage instructions. Therefore, we will make no change this year instead review and carry out further investigation for next year’s C16 consultation.

1.1.5 Industry Response:

Uniper

Question 1: Yes

Question 2: Yes

Question 3: Yes (See Below)

On 2.1.1 of the Procurement Guidelines we would suggest the following addition:

“Support market participants to make informed decisions by providing user-friendly, comprehensive, and accurate information, in a timely and reliable manner.”

NGESO View:

NGESO agrees with Uniper’s suggestion of changing the procurement guidelines to reflect “*in a timely and reliable manner*” and will look to amend the guidelines to reflect this.

1.1.6 Industry Response:

SSE

Question 1: No (See Below)

[See our answer to Q3 below.]

Question 2: No (See Below)

Given the limited life of these changes (from 1st April 2019 to 4th April 2019 at the latest) it may not be efficient to make the proposed changes.

Question 3: No (See Below)

As we pointed out in our response to the National Grid consultation, in spring 2018, on its (then) draft Article 18 proposal:

“Annex 1 to the [National Grid Article 18 consultation] letter refers to ‘C16’ within the ‘Codes’ column¹. We note that C16 is not a ‘Code’ and that Ofgem’s CACoP does not apply to C16. In addition we note that the C16 document approach is neither harmonised or transparent – and as such it would be incompatible with EB GL” [emphasis added].

We are also mindful of Ofgem’s letter of 4th February 2019² on the amendments they require National Grid to make to their Article 18 proposal and, in particular, the following four points made by Ofgem:

[1] “It is important that all obligations on BSPs and BRPs are captured within the appropriate section of Article 18, as the requirements must be as easy to understand as possible for market participants.” [emphasis added]

[2] “The relevant provisions contained within the Standard Contract Terms (SCTs) and required for compliance with Article 18, need to be transposed into the GB network codes so that we can

¹ As well as other documents, such as the BSC, that are relevant in the context of the services covered as part of the C16 related documents (Annexes (A)-(E) in this consultation) and the Article 18 proposal submission of 18th June 2018 (and, in particular, Annex 1 to that submission)..

² https://www.ofgem.gov.uk/system/files/docs/2019/02/article_18_request_for_amendment_-_04.02.19_0.pdf

have a clear and transparent role in approving and amending them in the future. This could either be through incorporation of the actual terms to the codes or through the creation of a subsidiary document to the codes which contains those terms.” [emphasis added]

[3] “We expect the relevant TSO to run a detailed exercise to ensure that all and only the necessary provisions are identified.”

[4] “It must be ensured that **any future amendment of the balancing T&C will** As we pointed out in our response to the National Grid consultation, in spring 2018, on its (then) draft Article 18 proposal:

“Annex 1 to the [National Grid Article 18 consultation] letter refers to ‘C16’ within the ‘Codes’ column³. We note that C16 is not a ‘Code’ and that Ofgem’s CACoP does not apply to C16. In addition we note that the C16 document approach is neither harmonised or transparent – and as such it would be incompatible with EB GL” [emphasis added].

We are also mindful of Ofgem’s letter of 4th February 2019⁴ on the amendments they require National Grid to make to their Article 18 proposal and, in particular, the following four points made by Ofgem:

[1] “It is important that all obligations on BSPs and BRPs are captured within the appropriate section of Article 18, as the requirements must be as easy to understand as possible for market participants.” [emphasis added]

[2] “The relevant provisions contained within the Standard Contract Terms (SCTs) and required for compliance with Article 18, need to be transposed into the GB network codes so that we can have a clear and transparent role in approving and amending them in the future. This could either be through incorporation of the actual terms to the codes or through the creation of a subsidiary document to the codes which contains those terms.” [emphasis added]

[3] “We expect the relevant TSO to run a detailed exercise to ensure that all and only the necessary provisions are identified.”

[4] “It must be ensured that **any future amendment of the balancing T&C will be compliant with the process set in the EBGL.**” [emphasis added]

Reviewing the C16 Annual Review document of 21st January 2019 (and its associated Annexes (A)-(E)) it appears that the assumption by the TSO is that, post 1st April 2019, they will be continuing to contract bilaterally for balancing⁵ with market participants on terms that are not those

³ As well as other documents, such as the BSC, that are relevant in the context of the services covered as part of the C16 related documents (Annexes (A)-(E) in this consultation) and the Article 18 proposal submission of 18th June 2018 (and, in particular, Annex 1 to that submission)..

⁴ https://www.ofgem.gov.uk/system/files/docs/2019/02/article_18_request_for_amendment_-_04.02.19_0.pdf

⁵ According to EBGL Article 2(1) “‘balancing’ means all actions and processes, on all timelines, through which TSOs ensure, in a continuous way, the maintenance of system frequency within a predefined stability range as set out in Article 127 of Regulation (EU) 2017/1485, and compliance with the amount of reserves needed with respect to the required quality, as set out in Part IV Title V, Title VI and Title VII of Regulation (EU) 2017/1485,” [emphasis added]

approved by Ofgem as the terms and conditions related to balancing⁶ and, furthermore, that those terms could be subject to variation (on a market participant-to- market participant basis) without Ofgem approval (of the variance(s)).

However, given (i) that those terms and conditions related to balancing are due to be approved by Ofgem on or before 4th June 2019 and (ii) that, according to the TSO's proposal of 18th June 2018, that implementation will be immediately⁷; we would expect that any bilaterally agreed terms and conditions related to balancing entered into by the TSO that arise from any of the C16 documents (listed as Annexes (A)-(E) in this consultation) to only endure, at most, from 1st April 2019 to 4th June 2019 at the latest (and possibly sooner, if Ofgem approves the TSO's proposal ahead of this date).

This is because such bilaterally agreed contractual terms are legally incompatible with EBGL from the date that the terms and conditions related to balancing are firstly approved (by the NRA) and secondly implemented according to the timescales that the TSO was obligated to set out in its proposal (of 18th June 2018) to the NRA, namely in this (GB) case immediately.

The legal incompatibility of such bilaterally agreed terms and conditions related to balancing, post 4th June 2019, is well established and includes, for example, that they could (would?): (i) not be harmonised; (ii) not be transparent; (iii) be unduly discriminatory; (iv) not lead to the most efficient operation of the system; (v) affect cross-border trade; (vi) give an advantage to some market participants, in contravention of the rules around State Aid; (vii) be incompatible with the relevant cost recovery mechanism for the TSO; (viii) expose the TSO to the risk of direct legal action from market participants directly or indirectly impacted by the noncompliance, on the part of the TSO, to its legal requirements⁸; (ix) amount to the granting of (illegal) derogation(s) to some market participants; (x) fail to ensure, maintain and contribute to the operational security and stability of the network; and (x) fail to ensure conformance with the EBGL recitals.

For the avoidance of doubt, complying with the EBGL requirements would have the opposite (positive) effects in terms of these eleven examples of (many) negative effects that variable bilateral contracting, post 4th June 2019, gives rise to.

We would also highlight the changes arising from the SOGL FCR, FRR and RR prequalification arrangements (which we, for example, explored in detail in our GC0114 Workgroup and Code Administrator Consultation responses) coupled with the EBGL Article 18 terms and conditions related to balancing aspects (in terms of Specific Products) with respect to current balancing matters; such as for Mandatory Services (like mandatory frequency response); which means that

⁶ Examples of various balancing products to which Article 18 relates have been produced by NGENSO in its GC0114 proposal – see the table reproduced below for that NGENSO information - which shows that Mandatory frequency response, Commercial Frequency Response Service, FFR, Enhanced frequency response, Commercial Frequency Management Service, STOR, Demand Turn UP, Fast Reserve, BM Bids & Offers and Fast Start are examples of specific products that fall within the vires of the terms and conditions related to balancing that the NRA is required to approve (as well as approve any amendment of those terms and conditions, as per Article 6(3) of EBGL).

⁷ Noting, in this regard, that Ofgem has not (in its 4th February 2019 letter requiring amendments) said it requires the implementation approach in the 18th June 2018 proposal to be amended; therefore no change of that proposal, in respect of implementation, is permitted by the TSO in its amended proposal submission (due to be (re)submitted by 4th April 2019).

the current agreements for balancing will need to be changed to reflect the new SOGL and EBGL legal requirements.

Associated with this, it is not clear to us reading this C16 consultation document (and the associated Annexes (A) – (E)) that the need for changes to those existing documents being required from 4th June 2019 onwards has been taken into account by the TSO.

Rather the opposite – it appears that the TSO is (erroneously) assuming that the existing (status quo) contractual terms and conditions for balancing continue after the terms and conditions related to balancing (as per Article 18) come into legal effect (on, or before, 4th June 2019).

¹ Noting, in this regard, that EU law (compliance) takes precedence over any national (GB) law requires such as those that stem from the Transmission Licence (including the C16 related items) CUSC, Grid Code or BSC.

NGESO View:

NGESO proposed in the original mapping for EBGL Article 18 in June 2018 references to C16. This proposal was never approved by the Authority and on February 4th 2019 Ofgem sent a letter to ask for the proposal to be reconsidered and amended. Within that NGESO were given direction by Ofgem to reconsider references we had made to C16 as C16 does not directly place obligations on Balancing providers, but places obligations on the ESO. In light of this our new proposal for EBGL Article 18 will go out to consultation at the end of February 2019 and will not have any references to C16 within it.

1.1.7 Industry Response:

Scottish Power

Question 1: No (See Below)

Part B

We think that NGESO's third role ('Facilitating whole system outcomes') and Principle 6 of its Forward Plan ('Coordinate effectively to ensure efficient whole system operation and optimal use of resources') are relevant to the procurement of balancing services and should feature in Section 2 of Part B. One of the outcomes NGESO is pursuing through Principle 6 is greater liquidity in energy and services markets due to enhanced market access and participation. This is particularly relevant to the participation of Distributed Energy Resources (e.g. generating stations such as wind farms, storage and demand side response) in the provision of commercial ancillary services. In general, we believe the ESO should strive for the competitive procurement of balancing services to be technology neutral in order to maximise benefits to consumers.

Part C

We do not think the section on 'Further Requirements for Part 2 System Ancillary Services' provides sufficient clarity on plans to move away from bilateral agreements for Black Start services to using market mechanisms/competitive tendering. Willingness to discuss arrangements with potential new providers of Black Start capability is positive but does not fully reflect the intent of the ESO's principle to maximise competition where possible.

Part D

We think the proposed wording under 'Commercial Ancillary Services' should be amended to the following, "In some circumstances, such as constraint management services, we ~~will~~ **may** need to enter into non-tendered contracts where the requirement is often locational dependent and we have determined, **after open consultation**, that there are insufficient market participants".

We believe this change embodies the aspiration to use a market approach and increase competition from the participation of DER in balancing services.

Question 2: No (See Below)

We agree with most of the proposed changes but would like to see amendments to reflect the points above.

Question 3: No

NGESO View:

Regarding Part B, we are recommending that we remove all detailed reference to ESO Forward Plan roles and principles in the procurement guidelines. Instead we have sign posted where details of the Forward Plan incentives can be found. Our reason for this is to stream line the content of the procurement guidelines and because these principles are fundamental to our role as the ESO. As outlined in our ESO Forward Plan, we are committed to:

Managing system balancing and operability

Facilitating competitive markets

Facilitating whole system outcomes

Supporting competition in networks

Regarding Part C NGESO agrees that further words need to be added to the procurement guidelines therefore the following has been added to Part C Section 1:

“Future Requirements for Part 2 System Ancillary Services

We are interested in discussing arrangements with potential new providers of the Black Start Capability service, and in line with our published Black Start Strategy and Procurement Methodology, we will seek to introduce competition to our procurement process wherever economic and efficient to do so. There is no requirement for any additional Fast Start Capability beyond the current provision from all existing providers. Requirement for System to Generator Operational Intertripping Schemes will be dependent upon future system development and new connections to the Transmission System. There is currently no additional requirement for the Maximum Generation service.”

Where Scottish Power is requesting the words in part D to change from “will” to “may” NGESO agrees and will make the required change to the document.

Where Scottish Power are requesting the words “after open consultation” to be added to part D NGESO does not agree that this change should be made as it is impractical to openly consult on every requirement if there are only 1 or 2 providers. We will openly consult and seek market based solutions where possible and when it is in consumers interests to do so.

Proposed changes to BPS

The Balancing Principles Statement defines the broad principles of when and how we will use balancing services and other balancing actions to manage the system.

The amendments proposed are:

- Dates updated and version number added
- Update National Grid Website reference
- Update of National Grid address
- Clarity added on Response and future work being done in this area
- Update to expand applicability to market participants from BSC parties.
- Changes to the Max Gen service and removal of PGBTs.
- More clarity added on demand turn up and TERRE

The proposed changes are detailed in Table 2 below:

ID	Purpose of Change	Reference	Change
	Version Control	Title page	Change to Effective Date Change to Version Number
		Page 3 version control table	Update to version control table
	Webpage link change	Page 3	Update to new NGENSO webpage link
	Address update	Page 3/4	Update to new NGENSO address
	National Grid reference	Part A	Update to NGENSO and website reference
	Update service information	Part B	Update to Maximum Generation Service section
	Update following feedback	Part C	Removal of BSC parties to Market Participants, addition of trading on interconnectors to section 4 and more clarity on section 7. Removal of PGBT in section 10.
	Update to Response services	Part D	Clarity added to section 3.1 regarding response and future work. Section 3.2 updated to provide more information on Demand Turn Up and TERRE.

1.2 Changes to Balancing Principles Statement questions

Consultation question 1

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

Consultation question 2

Do you agree that the changes proposed to the BPS, shown in Table 2 and in Appendix B, 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 BPS?

1.2.1 Industry Response:

Centrica

Question 1: Yes

Question 2: Yes

Question 3: Yes (See Below)

We are surprised that Grid have not taken the opportunity to remove MAXGEN, like they have for PGBT. We do not agree with National Grid's rationale for keeping with MAXGEN as we think, even in an emergency, it is extremely unlikely to be used. If Grid genuinely believe it is part of their toolkit more should be done to educate the remaining providers and seek updates to the data submissions made under that service. We respectfully suggest further work is required (as part of the forthcoming reserve review) on the interaction of the various products (including TERRE and trading on the interconnectors) Grid has its disposal and how they interact. Section 2.3 still makes reference to PGBTs – this needs removing. Sections 2.3 & 3.2 should also make ref to trading and TERRE.

NGESO View:

We are unable to accommodate this proposal this year due to the timescales to review the impact if the MAXGEN service was removed. We welcome Centrica's suggestion to undertake further work on the interaction of products and include MAXGEN as part of the reserve service review.

1.2.2 Industry Response:

Peak Gen

Question 1: N/A

Question 2: N/A

Question 3: N/A

Peak Gen provided a letter to NGENSO rather than the proforma so the specific questions were not answered, however we have responded to this element below.)

Increasingly NGENSO is buying services ahead of the day (for example STOR, Fast Reserve FFR etc.). The Balancing Principles Statement (BPS) states: "We will be subject to an external audit to determine the extent to which we have, in using Balancing Services, complied with the Balancing Principles Statement. The audit statement will be made available to the Authority in accordance with the Electricity Transmission License." (1 (ii)) We think that it would be helpful to extend the audit requirement such that it included the *procurement* as well as the use of Balancing Services. This would mean that the auctions run for services such as STOR would also be subject to the procurement process.

NGESO View:

We welcome the feedback regarding extending the audit requirements from Peak Gen, we will seek to understand further how to address this point with the proposer.

1.2.3 Industry Response:

Elexon

Question 1: Yes (See Below)

We note the following in regards to Part C;

No mention is made of the aggregation facilities introduced under P344 and GC0097 (Virtual Lead Parties) or how will these will impact operational planning activities.

Replacement Reserve product is inconsistent with the stated principles of paragraph 5 in Part C i.e. 'We shall call off balancing measures defined in 4(i), 4(ii) and 4(iii) in a cost order to maintain system balance.' NGESO is mandated to procure RR Activations at marginal price. Replacement Reserve does not therefore follow Balancing Principles 4(i) to (iii).

In regards to paragraph 8. Beyond the Wall Actions and paragraph 9. BOA returning to PN - Our understanding is that RR Instructions (as defined in GC0097) will on occasion be beyond the wall and so is therefore relevant to these paragraphs. Does Replacement Reserve therefore need to be separately mentioned?

And in regards to Part E, how will Replacement Reserve fit within the Within Day Balancing Process as it has different timescales to the BM?

Question 2: Yes

Question 3: Yes (See Below)

Market Participants is capitalised in Part C of the BPS but is lower case in other parts of the document. The previous wording BSC Parties is a clear and defined group of Parties. To capitalise this wording may lead Parties to think that this is a defined group (which they may or may not be a member of)

NGESO View:

Regarding question 1 The opening statement about Part C *aggregation facilities*, All BMUs will to be treated the same without bias. The only difference with Aggregator BMUS is the possible multi locational issue which may mean that some or part of the MW available will be sterilised through constraint management. Therefore, no change is required.

NGESO does not believe the comment on merit order is correct. When there are no constraints on the interconnector and a TSO does not request countertrading via a mechanism call Desired Flow Range (DFR) all BMUs are settled at marginal price. However, the marginal price is set by the highest accepted bid price so all units chosen will be at a price less than or equal to the marginal price and hence are in a merit order.

If DFR is requested some BMUs will need to be activated that are above marginal price but in this instance, they are paid their bid price – so again even in this scenario there is a merit order.

It is true that all linear programmes (in this case the LIBRA algorithm used by TERRE) sometimes must make choices that are not strictly in merit order (for example when trying to match an indivisible bid to a need – sometimes this cannot be done and so a cheaper bid cannot be taken). However, this is a feature of all mathematical algorithms so it is still an attempt to call off in merit order.

Therefore, we recommend no change needs to be made.

Regarding "*beyond the wall actions*" The actions can go over the wall, especially with units running up or down- which is as currently observed in the BM. We need further information from Elexon as to how these actions should be treated, whether this is covered by de minimis rules or not. Therefore, we are recommending no change is made this year pending further work with Elexon for next year's consultation.

Regarding part E, the replacement reserve will be assessed as a product for reserve purposes as is the current case, the time scale should not be an issue

On Question 3 NGESO agree with Elexon regarding the house keeping change required regarding market participants and will make the changes to the guidelines.

1.2.4 Industry Response:

Uniper

Question 1: N/A

Question 2: N/A

Question 3: N/A

Uniper provided an email to NGENSO rather than the proforma so the specific questions were not answered, however a response what still provided (See Below)

In section 4 of Part C of the Balancing Principles Statement, we believe that there should be a reference that where actions taken outside of the BM create a potential for one party to be in possession of information that the rest of the market participants does not have, the ESO will publish such data in accordance with REMIT as soon as possible. This should also be reflected in section 2 of the BSAD methodology.

NGESO View:

NGESO disagrees with the BPS response from Uniper, as NGENSO we are exempt from most reporting obligations under REMIT. We publish all trades within 1 hour of execution and this is tracked and reported to Ofgem as part of our incentives scheme so we have data to demonstrate this is happening. Trades are also included in the cash out information calculations. These are usually unnamed but by an index. This is done post event and after the first settlement calculations.

1.2.5 Industry Response:

Scottish Power

Question 1: No (See Below)

Part D – Section 3.1

We think there should be a commitment by the ESO to explain the circumstances where there are specific technical or commercial reasons why it is not possible to procure response through competitive markets. We suggest adding the following statement (in red) to this section:

“These products will be procured through competitive markets unless there is a specific technical or commercial reason why this is not possible. Where this is the case, we will publish an explanation to provide clarity to the market and promote transparency. More detail on the specific categories of response that we intend to procure over the coming year can be found within the Procurement Guidelines”.

Question 2: No (See Below)

As with the Procurement Guidelines, we agree with most of the proposed changes but would like to see amendments to reflect the points above.

Question 3: No

NGESO View:

NGESO already publishes accepted and rejected tenders following the competitive processes. Please see the Balancing Services pages on the website.

The BPS relates more to real time issues/decisions when we have been unable to follow the procurement guidelines such as emergency actions, margin concerns (e.g. NRAPM), generation losses from transmission losses. Therefore, NGENSO believes no change is required.

Proposed changes to BSAD

This document sets out the Balancing Services Adjustment Data methodology. It sets out the information on relevant balancing services that will be taken into account when determining the imbalance price.

The amendments proposed are:

- Dates updated and version number added
- Update National Grid Website reference
- Update of National Grid address
- Removal of PGBT reference

There are no major changes proposed to this document at this time however we need to consider BSC modifications proposal P371.

BSC Modification P371

In September 2018, BSC modification P371 was raised to seek to include Spin-Gen, Non-BM Fast Reserve and Non-Tendered Fast Reserve actions into the calculation of the Imbalance Price and extend the cash-out price arrangements to Fast Reserve. This modification is currently being developed by a BSC workgroup, with a proposed implementation date of April 2020. If this modification is approved and new data items are agreed to be included in the imbalance price calculation, we believe it would be of benefit for these data items to be included within the relevant section of the BSAD methodology. If appropriate we would include these changes in next year's update of the methodologies.

The proposed changes are detailed in Table 3 below:

ID	Purpose of Change	Reference	Change
	Version Control	Title page	Change to Effective Date Change to Version Number
		Page 4 version control table	Update to version control table
	Webpage link change	Page 4	Update to new NGESO webpage link
	Address update	Page 5	Update to new NGESO address
	Update following feedback	Page 10	Removal of PGBTs to ensure consistency

1.3 Changes to Balancing Service Adjustment Data Methodology questions

Consultation Question 1

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

Consultation Question 2

Do you agree that the changes proposed to the BSAD, shown in Table 3 and in Appendix C, 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?

1.3.1 Industry Response:

Centrica

Question 1: Yes

Question 2: Yes

Question 3: Yes (See Below)

This document refers to “Firm Regulating Reserve” and how this feeds into the BPA. To the best of our knowledge, this service does not exist.

NGESO View:

This is a generic term and does not feed into the BPA, this term will be removed in the next C16 update which will allow full industry consultation.

1.3.2 Industry Response:

UKPR

Question 1: Yes

Question 2: Yes

Question 3: Yes (See Below)

In addition to the housekeeping changes, UKPR calls for NGESO to address the following issues:

On Price Adjusters (Part B, Paragraph 3):

Although we recognise that the analysis required by P371 is ongoing and, provided the mod is approved, the relevant changes will be integrated in next years' (2020-21) annual consultation, we urge NGESO to ensure that the analysis on the applicability of the Price Adjusters is thoroughly carried out in line with the timeline of P371, which would be due for implementation in April 2020. The wording around Price Adjusters suggests that NGESO pays option fees to either facilitate access to MW capacity within the BM or to facilitate the withdrawal of MW capacity from the BM. For the Buy Price Adjuster, the BSAD indicates that it “may include, but is not limited to” BM Start Up and Regulating Reserve. These services maintain certain assets ready/warm for quicker MW output. Yet, the wording is ambiguous and does not provide any clear information around the applicability of this methodology.

Already as part of this year's review, NGESO should clearly define which services and contracts this methodology applies to. UKPR would welcome a clarification as to whether the Buy Price Adjuster should apply to Spin-Gen contracts: based on the wording in the BSAD, we have reason to believe that these bilateral contracts serve the same purpose as BM Start Up and Regulating Reserve, i.e. - in simple words - maintaining assets warm to allow faster output at times of need. With regards to bilateral contracts, we also urge NGESO to swiftly progress with the review of reserve bilateral contracts (as per Table 3 of the Procurement Guidelines): such review is well overdue, and industry has been calling for a long time for transparency on the terms and level playing field for all market participants.

On Balancing Service Adjustment Actions (Part B, Paragraph 2):

In addition to the above, UKPR would like to point out that the BSAD methodology should be clarified as soon as possible to ensure that NGESO sends information related to non-BM Fast Reserve actions to Elexon to be included into the calculation of the Imbalance Price. According to the provisions in the BSAD, National Grid should already be sending non-BM FR pricing information. Although this issue was raised in recent discussions with National Grid and in the context of P371, there is still no indication of any interim solution that would contribute to address the lack of inclusion of Non-BM FR actions into the calculation of the Imbalance Price by National Grid. UKPR is therefore calling NGESO to implement an interim solution as a right step towards the correct calculation of the imbalance price, a fair and harmonised treatment of all services which cost should be included, and overall greater transparency.

NGESO View:

Regarding UKPR's response on BSAD specially on price adjuster, we will update the price adjusters upon approval of BSC modification P371 to reflect the additional services captured under the price adjusters, however implementation of this will require system changes. Implementing these updates to the price adjusters will require a change to our new PAS system which is currently being implemented (Full PAS system implementation will be around 2022-2024). Therefore, we recommend no change is made until after P371 concludes.

Regarding the Balance service adjustments NGESO will not be looking to make a change regarding fast reserve. NGESO believes if P371 is approved that it is the appropriate vehicle for the resolution of this issue and assessment of the materiality of Fast reserve inclusion in cash out.

1.3.3 Industry Response:

Elexon

Question 1: Yes

Question 2: Yes

Question 3: Yes (See Below)

We agree that BSC Modification P371 may require changes to the BSAD. However, at the first workgroup held, certain workgroup members did note that the current wording within the BSAD did already require the inclusion of Non-BM Fast Reserve actions into the Imbalance Price calculation and therefore this is something which should be already happening. Dependent on the end solution, changes to the BSAD may not actually be necessary. We think it would be inefficient to create the situation where the inclusion of actions into the Imbalance Price calculation is dependent on that particular Balancing Service being specifically named within the BSAD or BSC. Principle rather than prescriptive wording works better, especially with the amount of change envisaged due to SNAPs etc.

This principle-based approach is supported by the European Electricity Balancing Guideline harmonisation of imbalance We agree that BSC Modification P371 may require changes to the BSAD. However, at the first workgroup held, certain workgroup members did note that the current wording within the BSAD did already require the inclusion of Non-BM Fast Reserve actions into the Imbalance Price calculation and therefore this is something which should be already happening. Dependent on the end solution, changes to the BSAD may not actually be necessary. We think it would be inefficient to create the situation where the inclusion of actions into the Imbalance Price calculation is dependent on that particular Balancing Service being specifically named within the BSAD or BSC. Principle rather than prescriptive wording works better, especially with the amount of change envisaged due to SNAPs etc.

This principle-based approach is supported by the European Electricity Balancing Guideline harmonisation of imbalance pricing, which is likely to require (if the current TSOs' proposal is approved by European regulators) that imbalance price will be calculated from two classes of reserve (Frequency Restoration Reserve and Replacement Reserve). So as long as the GB balancing services can be classified as such, then they can be included in the imbalance price.

Following on from the above comment the process to alter and update the C16 statements is different to the change processes for the CUSC/Grid Code. Although Industry has the opportunity to suggest changes, ultimately NGESO decide what changes are required to be made, and when those changes will be made. Taking the above into account, have NGESO considered potentially moving some or all of the C16 statements into the various Industry code documents, similar to the

process which moved the Connection and Charging Methodologies into Section 14 of the CUSC in January 2011?

Ofgem's formal Request for Amendment of the terms and conditions for balancing dated 4 February 2019 requires that the relevant provisions of balancing services standard conditions and terms are placed in a code or a code subsidiary document. Now would therefore be an opportune time to consider codifying elements of the C16 statements to coincide with this. We would suggest that the BSC should be considered as a prime candidate for this, given that it is in essence a multi-lateral commercial contract for balancing and imbalance settlement and already covers the settlement of balancing mechanism acceptances. Putting balancing services into the BSC would join the two halves of the whole balancing market (balancing mechanism and balancing services) together.

A number of proposed changes to the C16 statements this year are minor and akin to housekeeping or self-governance. The Industry Code change process will have allowed these changes to be made in a more efficient and timely manner.

NGESO View:

NGESO believes if P371 is approved that it is the appropriate vehicle for the resolution of this issue and assessment of the materiality of Fast reserve inclusion in cash out.

NGESO appreciates the comments regarding the principle based approach, this is a suggestion we will be looking at in next years consultation

NGESO are considering the feedback from Ofgem given in the letter quoted above and will be proposing an option for the treatment of standard contract terms in relation to article 18 of the EBGL in the upcoming consultation.

1.3.4 Industry Response:

EnAppSys

Question 1: Yes

Question 2: Yes

Question 3: Yes (See Below)

Bilateral Trades with Power Stations and Interconnectors reported under BSAD

Actions taken by National Grid outside the balancing mechanism are providing increasing volumes of power into balancing. This is either through interconnector trades or locational trades with individual power stations. These trades are currently reported with a sequence number against each individual trade in the BSAD process.

As more volume is traded outside the balancing mechanism these actions can potentially displace balancing mechanism actions.

Balancing mechanism actions are wholly transparent and reported on the BMRS. Trades taken outside the Balancing Mechanism and reported via BSAD are not transparent. This information asymmetry could benefit participants that are taking bilateral trades with National Grid outside the BM.

Proposed Action: National Grid should investigate changing their processes to report the counterparty that they have traded with and the location of the trade to allow all participants to have a level playing field in balancing services. This would make it clear that no party is gaining an advantage over another in the procurement of balancing services.

Non-BM STOR

Non-BM STOR is currently reported 15 minutes after the end of the settlement period providing those parties with Non-BM STOR assets an informational advantage if they own Non-BM STOR assets which allows them to take an early view on the imbalance price and the need for National Grid to take action.

Proposed Action: National Grid should report Non-BM STOR actions as soon as they are taken so that all parties have full visibility on the current state of non-BM STOR.

NGESO View:

Regarding the action suggested on Bilateral Trades with Power Stations and Interconnectors reported to BSAD, it would require a BSC code change for NGENSO to report the counter party and location, therefore, no change is required to be made.

Regarding Non-BM STOR, a BSC code change would be required for this action to happen. NGENSO would need to understand if this is feasible as this is not related to BM systems.

Proposed changes to SMAF

The System Management Action Flagging (SMAF) methodology sets out the means which NGESO will use to identify balancing services that are for system management reasons.

The amendments proposed are:

- Dates updated and version number added
- Update National Grid Website reference
- Update of National Grid address
- Inclusion of Replacement Reserve.
- Removal of PGBT references.

The proposed changes are detailed in Table 4 below:

ID	Purpose of Change	Reference	Change
	Version Control	Title page	Change to Effective Date Change to Version Number
		Page 2 version control table	Update to version control table
	Webpage link change	Page 3	Update to new NGESO webpage link
	Address update	Page 3	Update to new NGESO address
	Addition of TERRE information	Section 2	Updated to include Replacement Reserve Acceptances.
	Remove reference to PGBT	Section 3	Remove reference to PGBTs

1.4 Changes to System Management Access Flagging methodology statement

Consultation question 1

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

Consultation question 2

Do you agree that the changes proposed to the SMAF, shown in Table 4 and in Appendix D, 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 SMAF?

1.4.1 Industry Response:

Centrica

Question 1: Yes

Question 2: Yes

Question 3: Yes (See Below)

Reference is made to BS Warming, we believe tagging arrangements for BS Testing, where instructions are issued in the BM to facilitate it, should also be included here.

NGESO View:

Where NGESO conducts testing in the BM, it will be flagged in the system and published in the SMAF report.

1.4.2 Industry Response:

Flexricity

Question 1: Yes

Question 2: No (See Below)

On page 8, I do not believe there is a possibility to take TERRE acceptances for system reasons. Therefore, should the reference to RR be included here?

Otherwise, all the changes should be made.

Question 3: No

NGESO View:

NGESO believes that all RR bids activated through TERRE will be energy flagged so we have removed the RR bids from the list of system flagged actions. Therefore, we have amended the SMAF statement Part B section 2 to read:

Bid-Offer Acceptances

All Bid-Offer Acceptances (BOAs) taken within the Balancing Mechanism (BM) except Replacement Reserves Acceptances in relation to Balancing Mechanism Units (BMUs) will be considered, to determine whether they were used for system management reasons.

Replacement Reserves Acceptances

Replacement Reserves Acceptances related to Balancing Mechanism Units or where applicable, Secondary Balancing Mechanism Units will be determined to have been taken for energy reasons.”

1.4.3 Industry Response:

UKPR

Question 1: Yes

Question 2: Yes

Question 3: Yes (See Below)

In Section 2 “The balancing services that will be SO-Flagged”, a reference to Replacement Reserve Acceptances was added in order to update the text and include TERRE. However, these Replacement Reserve Acceptances seem to relate only to Balancing Mechanism Units (BMUs). Shouldn’t there be a reference to Secondary BMUs as well?

NGESO View:

NGESO agrees that secondary BMU’s should be included in the SMAF statement therefore we are amending the statement to say

Bid-Offer Acceptances

All Bid-Offer Acceptances (BOAs) taken within the Balancing Mechanism (BM) except Replacement Reserves Acceptances in relation to Balancing Mechanism Units (BMUs) will be considered, to determine whether they were used for system management reasons.

Replacement Reserves Acceptances

Replacement Reserves Acceptances related to Balancing Mechanism Units *or where applicable, Secondary Balancing Mechanism Units* will be determined to have been taken for energy reasons.”

1.4.4 Industry Response:

Elexon

Question 1: Yes

Question 2: Yes

Question 3: Yes (See Below)

Bid-Offer Acceptances

All Bid-Offer Acceptances (BOAs) taken within the Balancing Mechanism (BM) **including Replacement Reserves Acceptances** in relation to Balancing Mechanism Units (BMUs) will be considered, to determine whether they were used for system management reasons. ELEXON was of the understanding that NGENSO would not, or may not be able, to determine the activation purpose for Replacement Reserve. By including Replacement Reserve in this paragraph, it commits you into performing this function.

NGESO View:

NGESO believes that all RR bids activated through TERRE will be energy flagged so we have removed the RR bids from the list of system flagged actions. Therefore, we have amended the SMAF statement Part B section 2 to read:

“Bid-Offer Acceptances

All Bid-Offer Acceptances (BOAs) taken within the Balancing Mechanism (BM) except Replacement Reserves Acceptances in relation to Balancing Mechanism Units (BMUs) will be considered, to determine whether they were used for system management reasons.

Replacement Reserves Acceptances

Replacement Reserves Acceptances related to Balancing Mechanism Units or where applicable, Secondary Balancing Mechanism Units will be determined to have been taken for energy reasons.”

Proposed changes to ABSVD

The Applicable Balancing Services Volume Data methodology set out the information on Applicable Balancing Services that will be taken into account for the purposes of determining imbalance volumes.

The amendments proposed are:

- Dates updated and version number added
- Update National Grid Website reference
- Update of National Grid address

The proposed changes are detailed in Table 5 below:

ID	Purpose of Change	Reference	Change
	Version Control	Title page	Change to Effective Date Change to Version Number Update to Appendix A note
		Page 2 version control table	Update to version control table
	Webpage link change	Page 3 & Part A	Update to new NGESO webpage link
	Address update	Page 3 & Part A	Update to new NGESO address
	Company reference update	Page 7 & Part A	Update 'National Grid' reference to NGESO reference as per the BSC.
	Address update	Part C Section 2	Update to new NGESO address
	Appendix 1 update	Page 27 onwards	Update above references for methodology that will be applicable from 2020 and included some wording on backing data (pg41)

1.5 Consultation questions Applicable Balance Service Volume Data

Consultation question 1

Do you agree that the changes proposed to the ABSVD, shown in Table 5 have been implemented correctly to the ABSVD in Appendix E? If not, please provide rationale.

Consultation question 2

Do you agree that the changes proposed to the ABSVD, shown in Table 5 and in Appendix E, 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?

1.5.1 Industry Response:

Centrica

Question 1: Yes

Question 2: Yes

Question 3: Yes (See Below)

The document says non-BM STOR will not form part of ABSVD but non BM Fast Res will – these statements appear contrary.

NGESO View:

Until relatively recently there were no non-BM Fast Reserve providers and this sentence was not relevant, with recent non-BM Fast Reserve contracts the option for lead parties to use this clause has been there although not taken. The changes in ABSVD for 2020 (shown in Appendix 1) for P354 removes this sentence and explicitly states that STOR, Fast Reserve and Demand Turn-Up will be included in non-BM ABSVD, in other changes for 2020 the optionality around this is removed. As the change is already captured for 2020 we suggest not making the change in the existing document, if the lead party were to request ABSVD before 2020, a process would be put in place but this would not be suitable for the near real time / continuous BSAD reporting. System changes are in flight that will deliver P371 (if approved).

1.5.2 Industry Response:

Peak Gen

Question 1: N/A

Question 2: N/A

Question 3: N/A

Peak Gen provided a letter to NGENSO rather than the proforma so the specific questions were not answered, however a response was still provided (See Below)

We have three concerns about the proposed drafting of the ABSVD statement. These relate to the assessment of if a participant is treated as BM or non-BM; the disputes process; and setting out the detail of how MSID Pair Delivered Volumes are actually determined.

Assessment of participant as BM or non-BM

We have significant concerns about how the ABSVD statement would work with CVA registered sites delivering non-BM services (a BM Unit where the FPN flag is set to “N”). We suspect that a similar issue exists for a provider where their meters are registered in a supplier’s “Additional BM Unit” (see BSC K .3.3.5) and where the FPN flag is set to “N”.

A STOR provider with a CVA registered site with a BM Unit FPN flag set to “N” would deliver the service under a “non-BM contract” because it meets the criteria set out in 3.1.1 (b) of the STOR Standard Contract Terms. It would be dispatched via SRD and no Bid-Offer Acceptance (BOA) would be issued in the Balancing Mechanism

Under the proposed ABSVD statement, “Non-BM Provider is taken to mean a party where the Supplier is responsible for the imbalance volumes associated with the Applicable Balancing Services contract in their Base BMUs” (page 34). Non-suppliers can register meters in CVA hence this implies that any non-supplier CVA registered sites are *BM Participants* for the purposes of the ABSVD statement regardless of if they submit Bids and Offers in the BM or their balancing services contract treats them as BM or non-BM.

The proposed statement states that “Short Term Operating Reserve (STOR) – Utilisation volumes for participants within the Balancing Mechanism BM Participants will be dealt with automatically via the BM and will feed into the energy imbalance position via the acceptance of an Offer” (page 37). For this class of plant (CVA registered, FPN flag “N”), no Balancing Mechanism Offer is accepted and therefore the process described cannot take place.

We don’t believe that this aspect of the ABSVD statement meets its intended purpose.

Please also note that simply changing the definition of “Non-BM Provider” such that it could include CVA registered meters would result in CVA meter volume adjustments being fed into the BSC’s SVA process. As metering systems (an import/export meter pair) can have one meter registered in SVA and one meter registered in CVA the methodology needs to be robust against this use case.

Disputes Process

We understand that, in order to ensure a match between the site delivering the service and the relevant meter pair, National Grid will check the MPAN indicated by the service provider has the same physical address as the site on the ECOES database (it would be helpful if this was stated in the ABSVD statement). We remain concerned that where sites have multiple meters (for example an 11 or 33kV connection for the process providing the balancing service and a 415V supply for office load) this process does not check if the service is registered to the correct meter. The disputes process states that “For the avoidance of doubt, a party may only raise a dispute in respect of non-BM ABSVD where they are the contracted BSP for the service.” (page 60). This means that a supplier whose volume (or suspects that their volume) has been incorrectly adjusted is unable to raise a dispute.

Determination of MSID Pair Delivered Volumes

For BM providers, the ABSVD statement sets out in detail how the “BM Unit Applicable Balancing Services Volume” (QASij) is determined. This includes detailed formula and worked examples. For non-BM providers, the equivalent term is “MSID Pair Delivered Volume” (MPDV). The BSC simply defines this term as “The amount determined in accordance with Section Q6.4.10. ...”. Where Q6.4.10 states that MPDV is (i) expressed in MWh; (ii) follows the sign convention set out; and (iii) is a net volume of active energy for a settlement period. Hence the only governance provided by the BSC on the values of MPDV determined by the transmission company is that it is a net number of MWh for a settlement period.

License condition C16 requires that the Licensee “at all times determine and provide ... the volumes of applicable balancing services in compliance with the prevailing applicable balancing services volume data methodology,” (para 7 b (iv)). As proposed, the methodology does not set out how to determine MPDV, and therefore does not appear to meet the requirements of the License Condition. Regardless of this point, it would improve governance and transparency if the detail of calculating MPDV was set out in similar detail to QASij.

NGESO View:

Regarding assessment of participant as BM or non-BM This comment references a CVA registered BM unit with FPN flag set to “N” delivering STOR under a non-BM contract because it is not actively participating in the BM as allowed under 3.1.1(b) of the STOR STCs. Clause 3.1.1(b) has been removed from the latest STOR STCs effective from December 2018 so this scenario should no longer be an issue, latest STCs:

https://www.nationalgrideso.com/sites/eso/files/documents/STOR%20SCTs%20-%20Issue%2011_0.pdf

Regarding disputes process we will review the disputes process along with workgroup documentation on the dispute process to see if this scenario was discussed and the intention of the workgroup. If changes are needed they will be outside of the current C16 process.

Regarding delivered MSID pair the additional clarity of how MPDV will be calculated under P354 would seem to aid transparency so we will look to amend ABSVD to capture this prior to the go-live of P354 in April 2020. This will allow any addition to be subject to full industry consultation.

1.5.3 Industry Response:

Green Frog Power

Question 1: Yes

Question 2: Yes, subject to qualifications opposite and as per question 3 (See Below)

The intention is to exclude existing contracts that expire after 2020 from the definition of Applicable Balancing services, which needs documenting.

Otherwise STOR contracts that expire after 2020 will be negatively affected by this change, which was not the intention of the P354 workgroup.

Question 3: Yes (See Below)

The P354 modification report included a clear intention that existing contracts at the time of implementation would be honoured.

To this end, we think that the definition of ABSVD should be amended. On page 40 of the draft Applicable Balancing Services Volume Data Methodology Statement (effective April 2020) a minor clarification should be made to the STOR item below to exclude contracts entered into before P354 was raised:

The following Applicable Balancing Services contracts with Non-BM Providers will be included in the calculation of the ABSVD:

- *Short Term Operating Reserve (STOR) excluding contracts entered into before November 2017*
- *Fast Reserve*
- *Demand Turn Up*

NGESO View:

The additional clarity of the workgroup intention would be useful so we will review the documentation and look to amend ABSVD to capture this, if appropriate, to align with the go-live of P354 in April 2020. This will allow any addition to be subject to full industry consultation

1.5.4 Industry Response:

UKPR

Question 1: Yes

Question 2: Yes

Question 3: Yes (See Below)

In addition to the housekeeping changes, UKPR would welcome a clarification around the following issue:

We know that the ABSVD aims to set out the information on Applicable Balancing Services that will be taken into account under the BSC for the purposes of determining Imbalance Volumes. Part B, Section 1.2. contains an overview of Balancing Services for inclusion in the ABSVD. The document states that “The calculation of ABSVD will include the instructed volume from non-BM providers in relation to the utilisation of Fast Reserve”.

Why is non-BM FR being captured in the ABSVD and not in the BSAD? What is the rationale for a different treatment?

While a clarification would be most welcome, UKPR has reason to believe that non-BM FR actions should be captured in the calculation of the imbalance price in the context of the BSAD. This should happen as soon as possible and via an interim solution (without this being dependent of P371). This would favor consistency between the two methodologies and would reflect the NGESO acknowledgment that non-BM FR actions should indeed already be captured.

NGESO View:

Until relatively recently there were no non-BM Fast Reserve providers and this sentence was not relevant, with recent non-BM Fast Reserve contracts the option for lead parties to use this clause has been there although not taken. The changes in ABSVD for 2020 (shown in Appendix 1) for P354 removes this sentence and explicitly states that STOR, Fast Reserve and Demand Turn-Up will be included in non-BM ABSVD, in other changes for 2020 the optionality around this is removed. As the change is already captured for 2020 we suggest not making the change in the existing document, if the lead party were to request ABSVD before 2020, a process would be put in place but this would not be suitable for the near real time / continuous BSAD reporting. System changes are in flight that will deliver P371 (if approved)

1.5.5 Industry Response:

Elexon

Question 1: Yes (See Below)

The formula given for QBS_{ij} is incorrect and should be as below:

$$QBS_{ij} = \sum^n (QAO^n_{ij} + QAB^n_{ij}) + QAS_{ij} + BMUADDV_{ij} - QDD_{ij}$$

noting that BSC modification P344 will be amending the calculation to include replacement Reserve Volumes in 2019 to be as below:

$$QBS_{ij} = \sum^n (QAO^n_{ij} + QAB^n_{ij}) + \sum^n (RRAO^n_{ij} + RRAB^n_{ij}) + QAS_{ij} + BMUADDV_{ij} - QDD_{ij} + QBSD_{ij}$$

And the QABS_{ij} formula is to be amended as part of the same BSC Modification P344 as below:

$$QABS_{aj} = (\sum_i QBS_{ij} * TLM_{ij}) + (\sum_{i2} QSND_{i2j} * TLM_{i2j})$$

Question 2: Yes

Question 3: Yes (See Below)

When reviewing the ABSVD we came across the following sentence. "The calculation of ABSVD will include the instructed volume from non-BM providers in relation to the utilisation of Fast Reserve." Is this sentence correct? With regards to P371, it creates the query; how is it possible to provide instructed volumes in relation to Non-BM Fast Reserve for the purposes of ABSVD, but not possible to provide volumes and prices for Non-BM Fast Reserve in the BSAD?

NGESO View:

The February 2019 BSC release will be effective from 28 February 2019. As part of this release, the formula's for QBS and QABS were revised considering implementation of P344 'Project TERRE'. These formulas are written on page 8 and 9 of the ABSVD document NGESO has now amended them to the following to reflect the BSC Section T.

$$QBS_{ij} = \sum^n (QAO^n_{ij} + QAB^n_{ij}) + \sum^n (RRAO^n_{ij} + RRAB^n_{ij}) + QAS_{ij} + BMUADDV_{ij} - QDD_{ij} + QBSD_{ij}$$

$$QABS_{aj} = (\sum_i QBS_{ij} * TLM_{ij}) + (\sum_{i2} QSND_{i2j} * TLM_{i2j})$$

We are also recommending that we change the text under the second formula to read "where \sum_i in relation to QBS_{ij} represents the sum over all Primary BM Units for which such Energy Account is the corresponding Energy Account of the Lead Party." This change has also been made to the ABSVD statement.

Until relatively recently there were no non-BM Fast Reserve providers and this sentence was not relevant, with recent non-BM Fast Reserve contracts the option for lead parties to use this clause has been there although not taken. The changes in ABSVD for 2020 (shown in Appendix 1) for P354 removes this sentence and explicitly states that STOR, Fast Reserve and Demand Turn-Up will be included in non-BM ABSVD, in other changes for 2020 the optionality around this is removed. As the change is already captured for 2020 we suggest not making the change in the existing document, if the lead party were to request ABSVD before 2020, a process would be put in place but this would not be suitable for the near real time / continuous BSAD reporting. System changes are in flight that will deliver P371 (if approved)



A

Revised C16 Documents

Tracked Change

Appendix A: Procurement Guidelines detailed changes

Please see separate document - [here](#)

Appendix B: BPS detailed changes

Please see separate document - [here](#)

Appendix C: BSAD detailed changes

Please see separate document – [here](#)

Appendix D: SMAF detailed changes

Please see separate document - [here](#)

Appendix E: ABSVD detailed changes

Please see separate document - [here](#)

Appendix F: Response Pro-forma

Please see separate document - [here](#)

As mentioned previously, responses will not be accepted in any other format.



B

Stakeholder Feedback

Detailed responses to Stakeholder Feedback

During the C16 workshop held on the 6th of December with stakeholders. NGESO discussed potential areas of change as detailed in the slide pack, which can be found [here](#). In addition to these areas, stakeholders were invited to propose other potential areas for change in the statements and methodologies. Some additional areas were identified for change in the 2018/19 update and a number of questions were asked. Responses to these are given below.

Document	Feedback	Action/Response
General	Has consideration been given regarding Electricity Balancing Guidelines (EBGL) and how this will impact the C16 statements and Grid Code changes	NGESO has fully considered the impact of EBGL on the C16 statements. We have provided some more information within the consultation report on page 6.
General	Check whether Grid Code updates or planned updates are in line with EBGL and SOGL.	Any changes or upcoming changes to the Grid Code for EBGL or SOGL can be found in the following location , by clicking on 'ENC Implementation Plan'.
General	There was a common view that TERRE products should be included, despite a Dec 2019 implementation, this gives market participants sufficient notice.	TERRE has been included in all documents where appropriate.
Procurement Guidelines	Information on how many bilateral contracts NGESO holds would be helpful. This could possibly go into the PG report.	The Monthly Balancing Services Summary (MBSS) document publishes commercial versus mandatory volumes. However, we are still looking in to the possibility of publishing more specific/detailed information on bilateral contracts.
Procurement Guidelines	The wording within the Procurement Guidelines needs to be more explicit about moving away from bilateral contracts and using market mechanisms/tenders.	Wording has been added into the Procurement Guidelines.
Procurement Guidelines	There needs to be more explanation on why we need bilateral contracts so industry has a better understanding.	Wording has been added in to the Procurement Guidelines.
Procurement Guidelines	Put some high-level statements on what we intend to do for the next year and try and signpost web locations or timelines.	Wording and links have been added in to the Procurement Guidelines.
Procurement Guidelines and Procurement	The Procurement Guideline Report reports volumes and cost only. There is no reference as to whether we (NGESO) has complied with the Procurement Guidelines and articulate any reasons for this. The Procurement Guidelines should tell industry what NGESO is going to do	We agree with this and we will aim to make these changes for the Procurement Guidelines and Procurement Guidelines Report issued in 2020/21. As this is quite a fundamental change, time needs to be

Guidelines Report	during the year and the Procurement Guideline report note what we did/didn't do during the year (against the guidelines) and why. The Procurement Guidelines should be a principles document on how NGESO should behave rather than how many MW NGESO needs. The annual report should then report if we have adhered to these principles.	given to make these changes in the appropriate manner.
Procurement Guidelines	An attendee raised the point that the guidelines are what NGESO needs to procure therefore technology type references can be removed.	The Procurement Guidelines have been updated to this effect.
Procurement Guidelines	Grid Code and Procurement Guidelines should be aligned regarding distinctions of services.	We have removed the reference to 'other Ancillary Services' and only talk about System Ancillary Services and Commercial Ancillary Services, in line with the Grid Code.
Procurement Guidelines	Regarding trials, there was feedback that clarity on what NGESO means by trial would be beneficial. Also, more information around the details and specifics of the trial would be beneficial to industry.	We have added a statement that trials will be reported in the Market Information Report or innovation documents.
Procurement Guidelines – Part B	An attendee suggested some wording for Part B that clearly states NGESO will do some sort of commercial procurement to see what is available first before looking into bilateral contracts.	Wording to this effect has been added to the Procurement Guidelines.
	Remove PGBTs as this product is not used.	This has been removed.
Procurement Guidelines – Part C & D	Add hyperlinks in the document to website locations.	This has been added.
	Overall feedback was to be stronger in our position for favouring market mechanisms, for example, only in exceptional circumstances, we will do something other than market route.	Added into Procurement Guidelines wording.
	Where NGESO introduce a new service, there should be wording that commits to contacting all providers. The present wording needs to be firmed up as nothing feels like a hard commitment. The including of steps and processes would be beneficial.	At present, we will publish an invitation to all parties on our website, and then highlight this invitation through a number of channels, such as: Power Responsive website/events/ mailing list; Market Information Reports for relevant related services; Future of Balancing Services newsletter; mailshot to FOBS subscribers; mailshot to providers of relevant related services; mailshot to contacts in industry trade associations; bilateral phone calls/emails with provider accounts. It would be counter-productive for NGESO not to tell potential participants when we have introduced a new balancing product or service, as it would limit competition and increase costs. It therefore seems unnecessary to introduce a hard commitment to

		contacting all providers as this is already being done through different channels to reach as much of industry as possible.
Procurement Guidelines – Part E	More links to the website would be helpful for industry. Also, ensure these links are links to the actual document rather than the page location.	It has not been possible to link to specific documents as they are often updated monthly so any link that is added will become out of date soon after publication.
Procurement Guidelines	An attendee suggested the addition of what sort of volumes you are anticipating of Ancillary Services (AS) within the Procurement Guidelines for example an indication if there will be an increase/decrease/same. What impact does NGENSO see/anticipate from new services of ones they are going to introduce? Does NGENSO see it as replacing and existing or complimenting a current service? This information will help market participant understanding.	This is something that is being looked at as part of our incentive scheme suite of deliverables. This links to Principle 1 ‘Support market participants to make informed decisions by providing user-friendly, comprehensive and accurate information’ and will be delivered through this route.
Procurement Guidelines	Following the BSC modification P371 – more clarity and transparency on Spin Gen would be beneficial. As currently there is no consistency.	Spin Gen is used as a frequency control service, and sometimes for reserve. It is used to keep frequency within a range that ensures automatic frequency response is effective following a deviation. This will be considered along with the reserve review and also the work on system security. Therefore, this may need to be further considered next year.
Procurement Guidelines	Add narrative on how does this fit into one or more of NGENSO principles. This adds clarity for industry on what is linked to which of NGENSO'S principle deliverables.	Narrative has been added.
Balancing Principles Statement	Revise wording as within the current market this does not just impact BSC parties. Wording of ‘other parties’ was suggested.	Updated in the drafting already, to ‘Market Participants’. This was agreed by attendees during the workshop.
Balancing Principles Statement	This document should represent a principle based approach rather than a list of services, keeping it high-level.	We agree with this and have amended wording to reflect this.
Balancing Principles Statement	Within Section 3.1, update wording that mandatory services are referred to in the Grid Code, this is not applicable to Commercial services (move wording around) Also, update the FCDM reference (to add consistency) – as this will no longer be a product from next year therefore this needs to be updated.	Updated as per comments and we have removed any reference to FCDM.
Balancing Principles Statement	We could go in to more detail within the statement, noting different categories of response and have those we are looking to procure in the Procurement Guidelines.	Included statement at the start of 3.1 .

General	Clarity on what is the more high-level documentation versus which documentation has more detail.	We have decided to look into this for next years' consultation as due licence timeline restrictions, there is not enough time to do this in an effective way.
Balancing Principles Statement	The use of 'efficient and economic' wording was raised. The wording within SOGL is around 'reasonable, efficient and proportionate'. An attendee asked where they are covered within the statement.	Our view is that our licence obligation to operate the system in an efficient, economic and coordinated manner aligns with the requirements of SOGL, and therefore do not believe that a change in the C16 statements around this wording is necessary at this time.
Balancing Principles Statement	Check if NGENSO need to propose changes to the Licence regarding SOGL.	We have been in touch with Ofgem and are awaiting a response.
Balancing Principles Statement	The Arbitrage section wording could be a misrepresentation of what is actually happening, more clarity or an update on this area would be beneficial.	We have updated the statement to reflect this comment.
Balancing Principles Statement	Regarding Part C paragraph 7, it would be useful to understand what we mean by economic advantage – is this to ESO or consumers etc...? Secondly, in respect of words 'within the BM', are these words still appropriate? The assumption is that NGENSO doesn't trade with anyone specific? The words 'economic advantage to consumers' could be used instead.	We have updated the statement to reflect this comment.
Balancing Principles Statement	Regarding Max gen, in the CUSC, if ERPS is a benchmark then as we are not using it we should remove it. If you don't intend to procure any more then NGENSO should write out to parties contracted and see if they are happy to carry on. This, however, depends on terms of the contract.	Wording added to the statement to clarify the use of this service.
Balancing Principles Statement	Within Part C, what is meant by transmission losses? An attendee expects that this never happens – questions practical applications of it. It was suggested it would only happen when arming inter trips.	Transmission losses is a term that describes real power (MW) losses arising predominantly from the heating effect of assets. Practically, we have never needed to implement this option as the other choices have always come first, but we would use this option if the other choices were not available. It is one of the many considerations we use when managing the system in a safe, secure and economic manner. Therefore, we are going to leave this in the statement.
Balancing Principles Statement	'Have regard' wording (part C paragraph 2) – what about information being submitted by BSC parties and information sent over by non-BSC parties? For CACM and FCA need to take into account all information.	Completed via an above suggestion of using the words 'Market Participant'.

BSAD	BSAD doesn't list out specifically that NGESO sent out Fast Reserve data – plan to make a statement in the consultation – if P371 were approved this will be included in consultation next year.	Updated lines for consultation document with position have been added.
BSAD	Further consideration of Buy Price Adjuster (BPA).	After looking into BPA in more detail, we have decided that this is something we will have to look into in more detail over the next year and so will aim to review this as part of next years' (2020-21) annual consultation.
BSAD	Wording on clarifying Spin Gen and increasing transparency on the direction of this service.	This will be considered along with the reserve review and also the work on system security. Therefore, this may need to be further considered next year following outcomes from this work.
SMAF	Maybe more reporting around trades on interconnectors (I/C) and RoCoF would be helpful.	We publish cost and volume information for RoCoF trades in the monthly MBSS report, we also publish trades on our website in near real time. In line with principle 1 of the NGESO's incentives, we are working to improve the transparency of the actions we take. We will keep this under consideration over the next year and so will aim to review this as part of next years' (2020-21) annual consultation.
SMAF	Increase transparency around tagging in SMAF.	For the next SMAF Report (published in May/June 2019), we will provide more clarity on why we tag BOAs for System reasons and provide more detail on what a DIR is. We cannot identify why system BOAs have been tagged as the data is not stored in our databases in that format. Therefore, if we were to do this it would take a considerable amount of time and resource. The SMAF report looks at how accurate the system flagging is, as opposed to why we flag the BOA as system.
SMAF	CMP105 – reinstate publication of system issues report. This was stopped in Jan 2017, unilaterally withdrawn by NGESO. Industry may welcome this back.	We are not familiar with this report but are looking in to it. This may be carried over to next years' C16 consultation to give us time to look into this report in more detail and understand if this will bring benefits to industry.

ABSVD	Attendees raised whether EFR needs to be considered within ABSVD	<p>The Enhanced Frequency Response (EFR) tender event closed in July 2016, accepting eight tenders providing 201 MW of EFR, with an average price of £9.44/MW of EFR/h. National Grid does not notify ABSVD for the EFR service for the reasons below.</p> <ol style="list-style-type: none"> 1. The EFR service delivers active power to compensate for Low frequency & High frequency deviations, providing the extent of the deviation in system frequency exceeds the deadband range. Analysis of 12 months of system frequency data (Jan to Dec 2017), showed broadly equal number of Low frequency vs. High frequency deviations and their associated magnitude from the nominal 50Hz. ABSVD resultant from frequency deviations net out to approx. £1.9k for the 2017 calendar year. This analysis is based on ABSVD being applied by a straight line through the centre of the operating envelope for a 10MW unit). 2. Providers are paid a fixed availability rate to deliver the EFR service in its entirety for National Grid. Providers are not paid a Utilisation rate for energy delivered for the service. ABSVD if implemented would make up a small portion of the imbalance cost, with other impacts; energy losses, State of Charge management and outturn cash-out prices. <p>Therefore, we will not be adding the EFR service into the ABSVD methodology.</p>
ABSVD	Check that NGESO is building these considerations (e.g. impact on ABSVD) into work when developing new services.	We can confirm that energy payments and ABSVD will be considered as part of the future product development work.
ABSVD	Source of backing data – clarify that this data is a result of metering data. Question raised on verifying MPAN data.	The source of backing data has been addressed in updated text.

		<p>Within the Elexon P354 business requirements available at https://www.elexon.co.uk/mod-proposal/p354/ it states "SVAA to obtain details of Supplier, Half Hourly Data Aggregator (HHDA) and Grid Supply Point (GSP) Group for each Eligible Metering System from the Electricity Central Online Enquiry Service (ECOES)2, or other source agreed by the Panel, and to populate SVAA with this data before the P354 Implementation Date, for the purposes of establishing the "SVA Metering System Balancing Services Register";"</p>
Other	<p>Ensure it is clear in consultation that people are aware that these changes will go live from April 2019.</p>	<p>This has been added.</p>
Procurement Guidelines	<p>The feedback was that the year ahead report should provide:</p> <ul style="list-style-type: none"> • Expected volumes of the particular ancillary services National Grid plan to purchase; • Details of how and when each product will be procured; • The decision criteria for selecting volume; • Details of bilateral contracts for each product and specifically when these end, how they will be dealt with in the future. 	<p>Regarding this point, we don't plan to provide volumes, just high-level statements regarding services such as how and when each product will be procured to ensure the Procurement Guidelines remains a high-level document. Volumes are provided in website reports such as Market Information Reports. Regarding bilateral contracts, we have made a statement within the guidelines that we don't plan to buy through this route in the future. Our long-term plan is to reduce the volume of bilateral contracts.</p>

