

## Consultation - Pricing Proposal Document

### Pricing Proposal for Balancing Products

**Consultation Opening date: 7th February 2022**

**Consultation Closing Date: 5pm 7th March 2022**

**Respond to:** [box.europeancodes.electricity@nationalgrideso.com](mailto:box.europeancodes.electricity@nationalgrideso.com)

Dear Industry Colleagues,

In accordance with Article 10 of REGULATION (EU) 2019/2195 of 23 November 2017 as retained and amended in UK Law by Statutory Instruments 2019 No.532, to establish a guideline on electricity balancing (EBR), National Grid ESO is required to consult industry on draft proposals for terms and conditions or methodologies.

This letter confirms proposed drafting for a Pricing Proposal which will enable National Grid ESO to determine the most efficient methodology for settling balancing energy. Article 6(4) of the Clean Energy Package (CEP) (Article 6(9) of Regulation (EU) 2019/943, retained in GB law by STATUTORY INSTRUMENTS 2020 No .1006) obliges TSOs to settle Balancing Energy (utilisation) on a Pay as Clear (PAC) basis for Standard and Specific Balancing products. Currently most Balancing products in GB use a Pay as Bid (PAB) settlement for Balancing Energy.

Prior to the UK's exit from the European Union, ACER had approved a European Pricing Proposal (EPP) that outlined when and how PAC would be applicable avoiding the need for multiple derogations where it was determined that products should not utilise PAC. The ESO have developed a Pricing Proposal (PP) in line with the EPP that is specific to the GB market, negating the need for multiple derogations to be granted from Ofgem.

The PP has now been drafted and is published [here](#) for industry consultation. NGENSO have engaged with industry throughout the drafting process to gauge feedback on the content of the PP. The ESO see this as particularly important in order to create a PP which is fit for purpose. A list of engagements with industry on this matter are listed in the accompanying Feedback Summary document.

This consultation seeks formal industry feedback on the PP and views on what the impacts may be on stakeholders. The ESO will respond to this consultation separately outlining its own views.

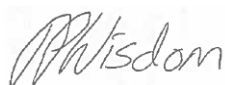
If approved this PP will form part of the product development cycle. The output of the PP is an assessment of the market conditions and a CBA if required. This will be included within the Article 18 submission for new balancing products.

This consultation consists of 5 documents, and we recommend reading them in this order. They are available at [our website](#):

Reading Order	Document	Purpose
1	Consultation Cover Letter	Introduction and consultation details
2	Pricing Proposal	Draft document
3	Explanatory Document	Document to give further information and context on development and methodology behind the Pricing Proposal
4	Feedback Document	Addressing feedback we received during our engagement process
5	Pro-forma	Please use this form to respond to the consultation

As per EBR Article 10, this consultation will be open for responses for a period of 1 calendar month. Please respond by 5pm on 07 March 2022, using the proforma available on our website, to [box.europeancodes.electricity@nationalgrideso.com](mailto:box.europeancodes.electricity@nationalgrideso.com), If you have any queries regarding this proposal, please contact us using the above email address.

Yours Sincerely



Jonathan Wisdom

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Electricity System Operator