

# Joint European Stakeholder Group



Tuesday 26 April 2022  
Meeting 66

# 1. Welcome & Introductions

Garth Graham  
Independent Chair

# Agenda

	Title	Lead	Time
1.	Welcome & Introductions	Chair	10:00 - 10:05
2.	TCA - Day Ahead Capacity Calculation update	Osaaf Syed and Chris Parsons, NGENSO	10:05 - 10:15
3.	TCA - Cross Border Balancing update	Camille Gilsenan and Alex Markham, NGENSO	10:15 - 10:25
4.	CEP Article 6(4) update	Joseph Henry, NGENSO	10:25 - 10:35
5.	P412 update	Alison Price, NGENSO	10:35 - 10:45
6.	RIIO-2 Business Plan 2 (BP2) update	Amy Brooks, NGENSO	10:45 - 10:55
7.	Review of Actions log	Andrew Hemus, Tech Secretary	
8.	Future Meeting Dates & Agenda Items	Andrew Hemus, Tech Secretary	10:55 - 11:00
9.	Stakeholder Representation	Chair	
10.	Any Other Business	All	10:55 - 11:00

# **2. TCA - Day Ahead Capacity Calculation update**

Chris Parsons and Osaaf Syed, NGENSO



# NGESO TCA Update – Day Ahead Capacity Calculation Technical Procedure

Osaaf Syed & Alison Price

# Day Ahead Capacity Calculation Technical Procedure

## Overview


- We are in the process of developing a new cooperation mechanisms with EU stakeholders under the EU-UK Trade and cooperation agreement and technical procedures to coordinate with Europe.
- One of the TPs required is the Day Ahead Capacity Calculation Methodology.

### Month

April/May	<p>Continue to work on the high level principles that underpin the Day Ahead Capacity Calculation Technical Procedure and issue for approval to relevant Steerco's.</p> <p>Continuing to work towards a UK TSO position on options, this will include outcome of previous and further workshops.</p> <p>Pending SCE meeting in March, still waiting clearer direction on how we liaise with the EU TSO's</p>
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# **3. TCA Update - Cross Border Balancing**

Camille Gilsenan and Alex Markham, NGENSO



Future of Cross -  
Border Balancing



# Recap - Proposed Approach and Timelines

## What is our proposed approach to take this work forward?

- Divide this work into two workstreams
  - 1) An **interim cross-border balancing solution**. This involves improving/creating SO-SO balancing services to make them fit for purpose (e.g., BALIT like Service). To go live ~Q1 2023.
  - 2) An **enduring cross-border balancing solution**. This involves designing a new solution. To go live ~2026
- Start socialising this work externally in Feb 2022 with UK TSO workshop.
- We have been reaching out to connected EU TSO's to socialise this work and get some initial feedback.

## Benefits

- Minimised use of emergency actions and expensive alternatives
- An enduring balancing market is expected to lower balancing costs and benefit the end consumer (AFRY conducted a CBA last year which shows that a GB-FR CBB arrangement could lead to a reduction of ~£2.2-£9.8m in balancing costs)

## Risks

- Resource and engagement
- TSOs already have access to TERRE/MARI, so we need to create something that complements these markets

# EU TSO Engagement

TSO	IC	When did we engage?
RTE	IFA/ IFA2/ Eleclink	Weekly
ELIA	Nemo Link	Feb 2022
SwissGrid	N/A	March 2022
TenneT – Netherlands / Germany	Brit Ned	April 2022
Eirgrid	EWIC	April 2022
SONI	MOYLE	April 2022
Statnett	NSL	Not yet approached
Energinet	Viking Link	April 2022

# Modelling Scope

To provide ESO with access to energy from the Continent in balancing timeframes (after gate closure), a new solution is required. Therefore, the proposed scope of work is as follows:

Project Scope	
1	The third party is required to carry out the modelling and a cost benefit analysis (CBA) of potential cross-border balancing solutions under a range of plausible scenarios including: <ul style="list-style-type: none"><li>• A new market pre-TERRE</li><li>• A new market to run alongside TERRE/MARI</li><li>• Set up ICs as full BMUs (reciprocal)</li><li>• Other options suggested by the supplier</li></ul>
2	This modelling should include model specification of the new products, potential use of the new market products, future interconnector behaviour and future balancing costs (as part of the cost benefit analysis).
3	The time-period for scenario creation within the database should be 2031. This will give us a 5-year benefit horizon.
4	The model, model outputs and cost benefit analysis to be shared with NGESO. If possible, the model should be built using open-source software.
5	The third party is required to carry out an impact assessment for GB/EU consumers and for the Control Room operation (to include the impact on Control Room resources).
6	The third party should outline the expected benefit to GB consumers and TSOs which will result from implementing this new market.
7	The third party should outline the expected benefit to EU consumers and TSOs which will result from implementing this new market. EU access should be limited to interconnected EU TSOs (including countries connected to GB by 2030)
8	The new market has an expected go live date of 2026.
9	The new market should pass the following gating criteria: <ul style="list-style-type: none"><li>• The solution must be market-based</li><li>• The solution must be within balancing timescales (i.e. post Gate Closure)</li><li>• The solution must be usable by GB, all connected TSOs</li><li>• EU TSOs must offer all available standard product reserves into their standard product markets (e.g. TERRE and MARI European Platforms, as per article 19 and 20 of EBGL).</li><li>• The solution cannot involve participation in Union Processes (i.e. TERRE or MARI in their current form)</li><li>• The new market proposed must ensure EU TSO compliance with the numerous European Network Codes.</li><li>• The new market proposed must ensure GB TSO compliance with domestic legislation.</li><li>• The solution must align with the principles of the TCA i.e it must be:<ul style="list-style-type: none"><li>• Market based</li><li>• Transparent</li><li>• Non-discriminatory</li></ul></li></ul>

# Appendix 1 – Modelling Key Deliverables

#	Deliverable	Date due
1	An <b>initial plan</b> for delivering this work	
2	<ul style="list-style-type: none"><li>• A <b>detailed report</b> which outlines the options for cross-border balancing, proposes the top three options (Bronze, Silver, Gold) and provides a clear recommendation to take forward. The options should be assessed against operational need, benefit to the end consumer and what is feasible from both a UK and EU perspective.</li><li>• These options should assume a 'go live' date of 2026.</li><li>• The CBA and modelling required to outline the options and recommendation should be based on a techno-economic optimisation model of the European electricity market, resolved for half-hour time steps and considering as a minimum all countries interconnected with Europe. The model must be able to simulate cross-border balancing products with different activation lead times, activation periods of operation and bidding behaviours (pay as clear vs pay as bid). The model should be calibrated against current market data to demonstrate that it correctly simulates cross-border balancing, e.g. it accurately predicts conditions which cause interconnectors to inflow/outflow/swing. This model should then be able to predict what the balancing requirement will be, the preferred cross-border balancing market design to help meet this requirement and the benefit of introducing a new balancing market. A report should then be produced which uses the energy model to outline all possible cross border balancing options and recommend the three best options with respect to both cost-to-consumer and market liquidity under a number of possible future energy scenarios.</li></ul>	
3	A summarised report which outlines the top three options (Bronze, Silver, Gold) and a clear recommendation to take forward.	
4	A presentation delivered by the supplier of the results and an in-depth discussion / Q&A regarding what the modelling shows us.	
5	Support a webinar call with industry to walk through the report and answer questions	

# Next Steps

Next Steps	Status	Timeframes
<b>CBA / Modelling</b> – Reaching out to connected EU TSO’s to understand level of buy in required for this project. Aiming to start this modelling off in Q1 this FY.	In progress	March – Sept
<b>Communication Strategy</b> – Working through with our internal teams to develop a best in class strategy to speak to UK industry. Have some get learning from within EFT team.	In progress	April – Sept
<b>EU TSO’s engagement</b> – Continuing to engage with RTE weekly and speaking to other connected EU TSO’s.	In progress	Continuing
<b>Internal Engagement</b> – Looking at setting up further internal workshops.	In progress	Continuing

# 4. CEP Article 6(4) update

Joseph Henry, NGENSO

# Pricing Proposal (PP) – Consultation and Submission



Two Responses were received by the ESO

**The PP consultation  
ran from 7 February  
2022 to 7 March 2022**



Feedback from the consultation has been taken on board and was used to inform changes to the draft proposal. We have also received feedback from Ofgem, which has resulted in minor changes

# PP - Key Changes

**GB PP was submitted to Ofgem for decision on 25 March 2022. We expect Ofgem to make a decision before 25 May 2022.**

**If approved, teams will need to complete assessments on new products from this date**

## **Key Changes:**

- FCR products are now included within the scope of the PP. This will enable all new balancing products to be treated in a similar fashion.
- Inconsistencies in the wording of the information criteria have been corrected.
- Product list added as an Annex to the PP (Annex B).
- Minor typographical inconsistencies corrected.
- Explanatory document updated to reflect changes.



# Assessments

The ESO will need to complete 2 types of assessment:

**i) New Product Assessment**

**ii) Periodic Review**

## **Assessment 1 – New Products**

- Appendix A of PP.
- Takes place for each new product
- Will form part of the EBR Article 18 Ts and Cs submission for new products

## **Assessment 2 – Periodic Review**

- Assessment to take place within 2 years of product launch
- Assessment would then take place every 3 years
- This assessment will ascertain whether the market has changed significantly enough to perform a new CBA

# Next Steps

**We are currently awaiting approval from Ofgem**

We will return to June's JESG (depending on approval) with a comprehensive walkthrough of the approved document

# 5. P412 verbal update

Alison Price, NGENSO

# **6. RII0-2 Business Plan 2 (BP2) update**

Amy Brooks, NGENSO



# NGESO RIIO-2 Second Business Plan (BP2)

Amy Brooks – Regulatory Stakeholder Lead

# Re-cap: the RIIO-2 price control timeline



## The BP2 planning timeline



# RIIO-2 BP2 webinar series: Enabling the transformation to a sustainable energy system – looking ahead to 2023 and beyond



Webinars were recorded and can be found on our RIIO-2 web pages:

<https://www.nationalgrideso.com/our-strategy/riio/get-involved>

**Opening webinar:**  
Our journey to enabling the transformation to a sustainable energy system

24 January

**Webinar 2:**  
Control centre operations

26 January

**Webinar 3:**  
Market development, transactions and our role in Europe since Brexit

27 January

**Webinar 4:**  
Our innovation priorities

3 February

**JPC break-out session:**  
Network Development

3 February

**Webinar 5:**  
Our commitment to providing open data and transparency

7 February

**Webinar 6:**  
Enhancing our regional capability to meet net zero

10 February

**Webinar 7:**  
Network development

22 February



# New Activity: Shaping our role in Europe

ESO has created a new cross-cutting activity for BP2, Role in Europe, to ensure that all activities in the cross border and interconnector space are aligned and working towards the same objectives.

Specifically, we will consider the future role of cross border parties in a number of areas:

## Flexibility and balancing

- Future cross border service provision
- Cross border product design

## Operability

- Control of future interconnectors and Multi Purpose Interconnectors (MPIs)
- Cross border operability modelling

## Adequacy

- Long term cross border adequacy modelling
- EU Security of Supply coordination

## EU

- Trade and Cooperation Agreement (TCA) Technical Procedures
- UK Transmission System Operator (TSO) / ENTSO-E strategic cooperation



## To summarise:



# 7. Review of Actions log

Andrew Hemus  
JESG Technical Secretary

# JESG Standing items

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ID	Topic	Lead Party
S1	Continue to review the membership of the JESG and engage additional industry parties where appropriate.	JESG Chair
S2	Prepare a commentary / comparison document between the Network Code and the existing GB arrangements at appropriate stages in the Code development for each Network Code.	NGET / Ofgem / BEIS
S3	Share any intelligence about how other member states are approaching demonstrating compliance through information gained from other government departments, regulators or parent companies.	BEIS / Ofgem / Industry parties with European parent companies

# JESG Open Actions

ID	Topic	Lead Party	Status	Update
2-1	<b>Cross Border Balancing Stakeholder engagement plan</b> - Update JESG in March or April on the timelines, discuss thinking, interim recommendations and how NGESO is engaging with industry.	Camille Gilsean and Alex Markham (NGESO)	Open	
2-3	<b>Day Ahead Capacity Calculation Update</b> - Share stakeholder engagement plan for interest and to engage with wider industry at a later more appropriate date.	Osaaf Syed and Chris Parsons (NGESO)	Open	
3-1	<b>Day Ahead Capacity Calculation Update</b> – Publish high-level engagement plan in JESG weekly update.	Osaaf Syed and Chris Parsons (NGESO)	Open	

# 8. Future Meeting Dates & Agenda Items

Andrew Hemus  
JESG Technical Secretary

# Future JESG Meetings

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- As always registration is required and will be opened through the JESG Weekly updates.
- Stakeholders are invited to put forward agenda items for the forthcoming JESG meetings:

Date	Proposed Agenda Items
Tuesday 10 May	This meeting has been cancelled.
Tuesday 14 June	
Tuesday 12 July	

# 9. Stakeholder Representation

All

# 10. AOB