

13<sup>th</sup> October 2022

# C16 Report to Authority for Winter Contingency Services 2022-23

A report in accordance with standard condition C16 for 2022-23

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## 1. Executive Summary

In accordance with the requirements of Condition C16 of the Transmission Licence, National Grid Electricity System Operator (NGESO) has produced a further review outside of the annual review of the C16 Statements. This report details NGESO's engagement with industry throughout this additional review process and the proposed changes to the 2022-23 C16 statements for the Winter Contingency Services.

NGESO has worked collaboratively and transparently with industry and Ofgem during this review. We have offered opportunities for all parties to provide us with feedback on the changes they would like to see represented to the C16 statements for 2022-23.

NGESO ran an additional consultation from 8 August 2022 to 5 September 2022, in line with the requirements of the Transmission Licence. This consultation was focused on the proposed changes required for Demand Flexibility service and the Winter Contingency Services. Following feedback from industry on the proposed changes to several C16 documents required, including the Procurement Guidelines, Balancing Principles, ABSVD and SMAF statements we asked Ofgem on September 12th, 2022, to allow us to reopen a further consultation window for two weeks. NGESO received direction<sup>1</sup> from OFGEM on the 15th of September. This Direction allowed NGESO to comply with a requirement different to that set out in Standard Licence Condition C16 sub-paragraph 9(a)(ii) of its Electricity Transmission Licence – that is, to hold a consultation for no less than 14 days, rather than 28 days. NGESO decided to consult for a further two weeks solely on the Demand Flexibility Service. This would provide industry a chance to provide comment on the changes we have made following the additional consultation feedback, and to resolve their concerns in relation to this.

Further to this, having identified a revised dispatch process for the winter contingency service to address the concerns from the 8th August consultation, NGESO asked and Ofgem directed on the 4th of October 2022<sup>2</sup>, that NGESO could consult on the additional changes required in this respect for a lesser period than that set out in Standard Licence Condition C16 sub-paragraph 9(a)(ii) - that is to hold a consultation for no less than 7 days rather than 28 days. The consultation was run from October 5<sup>th</sup> to October 12<sup>th</sup>, concerning the additional proposed changes for the Winter Contingency Services within the SMAF, ABSVD and BSAD statements.

NGESO's key focus areas for the additional reviews of 2022/23 C16 statements for the Winter Contingency Services that were consulted were:

- Version control to Balancing Principles, SMAF, ABSVD and BSAD statements.
- Housekeeping for Balancing Principles, SMAF, ABSVD and BSAD statements.
- Changes required to the Balancing Principles statement, to include the Winter Contingency Services
- Changes required to the ABSVD Statement for the addition of the Winter Contingency Services to the list of balancing services with ABSVD applied
- Changes required to the BSAD statement for the addition of the Winter Contingency Services to the balancing services included within the BSAD

### Key Dates:

**Documents sent to Ofgem:** By/before 14th October

**Ofgem Veto/Direction:** By/before November 14<sup>th</sup>, 2022

**Revised C16 Statements go live:** By/before 15<sup>th</sup> November 2022

<sup>1</sup> <https://www.ofgem.gov.uk/publications/decision-provide-direction-national-grid-electricity-system-operator-limited-pursuant-standard-licence-condition-c169aii>

<sup>2</sup> [Direction to National Grid Electricity System Operator Limited pursuant to Standard Licence Conditions C16.9\(a\)\(ii\) and \(iii\) | Ofgem](#)

This report details the proposed changes and industry responses from both August 8<sup>th</sup> and October 5<sup>th</sup> consultations in relation to the Winter Contingency Services.

The changes to the relevant statements for the Winter Contingency Services are detailed in the review of suggested changes section of this report and will be effective by November 15<sup>th</sup>, unless the Authority issues a Direction for statement changes to become effective earlier or be vetoed. We intend to utilise the Winter Contingency Services from October the 1st if required and therefore will work with Ofgem to allow them to issue a Direction to not use their power to veto before that date if possible.

NGESO would now like to invite Ofgem to review this report and the track changed statements and, by/before the 14<sup>th</sup> of November 2022, offer any direction or feedback before the statements go live by/before the 15<sup>th</sup> of November 2022 or, preferably, direct the ESO to utilise the revised statements before this date.

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.



**Jonathan Wisdom**

Code Change Delivery Senior Manager

## 2. Introduction & Process Overview

### The Review

In accordance with Standard Condition C16 (C16) of its Transmission Licence, NGENSO has concluded its annual review of all licence statements, the updated statements have been approved by the Authority (Ofgem) and were effective as of 1st April 2022. The consultations issued were additional consultations to the annual process and is due to further changes after the annual industry consultation had closed.

The purpose of NGENSO's review and consultation is to ensure that each of the applicable documents remains current by seeking industry views on any proposed changes. NGENSO invite the Authority to review proposed changes. If the Authority chooses to exercise their powers of veto for these proposed changes to the C16 statements, the existing versions will remain in place. Alternatively, the proposed changes will become effective by November 15<sup>th</sup>, 2022, unless issued a direction by the Authority for statements changes to become effective earlier or vetoed.

The following statements are the focus of this review and detailed within the report:

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

### Step 1 Issue Final Consultation

NGESO ran an additional consultation outside of the annual C16 review process, on changes to the Procurement Guidelines, Balancing Principles, SMAF and ABSVD C16 Statements, regarding the Winter Contingency Contracts and the Demand Flexibility Service from 8th August 2022 to 5 September 2022, in line with the requirements of Transmission Licence. The proposed changes consulted on can be found on our C16 Webpage. This consultation can be found on our [C16 webpage](#) within the folder named: C16 Additional Review Consultation for Procurement Guidelines, BPS, SMAF and ABSVD for 2022/23.

Following industry feedback on the proposed changes, NGENSO asked Ofgem on September 12th, 2022, to allow us to reopen a further consultation window for two weeks<sup>3</sup>. NGENSO received a direction from OFGEM to this effect on the 15th of September<sup>4</sup>. This Direction meant that NGENSO could consult for a lesser period than that set out in Standard Licence Condition C16 sub-paragraph 9(a)(ii) of its Transmission Licence – that is, to hold a consultation for no less than 14 days, rather than 28 days. Following this direction, NGENSO issued a consultation for a further two weeks solely on the Demand Flexibility Service from September 22nd – October 6<sup>th</sup>, for Balancing Principles and BSAD Statements. This would provide industry a chance to provide comment on the changes we made following the additional consultation feedback, whilst NGENSO looked to resolve the concerns around the Winter Contingency Service dispatch method.

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<sup>3</sup> NGENSO C16 Consultation extension request letter can be found on our C16 Website within folder 'C16 Additional Review Consultation for Procurement Guidelines, BPS, SMAF and ABSVD for 2022/23'

<sup>4</sup> <https://www.ofgem.gov.uk/publications/decision-provide-direction-national-grid-electricity-system-operator-limited-pursuant-standard-licence-condition-c169aii>

Having identified a revised dispatch process for the Winter Contingency Services to address the concerns from the 8th of August consultation, NGENSO asked and Ofgem directed on the 4th of October 2022<sup>5</sup>, that NGENSO could consult on the additional changes required in this respect for a lesser period than that set out in Standard Licence Condition C16 sub-paragraph 9(a)(ii) - that is to hold a consultation for no less than 7 days rather than 28 days. This consultation was therefore concerned with the additional proposed changes for the Winter Contingency Services within the SMAF, ABSVD and BSAD statements. This consultation was open to industry from the 5th of October to 12th of October and can be found on our [C16 Website](#) within the folder named 'C16 Additional Consultation for the Winter Contingency Services: BSAD, ABSVD & SMAF 2022-23 C16 statements'.

Please note that changes for BSAD and ABSVD were proposed under both the September 22nd Demand Flexibility Service consultation and October 5th Winter Contingency Services consultation. The updates to the BSAD and ABSVD methodologies will reflect the order of the decisions (and although revision numbers are included on the statements attached, the actual revision numbers of the statements will reflect this order).

## Step 2 Report to Authority

The second step in the review process is for NGENSO to document, in the form of a report, the ESO's final position on the additional changes along with the track changed versions of the statements. The report will also include in a clear and transparent way the industry responses and NGENSO's view for each of these.

This report must be issued to the Authority (Ofgem) within 4 days (2 working) from the closure of the official consultation as per the Authority's direction on October 4th<sup>6</sup>.

This report concerns the proposed changes to the SMAF, BSAD, ABSVD & Balancing Principles Statement for the Winter Contingency Services, including any industry responses under both the August 8<sup>th</sup> and October 5<sup>th</sup> consultation.

## Step 3 Authority Decision and Statement go live

The third step in the review process is for the Authority (Ofgem) to review all the documents submitted to them from step 2.

As part of the Licence Condition, Ofgem have 28 days to offer a direction or challenge the submission, if Ofgem do not veto the changes then the statements go live on the NGENSO website on the 15th November 2022, unless directed otherwise. If Ofgem do veto, then there are 2 different directions for the statements to go live. Ofgem can either direct a change or they can request NGENSO to run a further consultation on the specific issues they have identified, which may push back the go live date or a statement might go live pending further changes.

NGESO intend to utilise the Winter Contingency Services from October 1st if required and therefore will work with Ofgem to allow them to issue a Direction to not use their power to veto before that date if possible.

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<sup>5</sup> <https://www.ofgem.gov.uk/publications/direction-national-grid-electricity-system-operator-limited-pursuant-standard-licence-conditions-c169aii-and-iii>

<sup>6</sup> [Direction to National Grid Electricity System Operator Limited pursuant to Standard Licence Conditions C16.9\(a\)\(ii\) and \(iii\) | Ofgem](#)

## Step 4 Review of Suggested Changes

The proposed changes below were consulted on across two additional consultations issued on the 8th of August and the 5<sup>th</sup> October 2022. The final suggested changes to SMAF, BPS, ABSVD and BSAD statements for the Winter Contingency Services are highlighted below.

### Background to proposed changes

At the request of BEIS, the ESO has agreed contracts with Drax, EDF and Uniper to extend the life of coal fired power plants this winter. The new winter contingency contracts will only be used as a last resort and to ensure resilience and security of supply. These units will be available from 1 October 2022 until 31 March 2023, with costs recovered through BSUoS between 1 October 2022 and 31 March 2023. The units contracted will not be available to the open market and will only be dispatched at the request of ESO. These contracts are only intended to be used when all commercial options have been exhausted within the Balancing Mechanism.

In relation to the winter contingency services, our original solution of system flagging the winter contingency services and pricing these as a £0/MWh BOA was intended to ensure there was no distortion of BSUoS prices, no unnecessary cash flows between Elexon and generators and no risk of influencing other prices within the BM.

However, following industry feedback, NGENSO shares some of respondents' concerns, particularly around setting an acceptable price within the balancing mechanism. Considering this feedback, we have reviewed the winter contingency services dispatch process. After exploring multiple options, the only mechanism we believe that can correctly settle these Winter Contingency contracts is a Modification to the BSC that allows Offers from certain BM Units ("Winter Contingency BM Units") to be treated (for purposes of calculating Imbalance Prices only) as having a very high price (£99,999/MWh). These BOAs should also be System Flagged within BSAD, to ensure that the price of £99,999/MWh (which does not reflect actual balancing costs) cannot set the Imbalance Price. [BSC modification P447](#) 'Avoiding impact of Winter Contingency actions on cash-out prices' was raised on 29<sup>th</sup> of September 2022 and has been approved by Ofgem<sup>7</sup> to progress as an urgent BSC modification proposal.

Elexon have investigated whether a process to deliver this effect without requiring substantial system changes could be adopted. It appears that this is feasible, and would have to take the following form:

- Any Offers accepted by the Winter Contingency BM Units would have to be removed from the Settlement system prior to the calculation of Trading Charges. This is because leaving the BOA in the system would create the wrong outcomes: if it was priced at £0/MWh it could set the Imbalance Price, and if it was priced at a non-zero price the Lead Party would receive a payment. NGENSO can achieve this using the existing process for *ex post* amendments to BOA data in [BSC Procedure BSCP18 \(Corrections to Bid-Offer Acceptance Related Data\)](#).
- NGENSO would then include the energy volumes associated with the Offer in the Balancing Services Adjustment Data (BSAD) and Applicable Balancing Services Volume Data (ABSVD) NGENSO submitted to Settlement.

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<sup>7</sup> [Decision on request to treat BSC Modification P447 'Avoiding impact of winter contingency actions on cash-out prices' as an Urgent Modification Proposal | Ofgem](#)

- The BSAD item would be System Flagged and have a price of £99,999/MWh, as required by this Modification.

The effect of this workaround is that both Imbalance Prices and Imbalance Charges would be calculated correctly; but because the volumes have been reported to Settlement as BSAD/ABSVD rather than a BOA the Generator would not receive an additional payment relating to the BOA.

This solution also has the benefit that it maintains transparency in the market. The units will be dispatched at £0/MWh via an offer in the Balancing Mechanism. This dispatch will be reported on the BMRS (as all BOAs are). This information will allow industry to know that the near real-time system prices calculated on BMRS may not be accurate, as the actual system prices will have these BOAs removed from the price calculation.

### Proposals for additional SMAF Statement review 2022/23

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

The amendments proposed are:

- Version control
- Housekeeping
- Addition of the winter contingency services to the list of services to be system flagged within the SMAF statement
- Addition of the winter contingency services to the list of balancing services that will be SO Flagged

Please see tracked change document ‘**SMAF Methodology Statement v15**’ draft for detail of changes.

<https://www.nationalgrideso.com/balancing-services/c16-statements-and-consultations>

The proposed changes being made to SMAF are detailed in Table 1 below.

Table 1

ID	Section	Page number(s)	Overview of proposed changes to wording
1.01	Version control	3	Updated
1.01	Housekeeping	1-3	Dates amended
1.02	Housekeeping	4	Minor amendment to wording
1.03	Housekeeping	4	Team name updated
1.04	Addition of wording to Part B Flagging section 1	7	Addition of system management definition for the winter contingency services to section 1 of Part B



1.05	Addition of wording to Part B Flagging section 2	11	Addition of the winter contingency services to section 2 of Part B The balancing services that will be SO Flagged
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1.04 – Draft text change to Part B Flagging section 1

SMAF Methodology Statement v15 **Effective Date: 01 April 2022**

**N/A**

SMAF Methodology Statement v15 **Final Draft**

5-6. any balancing action taken by NGENSO through the Winter Contingency contracts to manage system security.

1.05 – Draft text change to Part B Flagging section 2

SMAF Methodology Statement v15 **Effective Date: 01 April 2022**

**N/A**

SMAF Methodology Statement v15 **Final Draft**

Winter Contingency Service Contracts

All dispatch action of units under the 2022/23 winter contingency service will be tagged as system actions through BSAD.

**Proposals for additional ABSVD review 2022/23**

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:

- Version Control
- Housekeeping
- Addition of the Winter Contingency Services to the list of balancing services for inclusion within the ABSVD

Please see tracked change document ‘**ABSVD Methodology Statement v13**’ draft for detail of changes.

<https://www.nationalgrideso.com/balancing-services/c16-statements-and-consultations>

The proposed changes being made to ABSVD are detailed in Table 2 below.

Table 2

ID	Section	Page number(s)	Overview of proposed changes to wording
2.01	Version Control	1-2	Updated version in the version text box
2.02	Housekeeping	1-2	Dates amended
2.03	Housekeeping	3	Team Name updated
2.04	Housekeeping	3	Comma added
2.05	Housekeeping	6	Comma added
2.06	Housekeeping	6	Team Name updated
2.07	Addition of wording to Part B Applicable Balancing Services Volume Data for BM participants	11	Addition of Winter Contingency Services to Part B, section 1.2 Balancing Services for inclusion in the ABSVD
2.08	Housekeeping	1-32	Page numbers added to footer

**2.07 – Draft text change to Part B 1.2 Balancing Services for inclusion in the ABSVD**

ABSVD Methodology Statement **v12 Effective Date: 01 April 2022**

**N/A**

ABSVD Methodology Statement **v13 Final Draft**

- [Winter Contingency Services - Volumes delivered under the 2022/23 Winter Contingency Arrangements will be included in the ABSVD](#)

**Proposals for additional BSAD Statement review 2022/23**

The Balancing Services Adjustment Data Methodology Statement sets out the Balancing Services Adjustment Data methodology. It sets out the information on relevant balancing services that will be considered when determining the imbalance price.

The amendments proposed are:

- Versioning control
- Housekeeping
- Addition of wording into the BSAD for the Winter Contingency Services

Please see tracked change document ‘**BSAD Statement v21**’ draft for detail of changes. The proposed changes being made to BSAD are detailed in Table 3 below:

<https://www.nationalgrideso.com/balancing-services/c16-statements-and-consultations>

**Table 3**

ID	Section	Page number(s)	Overview of proposed changes to wording
3.01	Version Control	1-4	Updated version in the version text box
3.02	Housekeeping	1-3	Dates amended
3.03	Housekeeping	5	Minor amendment to wording
3.04	Housekeeping	5	Team name updated
3.05	Addition of wording to Part B section 2.1 Balancing services included within Balancing Service Adjustment Actions	13	Addition of wording for the Winter Contingency Services to 2.1

**3.05 Draft Text change to Section 2.1 Balancing services included within Balancing Service Adjustment Actions**

BSAD Statement v20 **Effective Date: 01 April 2022**

**N/A**

BSAD Statement **v21 Draft**

**Winter Contingency Services**

Volumes delivered under the 2022/23 Winter Contingency Services will be submitted in the BSAD.

Volumes will be system flagged and priced at £99,999/MWh.

**Proposals for additional Balancing Principles Statement review 2022/23**

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:

- Versioning control
- Housekeeping
- Addition of wording into the BSAD for the Winter Contingency Services

Please see tracked change document ‘**Balancing Principles Statement v21**’ draft for detail of changes. The proposed changes being made to Balancing Principles are detailed in Table 4 below:

<https://www.nationalgrideso.com/balancing-services/c16-statements-and-consultations>

Table 4

ID	Section	Page number(s)	Overview of proposed changes to wording
4.01	Version Control	1-3	Updated version in the version text box
4.02	Housekeeping	3	Minor amendment to wording
4.03	Housekeeping	4	Team name updated
4.04	Housekeeping	9-29	Amendment to wording to replace NGET with NGESO
4.05	Housekeeping	9	Minor amendment to wording
4.06	Removal of wording to 3.2 Reserve	28	Removal of wording from section 3.2 Reserve for TERRE
4.07	Addition of wording to Part G Exceptions to the balancing principles statement	38-39	Addition of wording to Part G for Winter Contingency Services

#### 4.06 Draft Text change to Section 3.2 Reserve

##### Balancing Principles Statement v20 **Effective Date: 01 April 2022**

- (f) Trans-European Replacement Reserve Exchange  
 The first pan-European Standard Product to be implemented was the the TERRE product in January 2020 and NGESO will take part by June 2020. This could be provided by generation or demand connected either at distribution or transmission. It will be procured through an hourly auction ahead of delivery and will be for 15 minute periods of delivery. The market will be used by the control room as part of their tools to manage the imbalance in real time.

##### Balancing Principles Statement v21 Draft

- ~~(e)~~
- ~~(f) Trans-European Replacement Reserve Exchange  
 The first pan-European Standard Product to be implemented was the the TERRE product in January 2020 and NGESO will take part by June 2020. This could be provided by generation or demand connected either at distribution or transmission. It will be procured through an hourly auction ahead of delivery and will be for 15 minute periods of delivery. The market will be used by the control room as part of their tools to manage the imbalance in real time.~~

#### 4.07 Draft Text change to Part G Exceptions to the Balancing Principles Statement

##### Balancing Principles Statement v20 **Effective Date: 01 April 2022**

N/A

## Balancing Principles Statement v21 Draft

(viii) The need to instruct in accordance with the winter contingency service contracts would normally be in order to maintain system security in the event that all valid and feasible Bids and Offers have been accepted in the BM. Where possible, the instruction will take place prior to the instruction of any measures related to Demand Control under OC6 1.2.(c), (d) or (e) of the Grid Code.

Information relating to the instruction of the winter contingency service will be published on the BMRS as soon as reasonably practicable.

For the avoidance of doubt, valid and feasible Bids and Offers are those Bids and Offers which facilitate the delivery of energy within the relevant Settlement Period. Under certain exceptional circumstances, it may be necessary to invoke the winter contingency service before all valid and feasible Bids and Offers have been accepted. These circumstances may include:

- (i) where the call off of available Offers would lead to an erosion of the system reserve for response below the required level;
- (ii) where the acceptance of relevant Offers would lead to the depletion of reactive reserves below the required levels; and
- (iii) where no other plant with suitable dynamics is available

For the avoidance of doubt, the decision to instruct the winter contingency service will be taken based upon the prevailing system conditions on the transmission system. Under these exceptional circumstances, the price of other available actions offered through the BM will have no bearing upon the decision to instruct the winter contingency service.

### 3. Stakeholder Engagement Summary

This report marks the fourth step of the review process relating to the C16 statements and methodologies.

#### Step 1 Review and Final Consultation Responses

NGESO has issued two C16 additional consultations which included proposed changes to the Balancing Principles, BSAD, ABSVD and SMAF Statements for the Winter Contingency Services.

- Consultation 1 [Issued August 8th-September 5th]
- Consultation 2 [Issued October 5th-October 12th]

#### The Questions

We invited industry to provide feedback on the changes proposed to the Procurement Guidelines, Balancing Principles, BSAD, SMAF and ABSVD 2022/23 C16 Statements.

#### Consultation 1 [Issued August 8th-September 5th]

The first consultation included proposed changes for both Demand Flexibility Service and the Winter Contingency Services.

This consultation can be found on our [C16 webpage](#) within the folder named 'C16 Additional Review Consultation for Procurement Guidelines, BPS, SMAF and ABSVD for 2022/23'.

#### Procurement Guidelines Statement (PGS)

- 1) Do you agree with the proposed suggestions to the Procurement Guidelines in relation to housekeeping updates? Please provide rationale.
- 2) Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to the list of Commercial Ancillary Services we expect to procure? Please provide rationale. (Referenced p. 22)
- 3) Do you agree with the proposed suggestions to the PGS in relation to addition of the Winter Demand Flexibility Service to Table 2 Active Commercial Ancillary Services? Please provide rationale. (Referenced p. 29)
- 4) Do you have any other comments in relation to the changes proposed to the PGS?

#### Balancing Principles Statement (BPS)

- 1) Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to update references of NGET to NGESO?
- 2) Do you agree with the proposed suggestions to the BPS in relation to housekeeping updates required to remove Trans European Replacement Reserve Exchange due to NGESO no longer being a TERRE member? (Referenced p.28)
- 3) Do you agree with the proposed suggestions to the BPS in relation to the addition of an exception for winter contingency service contracts? Please provide rationale. (Referenced p.38)
- 4) Do you have any other comments in relation to the changes proposed to the BPS?

### System Management Action Flagging Statement (SMAF)

- 1) Do you agree with the proposed suggestions to the SMAF in relation to the addition of a system management type within the system management definitions for winter contingency service contracts? Please provide rationale. (Referenced p.7)
- 2) Do you agree with the proposed suggestions to the SMAF in relation to an additional balancing service to the list of services that will be SO Flagged for winter contingency service contracts? Please provide rationale. (Referenced p.11)
- 3) Do you believe any further changes are required as a result of the changes proposed to the SMAF Statement? Please provide rationale.
- 4) Do you have any other comments in relation to the changes proposed to the SMAF?

### Applicable Balancing Services Volume Data Methodology Statement (ABSVD)

- 1) Do you agree with the proposed suggestions to the ABSVD in relation to the addition of the winter demand flexibility service to the list of balancing services for inclusion within the ABSVD? Please provide rationale. (Referenced p.11)
- 2) Do you agree with the proposed suggestions to the ABSVD in relation to applying ABSVD to HH-settled volume, but to not apply ABSVD to non-HH volume, due to the complexity of the data proportional impact on load-profiled demand? Please provide rationale. (Referenced p.11)
- 3) Do you have any other comments in relation to the changes proposed to the ABSVD? Or any additional changes you would like to see?

### Consultation 2 [Issued October 6<sup>th</sup> – October 12<sup>th</sup> 2022]

The second consultation included proposed changes for the Winter Contingency Service only, within the SMAF, BSAD and ABSVD statements.

This consultation can be found on our [C16 webpage](#) within the folder named 'C16 Additional Consultation for the Winter Contingency Services: BSAD, ABSV & SMAF 2022-23 C16 Statements'.

### System Management Action Flagging Statement (SMAF)

- 1) Do you agree with the proposed suggestions to system flag all dispatch actions under the 2022/23 winter contingency service through BSAD within the SMAF statement? Please provide rationale.
- 2) Do you have any other comments in relation to the changes proposed to the SMAF?

### Applicable Balancing Services Volume Data Methodology Statement (ABSVD)

- 1) Do you agree that the winter contingency services volumes should be included within the ABSVD? Please provide rationale.
- 2) Do you have any other comments in relation to the changes proposed to the ABSVD?

### Balancing Services Adjustment Data (BSAD)

- 1) Do you agree with the revised approach that the winter contingency services volumes should be submitted through BSAD? Please provide rationale.
- 2) Do you agree that the winter contingency services volumes will be system flagged and priced at £99,999 MWh within the BSAD? Please provide rationale.

- 3) Do you believe the generated energy volumes resulting from instructed coal contracts should go through BSAD to link the generated energy volumes / prices to only those period(s) where the unit was generating MWs or whether the data should be applied over the entire period for which the unit was operational, including the warming period?(N.B. the warming period could be an additional 24hour period to the generation of MWs & during the warming periods, no MWs are generated therefore the volume is 0MW.) Please provide rationale.
- 4) Do you have any other comments in relation to the changes proposed to the BSAD?

## Responses to the Consultation

### Consultation 1 [Issued August 8th-September 5th]

We received 8 responses from various industry stakeholders for this additional C16 consultation. Responses were provided and submitted to the Authority in the [C16 Additional review for Winter contingency report](#) issued 12th of September 2022.

NGESO responses to the first consultation can be found on our [C16 Webpage](#), within the folder named 'C16 Additional Review Consultation for Procurement Guidelines, BPS, SMAF and ABSVD for 2022/23'.

Thank you to those stakeholders who responded and provided us with your invaluable feedback.

### Consultation 2 [Issued October 6th – October 12<sup>th</sup>]

We did not receive any more responses from industry to our further seven-day consultation on the proposed additional changes for BSAD, ABSVD and SMAF statements.

## Step 2 Other Industry Engagement

NGESO has been engaging with industry before and after the Go Live of the Winter Contingency Contracts to provide additional information on the contracts, their use and to work towards the right dispatch process.

- Extensive engagement took place with Drax, Uniper and EDF to negotiate the winter contingency arrangements covering a period of May to October
- 15/07 – Provider raised initial query during contract engagement
- 09/08 – Further engagement with provider to inform of pricing review by Elexon and that the first C16 consultation was being published providing opportunity for a formal response
- 10/08 - Changes to the C16 Documents were presented to the Operational Transparency Forum (OTF) and provided direction on how to respond
- 17/08 - More detail on the Winter Contingency Service was presented at the OTF
- 07/09 - New dispatch proposals shared with provider
- 15/09 - Further discussion around new proposals due to provider having queries with original approach
- 21/09 - Shared the agreed approach with provider once agreed with Ofgem
- 28/09- ESO Markets Forum shared information on the new method for Winter Contingency Services

## Step 3 Report to Authority

Issued 13<sup>th</sup> October 2022



## **Step 4 Authority Decision and Statement go live**

According to C16.9 timelines, Ofgem veto/direction would be expected by/before 14<sup>th</sup> November 2022. Changes to statements are effective 15<sup>th</sup> November 2022, unless directed earlier by the Authority.

NGESO intend to utilise the Winter Contingency Services from October the 1<sup>st</sup> if required and therefore will work with Ofgem to allow them to issue a Direction to not use their power to veto before that date if possible.

## **4. Next Steps**

- Following the official industry consultation, NGESO now presents to Authority for consideration revised versions of the C16 Statements supporting the changes outlined in this report
- The final revised versions of the C16 statements are formatted to show the revisions originally proposed by NGESO in the C16 consultation
- The Authority is invited to review the proposed changes and offer any direction or feedback by 14<sup>th</sup> November 2022, as per the timelines within C16.9 of the Transmission License. If the Authority does not approve these proposed changes to the C16 statements, the existing versions will remain in place
- Subject to Ofgem veto/direction, the proposed changes will become effective from 15<sup>th</sup> of November 2022, unless directed earlier by the Authority.
- NGESO intend to utilise the Winter Contingency Services from October the 1<sup>st</sup> if required and therefore will work with Ofgem to allow them to issue a Direction to not use their power to veto before that date if possible.