

Headline Report – Meeting 6 – Second Balancing Services Task Force

Second Balancing Services Task Force

The Headline Report is produced after every Task Force meeting and aims to provide an overview of the key decisions made. A more comprehensive meeting summary will be published separately.

Meeting Focus

The purpose of the meeting is to review the interim report ahead of going out to consultation, and to discuss industry development since the Task Force last convened. We will also recap on progress, timelines and engagement.

Recap on Industry Events

- The Task Force considered Industry developments since the last time they met, including the CUSC modification [CMP345](#), which placed an interim solution for high BSUoS prices due to more balancing actions being needed due to low demand post-Covid-19, which capped BSUoS prices at £15/MWh in each settlement period. The Task Force discussed whether there were any learnings from the modification and solutions which could be taken into the upcoming interim report and consultation.
- Whilst the Task Force recognise the result of and work carried out on CMP345, the consensus view that CMP345 is an interim solution, and whilst it is noted, would not change any of the current recommendations that the Task Force are deliberating on, ahead of asking industry for their views.
- The Task Force noted the sharing of BSUoS risk between the ESO and industry parties within the CMP345 solution, and also recognised that any impacts on risk premia would be reflected within the Interim Report.
- The impact of higher BSUoS in comparison to the price of wholesale electricity post-Covid 19 was also discussed briefly. There is an agreed assumption that Balancing costs are likely to increase in future as the grid develops.

Task Force Timelines

- The ESO advised that they had liaised with Ofgem and agreed new timelines for the Task Force. The initial report was due in June 2020, but as the Task Force had been paused for 3 months to do resource issues as a result of Covid-19, Ofgem are now expecting this report to be delivered by 30 September 2020.
- The Interim Report and Consultation is due for publication in the week commencing 20 July 2020. There will be a webinar held on 20 July 2020 to discuss and introduce the consultation, with a further webinar to be held in the consultation period. The consultation period will run for 5 weeks to allow adequate time for Industry to respond.
- The Task Force will take the responses to the consultation into account before submitting its final report and recommendations to Ofgem, and encourages responses from all interested parties.

Pathfinders

- Task Force members discussed the ongoing work into Pathfinders by the ESO. It was noted that whilst the ESO are looking into several ways to lower the costs of running the system through this work stream and associated potential tenders, the treatment of undefined equipment could be problematic moving forwards, as this equipment can be viewed as generation. If the Task Force recommends that generators should not pay BSUoS, then it is argued that this equipment should be treated in the same fashion. Members also recognised the ongoing work in this area in CUSC Modification CMP334, as well as Grid Code Modification GC0137.

Interim Report Review

- Members reviewed the interim report and consultation, which had been circulated prior to the meeting. The group made good progress on the review, and will finalise the report early during the week commencing 13 July 2020.

Any Questions?

- Please contact chargingfutures@nationalgrideso.com