



# Balancing Reserve Post Industry Consultation Webinar

16<sup>th</sup> of November 2023

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# Consultation Responses



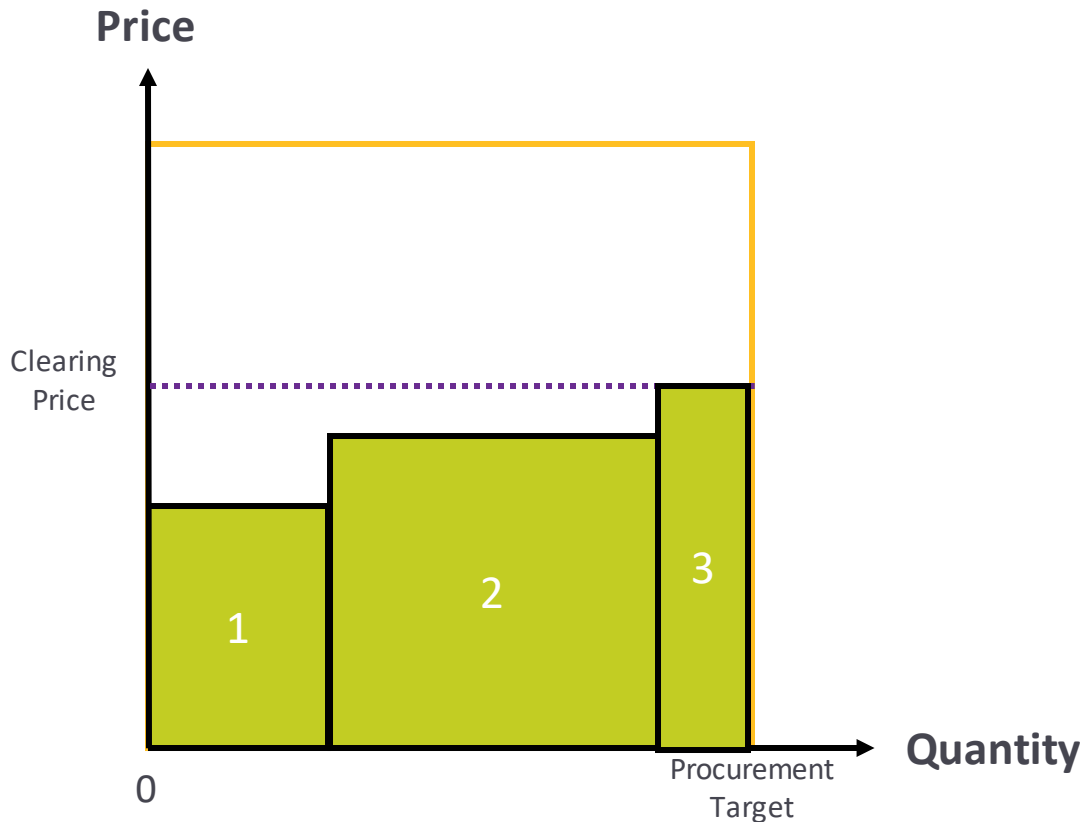
# General Feedback

Type	Overall support	Removal of 50MW barrier	Removal of MFR requirements	System telephony	EAC procurement platform	Time to full delivery	Flexible dispatch requirements	Transfer of Capacity	Perf Mon & Reimbursement	Auction Timing	Stacking
Small provider	Generally supportive	Generally supportive	Generally supportive	Generally not supportive	Generally supportive	No specific comments	No specific comments	Request for clarification or concerns	No specific comments	No specific comments	No specific comments
Large provider	Generally supportive	No specific comments	No specific comments	No specific comments	No specific comments	Generally not supportive	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments
Stakeholders group	Generally supportive	Generally supportive	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	Generally supportive	No specific comments	No specific comments
Large provider	Generally supportive	No specific comments	No specific comments	No specific comments	No specific comments	Generally not supportive	Generally not supportive	Request for clarification or concerns	No specific comments	No specific comments	No specific comments
Small provider	Generally supportive	No specific comments	No specific comments	No specific comments	Request for clarification or concerns	No specific comments	No specific comments	No specific comments	Request for clarification or concerns	No specific comments	No specific comments
Small provider	Request for clarification or concerns	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	Request for clarification or concerns
Large provider	Generally supportive	No specific comments	No specific comments	No specific comments	Request for clarification or concerns	Generally not supportive	Request for clarification or concerns	No specific comments	No specific comments	No specific comments	No specific comments
Large provider	Generally supportive	Generally supportive	Generally supportive	No specific comments	Generally supportive	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	Request for clarification or concerns
Large provider	Request for clarification or concerns	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	Request for clarification or concerns	No specific comments	No specific comments
Small provider	Generally supportive	No specific comments	No specific comments	No specific comments	Request for clarification or concerns	No specific comments	No specific comments	Request for clarification or concerns	Request for clarification or concerns	No specific comments	No specific comments
Large provider	Generally supportive	Generally supportive	Generally supportive	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	Request for clarification or concerns	No specific comments
Small provider	Generally supportive	Generally supportive	Generally supportive	No specific comments	No specific comments	No specific comments	Generally not supportive	No specific comments	No specific comments	Request for clarification or concerns	No specific comments
Small provider	Generally supportive	Generally supportive	Generally supportive	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	Generally supportive	No specific comments	No specific comments
Technology provider	Generally supportive	Generally supportive	Generally supportive	No specific comments	Request for clarification or concerns	Generally supportive	No specific comments	No specific comments	Request for clarification or concerns	No specific comments	No specific comments
Stakeholders group	Generally supportive	No specific comments	No specific comments	No specific comments	No specific comments	No specific comments	Request for clarification or concerns	Request for clarification or concerns	No specific comments	Request for clarification or concerns	No specific comments

**Feedback legend:**

- Generally supportive
- Request for clarification or concerns
- Generally not supportive
- No specific comments

# Availability Payments - recap



— Buy Curve  
— Market Clearing Price  
■ Accepted Sell Order  
■ Rejected Sell Order

## Availability Payments

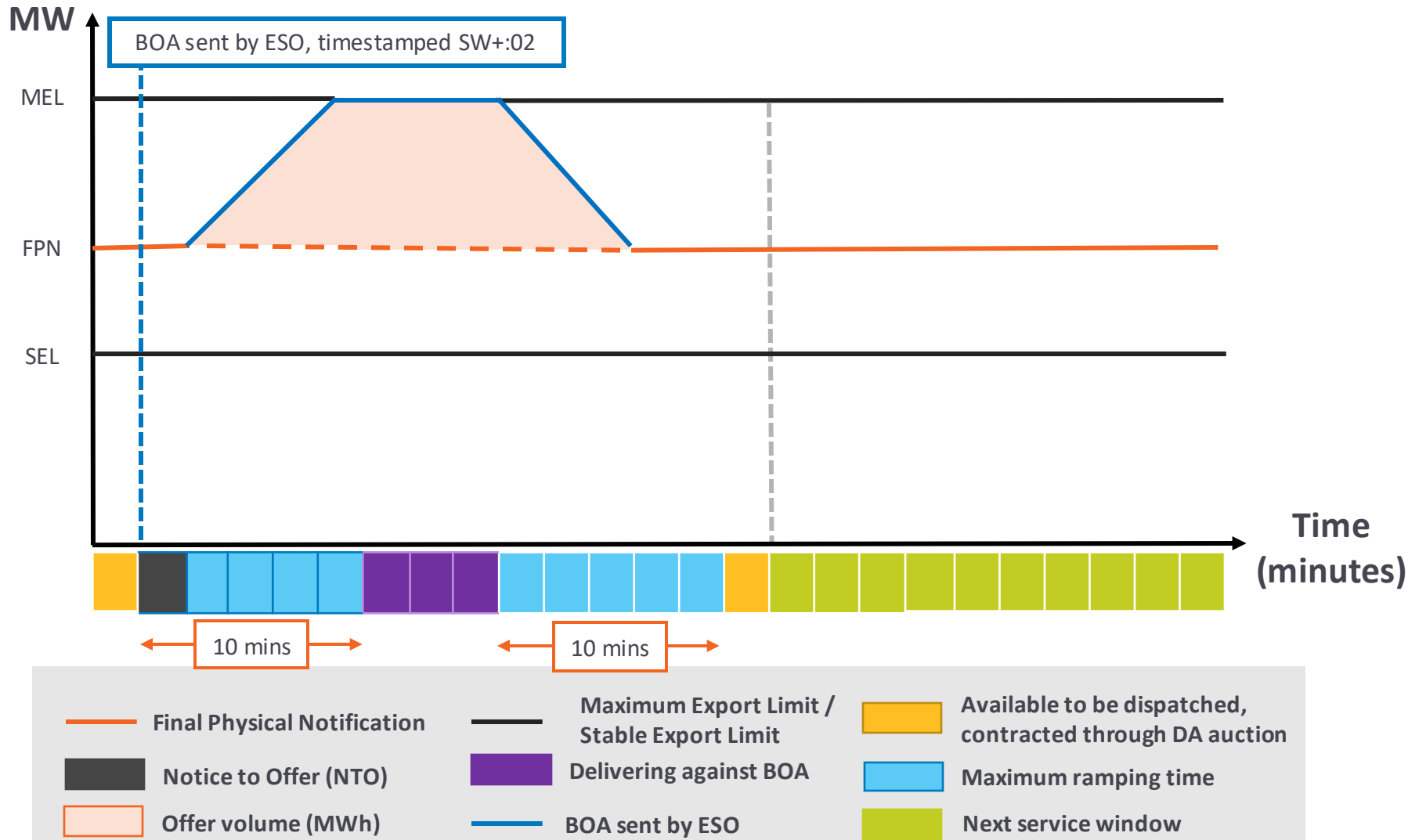
- The day ahead BR auction is Pay-as-Clear.
- Forty-eight 30-minute service windows for both Positive Balancing Reserve and Negative Balancing Reserve.
- Market participants submit their availability prices and BR offered volumes before 08:15 Gate Closure time.
- The ESO submits a buy order which represents the willingness to pay for a given volume of firm BR volume.
- An auction is conducted by auction partners NSIDE using the same auction algorithm as for EAC but via an independent auction run.
- A cohort of accepted sell orders and buy orders is determined to maximise market welfare.
- A clearing price is determined to maximise market welfare whilst minimising total cost of procurement.

**All successful providers for each service window will be paid the clearing price for that service window.**

Detailed information about the day ahead auction can be found in this market explainer document.

<https://www.nationalgrideso.com/document/277671/download>

# Utilisation Payments - recap



## Utilisation Payments

- Utilisation of BR is through bids and offers in the BM.
- Holding a BR contract is not a guarantee of dispatch – in some periods reserve will not be required, the unit may not adequately meet the system need (e.g. we may not be able to dispatch units located behind constraints).
- Submitted dynamic parameters, MEL, SEL and FPN should reflect contract terms.

Payments for utilisation are made from ELEXON via the usual BOA settlements processes.

Detailed information about trading charges here [Trading Charges - Elexon BSC](#)

## Transfer of Contracts

BR contract obligations can be transferred from one providers BR unit (Primary Service Provider) to a unit of another provider (Secondary Service Provider), provided the new unit is prequalified for BR and can provide the contracted MW.

- Email template transfer notice to be submitted to NGENSO by the Primary Service Provider.
- Deadline for transfers is current 90 mins ahead of the BR contract window. **Following feedback we are changing this to 60 minutes.**
- Contract obligations can also be transferred 'substituted' by a provider to another of their own prequalified BR units using the same Transfer Notice process. This is covered by clause 23.14 of the BR Service Terms
- Utilisation payment is made to the Secondary Service Provider via Elexon as per normal bids and offers in the Balancing Mechanism. Availability payment will be assessed against the Secondary Service Providers unit but payment made to the primary provider.

BR Service Terms - clause 23

# Flexible Dispatch

## Feedback we received:

*“Specifically, the wording of subparagraph 8.1.1 implies that a contracted unit must be able to deliver the service from zero (0) MW output. This should be rephrased to clarify that this only applies when the SEL of an asset is 0MW.”*

*“Overall, we do not agree with this restriction. We acknowledge that the ESO should not have to dispatch and pay units to get to their SEL (and some units will have very high SEL). However, we note that the SEL value might be the required adjustment and it would be discriminatory to restrict these assets on that basis.”*

*“Overall, this rule restricts units from delivering the service when they operate in a 0MW mode. We understand that some units will have a very high SEL and ESO should not be required to pay them to get to their SEL so that they can deliver the service. However, where SEL is lower, the rules could be more targeted to allow the units to deliver from a 0MW output.”*

## Operational Reasons for Flexible Dispatch rules from ESO:

The correct interpretation of the Rule 8.1.1 is that a unit needs to be able to deliver the service at SEL or 0MW only if SEL of the asset is equal 0MW. In case of 0MW SEL, the lowest value the Control Room can dispatch to is 1MW, which meets the dispatch flexibility rule. **This will be clarified in the Service Terms by removing reference to 0MW in subparagraph 8.1.1.**

The rules gives the ESO access to precise volumes of MW to dispatch in order to carefully match generation and demand in real-time while keeping frequency within operational limits.

The rules allow the ESO to efficiently regulate generation changes and demand changes by dispatching reserve units for the exact time required.



# Stacking/Splitting: BR with other services

Rules for the provision of BR with other services is contained within Section 15 of the BR Service Terms.

- BR can be stacked with **Capacity Market** contracts, we will be adding BR to the list of Relevant Balancing Services.
- BR can (and must) be stacked with **Bid Offer Acceptances (BOAs)** in the BM to enable BR utilisation.
- BR can be stacked with delivery of **real time ancillary services** which are dispatched through EDL/phone.
  - a) Obligatory Reactive Power Service (ORPS)
  - b) Mandatory Frequency Response (MFR)
  - c) Commercial real-time response (e.g. Mode B)
- BR can be stacked with **System Restoration** contracts.
- **Positive and Negative BR** can be stacked.

## Reasoning:

- Control room could accidentally erode their post-fault reserve holding if they cannot see that a unit holds two contracts at the same time.
- STOR contract terms do not allow stacking.
- BM only allows one set of dynamic parameters and one offer/bid price within pair 1 for the initial dispatchable volume.

- BR cannot be stacked with a **STOR** contract.
- BR cannot be stacked with delivery of **Optional Fast Reserve**.
- Contracts cannot be held on the same unit for the Dynamic Response services **DC, DM and DR** in the same direction as a BR contract e.g. LF response cannot be delivered on the same unit at the same time as a Positive BR contract.

## Reasoning:

- Performance monitoring methodologies not yet coherent to avoid penalising stacking.
- Work ongoing on visibility of energy limited assets to control room.

# Visual Overview of Future Products

See EAC market design explainer p16 for the EAC splitting matrix <https://www.nationalgrideso.com/document/277671/download>

- Following consultation feedback, we are working to enable stacking of BR and response services in the **opposite** direction. We are looking at making changes to the BR Service Terms to enable this on or soon after Day 1.
- We are considering what the impacts of allowing unit splitting of BR and response services in the **same** direction are. This will not be allowed from Day 1 but is under consideration for the future.
- BR cannot be stacked with reserve services at the moment.

Splitting Matrix		DC		DM		DR		QR		SR		BR							
		DCL	DCH	DML	DMH	DRL	DRH	PQR	NQR	PSR	NSR	PBR	NBR						
DC	DCL	NA	Y	Y	Y	Y	Y	Not currently under consideration				C	E						
	DCH	Y	NA	Y	Y	Y	Y					E	C						
DM	DML	Y	Y	NA	Y	Y	Y					C	E						
	DMH	Y	Y	Y	NA	Y	Y					E	C						
DR	DRL	Y	Y	Y	Y	NA	Y					C	E						
	DRH	Y	Y	Y	Y	Y	NA					E	C						
QR	PQR	Not currently under consideration						NA	Y	N	N	N	N						
	NQR							Y	NA	N	N	N	N						
SR	PSR							N	N	NA	Y	N	N						
	NSR							N	N	Y	NA	N	N						
BR	PBR							C	E	C	E	C	E	N	N	N	N	NA	Y
	NBR							E	C	E	C	E	C	N	N	N	N	Y	NA

Y	Services can be delivered by the same unit at the same time	C	Under consideration
N	No stacking/splitting	E	Working on for day 1

# Consultation and Implementation Timeline





# Mock Auctions



# Mock Auctions

- Mock auctions are currently scheduled to take place between **w/c 12<sup>th</sup> February to 23<sup>rd</sup> February**
- If you wish to participate, please complete the following information:
  - **Name of Market Participant**
  - **User Details (those email ID's that will require access to the EAC for your company)**
  - **Unit ID's**
  - **MW allocation for each unit (PBR, NBR)**
- Please register your interest by emailing [daniel.ward1@nationalgrideso.com](mailto:daniel.ward1@nationalgrideso.com) along with the information above.
- We have uploaded a BR Mock Auction guidance document on the 'Balancing Reserve' webpage on the NGESO website ([Balancing Reserve Mock Auction Guidance Document](#))
- We plan to keep this document updated as we establish mock auction URL's and processes to obtain API tokens.

# Single Markets Platform (SMP)



# Single Markets Platform (SMP)

- SMP pre-qualification available from 24th November
- The pre-qualification process is the same as other services on SMP
- Demos and guidance are available on the [ESO website](#)
- The SMP team have existing drop-in sessions every other Wednesday at 10:30 that can be utilised for any support needed for BR onboarding. Please get in touch via [box.futureofbalancingservices@nationalgrideso.com](mailto:box.futureofbalancingservices@nationalgrideso.com) if you would like an invite to these sessions.



# Q&A



