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(by email only)

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**ESO response to the Department for Energy Security & Net Zero's Nuclear Regulated Asset Base (RAB) consultation on industry code and licence modifications.**

Dear Nuclear Projects Delivery Team

Thank you for the opportunity to respond to your consultation on industry code and licence modifications relating to the implementation of the nuclear RAB model revenue stream.

**Who we are**

As the Electricity System Operator (ESO) for Great Britain, we are at the heart of the energy system, balancing electricity supply and demand second by second.

Our mission, as the UK moves towards its 2050 net zero target, is to drive the transformation to a fully decarbonised electricity system by 2035, one which is reliable, affordable, and fair for all. We play a central role in driving Great Britain's path to net zero and use our unique perspective and independent position to facilitate network and market-based solutions to the challenges posed by the trilemma.

Our transformation to a Future System Operator (FSO) is set to build on the ESO's position at the heart of the energy industry, acting as an enabler for greater industry collaboration and alignment. This will unlock value for current and future consumers through more effective strategic planning, management, and coordination across the whole energy system.

**Our key points**

National Grid ESO is supportive of the changes proposed by the Department for Energy Security & Net Zero on industry code and licence modifications relating to the implementation of the nuclear RAB model revenue stream. Our detailed responses can be found in the Appendix below.

We look forward to engaging with you further. Should you require further information on any of the points raised in our response please contact Camille Gilsenan, Commercial Codes Manager, at [Camille.Gilsenan@nationalgrideso.com](mailto:Camille.Gilsenan@nationalgrideso.com).

Yours sincerely

Jamie Webb

Head of Market Frameworks

National Grid ESO

## Appendix 1 Consultation Question Responses

Question 1 - Do you consider that these modifications are sufficient to enable EMRS to perform the role of the Nuclear RAB Settlement Services Provider?

Yes, the proposed changes to BSC section C delivers this.

Question 2 - Do you consider that these modifications are sufficient to allow BSC data to be provided to the Revenue Collection Counterparty and Nuclear RAB Settlement Services provider for the purpose of nuclear RAB?

Yes, the proposed change to BSC section V delivers this.

Question 3 - Do you have any comments on the defined terms?

No, they appear to be defined as per their intended use/context.

Question 4 - Do you have any comments on the proposed changes to the BSC to enable the functioning of the Regulations?

No

Question 5 - Do you consider there to be any further changes needed to the BSC to enable the functioning of the Regulations?

No

Question 6 - Do you consider there to be any changes required to the CUSC, GRID Code, STC, DCUSA, DCode, SEC or REC for the effective functioning of the Regulations?

No, the BSC changes are sufficient.

Question 7 - It is proposed not to add nuclear RAB to the list of Applicable BSC Objectives. Do you have any comments on this proposal?

We agree with this proposal.

The core BSC changes for the nuclear RAB relate to and are needed in order to provide Elexon (and therefore EMRS) with a clear role in the BSC and the provisions to perform the settlement services provider role. The role being performed (though for a new purpose) remains within settlement which is already a core objective of the BSC.

Where changes have been made in the past to the BSC that are solely about enablement of Elexon or EMRS to undertake a new settlement role, a new applicable objective has not been the approach. For example, Elexon's role was expanded to provide settlement services for the Government's EPG and EBDS schemes. These were analogous to the facilitation of the nuclear RAB support regulations, as they involved giving powers to Elexon to perform new non-BSC roles, and powers to use BSC data for those purposes, whilst not requiring any changes to the core BSC as it relates to energy balancing, and settlement of imbalances.

Under RAB, the value of payments to nuclear generators will be as directly determined by Ofgem and will not need to be calculated as a value within/under the BSC.

Elexon/EMRS will be using existing 'open' BSC data to determine how much revenue should be collected from suppliers. No changes are needed to the rules around balancing and settlement in order to deliver this, given that relevant changes in powers (vires) are being made for nuclear RAB.

RAB changes do not impact on balancing and settlement, so future changes to the Code (that would need to be assessed against relevant BSC applicable objectives) in relation to the nuclear RAB changes, shouldn't be needed.

It is worth noting that the situation on EMR, which introduced a new objective, was different. The changes to extend the BSC to embrace new EMR roles for Elexon in the past, had to be wider. This is because the EMR arrangements included a number of changes that impacted the core balancing and settlement arrangements. BSC changes were needed to specify and facilitate payments to CFD/CM generators.

Given the above we agree with the proposal that a specific BSC objective is not required. BSC Workgroup and Panel recommendatory votes take place in the form of an assessment on the merits of the change proposal at hand, compared to baseline BSC, in relation to each of the applicable BSC objectives, and then in relation to the BSC objectives as a whole. Therefore, the consideration of settlement is already addressed within the existing objectives. Ofgem's decisions on change proposals are informed by these votes and the BSC objectives but are also able to take account of various relevant wider social, environmental, and legal considerations.

**Question 8 - Do you consider there to be any changes required to the Transmission Licence for the effective functioning of the Regulations?**

The BSC changes appear robust and are underpinned by the legal requirements set out in SI 2023/254 which contains the substantive obligations governing the arrangement, and there is no need for licence changes to change the BSC objectives or for any other reason. Thus, the BSC changes can be delivered without a licence change being necessary.

**Question 9 - Do you consider there to be any changes required to the Distribution Licence for the effective functioning of the Regulations?**

No