

Publicly Available

Feedback request on co-located technologies and hybrid metering arrangements for BM Units

Version control

Version	Date Published	Comment
1.0	31 January 2025	First version

Legal Disclaimer and Copyright

This document has been prepared by National Energy System Operator (NESO) and is provided voluntarily and without charge. Whilst NESO has taken all reasonable care in preparing this document, no representation or warranty either expressed or implied is made as to the accuracy or completeness of the information that it contains and parties using information within the document should make their own enquiries as to its accuracy and suitability for the purpose for which they use it. Neither NESO nor any directors or employees of any such company shall be liable for any error or misstatement or opinion on which the recipient of this document relies or seeks to rely other than fraudulent misstatement or fraudulent misrepresentation and does not accept any responsibility for any use which is made of the information or the document or (to the extent permitted by law) for any damages or losses incurred.

Copyright National Energy System Operator 2025, all rights reserved.

Publicly Available

Context

In October 2024 the Department for Energy Security & Net Zero (DESNZ) published a [policy response](#) stating the Government “does not believe it is right to implement hybrid metering in the [Contracts for Difference] CfD before it is clear how such assets would be treated in the wider system. Therefore, hybrid metering will not be implemented for the next allocation round”.

This policy response was in reply to a proposal that was raised on hybrid metering for co-located generation/demand assets that would be participating in the CfD. The proposal was intended to help facilitate CfD co-location with other assets in line with current CfD policy, as well as facilitating potential changes to permitted arrangements in line with other policy objectives in the future. A hybrid approach to metering would permit CfD generators to measure their Metered Output used to calculate CfD difference payments at a sub-BMU level (outside of the BSC) while co-located alongside other assets (for example, merchant generation, battery storage or hydrogen). Current rules in the CfD require each asset that is intended to be co-located in the CfD to be registered as a separate BM Unit. Full details on the hybrid metering approach that was described in the [proposed amendments for Allocation Round 7 and future rounds consultation](#).

The next steps following the Government policy response was for NESO to take this proposal, and based on the applicable business-case, identify the value of making wider market changes related to hybrid metering solutions for all market participants.

This work is continuing, and as part of the initial phase, we are seeking voluntary feedback from market participants on the associated rules around co-location of multiple technologies, with a particular focus on configurations of BM Units. We are particularly interested to hear from parties that are involved in, or actively looking to co-locate technologies in future projects, or have previously managed a project which included co-locating multiple technologies.

Purpose of Feedback Request

This is a voluntary feedback request only. NESO will use the received information to refine NESO’s understanding of projects which are intending to co-locate multiple technologies at a single site, the type of metering arrangements and BM Unit configurations that are required to support such projects, and to support the future work in this area.

The launch of this feedback request represents a next step in our understanding of co-located technologies. In continuing our work to understand the needs of technologies which are co-located, our future needs are being looked at to understand how co-location could be effectively managed from a system and customer perspective. All information provided in this document is indicative and subject to change. No guarantee is made that the information set out here will be applied in any contract agreements.

Parties are encouraged to respond to this feedback request if they are considering future developments that will be in some way co-located with multiple technology or fuel types. Please respond to this feedback request by **5pm Friday 21 February 2025**.

Publicly Available

Co-located technologies and the suitability of hybrid metering arrangements for BM Units – emergent thinking

With the advances in technology, an increasing number of users are connecting sites to the GB electricity system using more than one type of plant or technology. This recent trend seeks to enhance the technical capability along with the commercial potential of the overall plant. Some of the benefits of co-location include reduced system constraints, maximising grid connection, optimising renewable generation and increasing the contribution of flexible assets.

The aims and objectives of this work programme are to reach an agreed industry position on co-located technologies and the associated BMU metering configurations for this type of project, and to communicate this position, along with any resultant changes to market participants and wider industry actors.

Definitions

Whilst definitive legal text or archetypes are not proposed here, a more comprehensive understanding of the differences in the various types of co-located sites is.

An existing [NESO guidance note](#) for co-located technologies defines a co-located site as one “where Power Generating Modules belonging to different technologies and/or fuel types, including storage and non-embedded demand, are installed at the same site or Power Station and connected to the GB electricity system”.

We appreciate market participants will have views on these definitions, and we encourage feedback to be provided through the feedback request. Additionally, when looking to reach a consensus on definitions and categorisation of projects with co-located technologies, we are conscious of similar definitions presented in industry documentation or forums.

Feedback Request Questions

Please refer to the [NESO feedback request on hybrid metering arrangements for BM Units](#) online form to view and respond to the questions.

MS Form: <https://forms.office.com/r/gBETxttAFq>

A full list of questions has been provided in the Appendix of this document.

Feedback Request Submission Information

- The submission deadline for responses to this feedback request is **5pm Friday 21 February 2025**. Please ensure your response, any supporting documents and communications relating to this feedback request are provided in English.

Publicly Available

- Submissions should be completed via the online form and submissions should be received before the submission deadline.
- All communications and queries arising from this feedback request should be conducted by email using the email address: box.hybridmetering@nationalenergyso.com. Please ensure all emails in relation to this feedback request include the following in the subject box: "Feedback request on hybrid metering arrangements for BM Units".
- Any queries should be submitted no later than three days prior to the submission deadline for this feedback request (**21 February 2025**).
- Following receipt of the feedback request responses NESO may organise follow up meetings to discuss the information received in more detail.

Feedback Request Expenses

NESO shall not be responsible for or pay for any costs or expenses that may be incurred by the supplier in the preparation and submission of a response to this feedback request.

Confidentiality

All details of this feedback request and associated documents must be treated as private and confidential and shall not be disclosed to any other party, except where this is necessary for you to prepare and submit a response.

You must ensure that you have an adequate confidentiality agreement in place with any subcontractors, consultants or agents before issuing them with any information concerning the requirements of this feedback request.

Details of your response to this feedback request shall not be disclosed to any third party unless such disclosure is required by OFGEM, DESNZ, and/or law or court order.

Following the conclusion of the feedback request, NESO reserve the right to publish an anonymised summary of responses.

Publicly Available

Copy of Feedback Request Questions

Section 1 – Main Feedback Request Questions

Feedback request main questions used to collect information on BM Unit metering arrangements for co-located technologies. Feedback will be used to inform future stakeholder engagement and existing project scope. Majority of the questions are free text responses.

1. To what extent do you agree with the main points as set out in the feedback request document? Can you elaborate on your views about the impact co-located technologies could have on the system?
A: free text response – *Please provide comments and reasoning for your answer.*

2. We mention we are seeking views on the different characteristics of a 'co-located' site and 'hybrid metering', and possible definitions to be associated with these terms. Do you have any views on the appropriate definitions or terminology for the configuration of multiple technologies being co-located at the same site.
A: free text response – *Please provide comments and reasoning for your answer.*

3. We would welcome references to similar work (internal or external) that have looked to address the definitions of co-location and/or provided views on alternative metering arrangements for co-located technologies. Please provide any further information here.
A: free text response – *Please provide comments and reasoning for your answer.*

4. In this information gathering exercises we are looking for specific feedback on the current BM Unit metering requirements applicable for co-located technologies, for example with reference to the existing [NESO guidance notes](#). In your opinion, are the existing guidance notes provided by NESO for co-locating multiple technology types clear?
A: free text response – *Please provide comments and reasoning for your answer.*

5. Additionally, do the existing guidance notes provided by NESO give you the flexibility to optimise your co-located assets in the way you want? If not, what comments or recommendations can you share?
A: free text response – *Please provide comments and reasoning for your answer.*

6. More generally, are you able to provide any specific feedback on the current BM Unit metering requirements for co-located technologies? This can include references to documentation/rules as published by wider industry partners.
A: free text response – *Please provide comments and reasoning for your answer.*

Publicly Available

7. With reference to the above, would any of your answers change if considering co-location with a government support mechanism such as the CfD or Low Carbon Hydrogen Agreement (or both)? If so, please provide relevant details here.

A: free text response - *Please provide comments and reasoning for your answer.*

8. When considering co-located technologies at single connection site, can you provide any feedback on whether overall costs change at all via having a co-located arrangement as opposed to a standalone agreement?

A: free text response - *Please provide comments and examples for your answer.*

9. Please use this question to provide any additional comments or information that you think would be useful.

A: free text response

Section 2 (Optional) – Co-located Project Information

These questions concern specific information on co-located projects of multiple technologies or a combination of subsidy support mechanisms. If applicable, please answer these following questions for the co-located assets within your portfolio (current or proposed).

10. Would you like to respond to section 2 (co-located project information), and provide specific information on your co-located projects?

A: Yes/No. Please select either Yes or No using the drop-down list

11. Have you, or are you, planning to co-locate multiple technology or fuel types at a single connection point?

A: Yes/No. Please select either Yes or No using the drop-down list

12. If yes to Q11, what are the technology types and expected nameplate capacities (MW)?

A: free text response. Please provide the name of the generator/ asset offering the service/BMU ID

13. Please select your connection status from the drop-down list.

A: Please select the applicable option from the drop-down list:

new connection proposal not yet discussed with network operator,
 new connection proposal discussed with network owner,
 application submitted,
 connection offer issues,
 connection offer accepted,

Publicly Available

- already connected,
- already connected but will require modapp

14. When do you expect to connect to the network? Alternatively, if you are already connected, when did you connect to the network?

A: free text response. Please provide in month-year format as a minimum. This should be based on any connection offers or agreements where they exist. If already connected, please state your asset is already connected and operational, and when you connected in a month-year format.

15. For example, please describe how you are connected into the substation and consider providing an electrical layout diagram of your existing or proposed connection if available to the NESO hybrid metering mailbox [box.hybridmetering@nationalenergyso.com].

A: free text response. Please describe how you are connected into the substation and provide an electrical layout diagram of your existing or proposed connection if available. Include the file name of the diagram in your response to this question

A: Upload option (if available)

16. If applicable, please describe how you intend to configure, or have configured the BM Unit(s). For example, please indicate if this would be via primary, secondary, non-standard BM Unit registration.

A: free text response. For example, please indicate if this would be via primary, secondary, non-standard BM Unit registration.

17. Which markets do you intend to, or already participate in? For example, Contracts for Difference, Capacity Market, Wholesale Market.

A: free text response. Please list out the other markets you intend to participate in.

18. Do you intend to, or already participate in ancillary markets (revenue stacking)?

A: Yes/No. Please select either Yes or No using the drop-down list

19. Which ancillary markets (revenue stacking) would these be?

A: free text response. Please list out the other markets (e.g. Balancing Mechanism, Reactive Power, Frequency Response) you intend to participate in.

Section 3 – Stakeholder Information

We would like to have your details to continue the conversation and include you in our future engagement. If you would like to get in touch about any further topics of interest relating to Co-

Publicly Available

location of multiple technologies and the associated BM Unit metering configurations, please email box.hybridmetering@nationalenergyso.com

21. Which stakeholder category best fits your role?

A: drop down

- Project developer
- Communities and their representatives
- Consumers and consumer groups
- Wider energy industry
- Innovators
- non-governmental organisation
- Academics and universities
- Political
- Regulation
- UK Networks
- Other (free text)

22. Name

A: free text response (optional)

23. Organisation

A: free text response (optional)

24. Role or job title

A: free text response (optional)

25. Contact Email

A: free text response (optional)

26. Are you happy to be contacted following submission to further understand your views?

A: Yes/No

27. If you answered yes above, please list any topics of expertise and/or interest.

A: free text response (optional)

28. How would you like us to treat your response?

A: Drop-down options

- My response can be published
- My response can be shared anonymously with identifiable information redacted
- My response is confidential