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State of Energy (SOE) Management Rules FAQs

Question	Answer
Type of Penalties	
Is it correct to understand that the impact of not conforming to the SOE management rules is being declared unavailable for the affected settlement period?	Yes, that is correct, once penalties are applied, a penalty of deemed unavailability will be applied for the relevant Settlement Period (SP) for not conforming to these rules.
Will the penalty be the loss of payment, or will there still be more severe penalties such as suspension of Enduring Auction Capability (EAC) tendering? (or will this not be possible until Ofgem accept point 6 of the response reform)	<p>When penalties are introduced, the penalty for failure to abide by the SOE Management Rules will be deemed unavailability and therefore loss of payment for the relevant service period.</p> <p>We will be sharing more details on the introduction of the Tiered Penalties Regime later in the year. Under this regime repeated penalisation will result in more severe penalties which could result in suspension, or deregistration from the market.</p>
Data Used	
Can you please clarify how the Expected and Actual SOE have been calculated. There is an SOE Import and SOE Export on	Actual SOE is taken from the performance files, Expected SOE is calculated by the performance bounds and charging behaviour, more information can be found in

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<p>the performance files submitted each hour, but there must be other information being used. Have I missed the definition documentation for that?</p>	<p>the SOE guidance: https://www.neso.energy/document/347241/download</p>
<p>Could you please confirm the data source for SOE monitoring; are NESO using the fields: soe_import_mwh & soe_export_mwh from the Dynamic Response Services metrics submitted by providers or is another source used?</p>	<p>Yes, these are the values that we are using to monitor SOE. We have published some detailed guidance which will provide some more details: https://www.neso.energy/document/347241/download</p>
<p>When exactly is the point at which you are assessing the Response Energy Volume (REV) to see whether an action needs to be taken in future SPs? Using the example again - will you look at the singular 20hz reading at 00:30:00.000? And what happens if that reading is missing?</p>	<p>Please note that we do not evaluate a provider's adherence to SOE rules based on baseline behaviour. Instead, we assess SOE based on the results of the actions taken to manage SOE. Readings to assess SOE are taken at the start of the SP. Under current requirements of data submission, there cannot be single missing values within a settlement period. However, in the case where there is unavailability for a period of time, the first available period after unavailability is utilised. The SOE of the asset is then compared to the calculated minimum SOE requirement values at the start of each settlement period. We have published some detailed guidance which will provide some</p>

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	<p>more details: https://www.neso.energy/document/347241/download</p>
<p>Delivering over consecutive EFA Blocks</p>	
<p>It seems like the main cause is the new guidance on consecutive contract periods which makes it basically impossible to stay in a perfect SOE position when moving from an EFA block of e.g DRH into another contracted period. I think this falls under the interpretation of 6.11 (ii). Have other providers seen similar levels of issues at the start of EFA blocks?</p> <p>From our high-level assessment most of the registered times are in the beginning of an EFA block. It seems that "Expected SOE MWh" resets in the beginning of each EFA block whereby it does not account for high utilisation in the end of the preceding EFA block – is that correctly understood?</p> <p>Hitting the correct state of charge at the start of an EFA block has been challenging, as we do not know how much</p>	<p>Ability to deliver the contracts should be considered at the bidding stage, if delivering contracts back to back is too difficult then considerations should be made to avoid this to ensure providers are not over committing volumes. We understand that there are some extreme situations that are outside of the control of the providers, which has been accounted for in the Service terms.</p>

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<p>energy will be put in or out of the asset in the previous hour of service.</p>	
<p>The contracted REV in the next EFA block can be radically different the current EFA block, e.g. when a unit moves from DC to DR. If we discover an REV breach in an EFA block with DC but the next available period to change the baseline is in the next EFA block where we are doing DR and have different REV requirements, presumably you would not want us to take an action that targets recovering 20% of a REV that does not relate to the contract you are currently delivering? So, what do we do in this scenario? If we cannot amend the baseline until the next EFA, should we just instead prioritise getting the right REV for the next EFA?</p>	<p>Yes, we would ask that in this occasion you would prioritise reaching the REV requirement for the next EFA. We do ask that you consider this with your bidding strategy, and you should ensure that you do not bid into 2 consecutive EFA block with radically different contracts if this results in not being able to achieve the REV by the start of the EFA block.</p>
<p>How/When to declare unavailable</p>	
<p>Should we be redeclaring unavailability due to SOE via ASDP/Nortech ?</p>	<p>That is correct that there is no need to change the redeclarations of unavailability for Dynamic Response Service delivery. This should still be based on power, as you should</p>

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	<p>only declare unavailable when you no longer have the MW to deliver the service.</p> <p>Unavailability should be declared if you hit extreme SOE levels, although we consider this scenario unlikely.</p>
<p>Should we be setting the unavailable flag in Performance Reporting due to SOE?</p>	<p>You're understanding of deemed unavailability is also correct. This will be calculated by NESO after the fact. SOE levels or being below the expected SOE level is not reason to declare unavailable.</p>
<p>Stacking with the BM</p>	
<p>And can I also ask if these SOE/baseline calculations account for BM activity between gate close and the SP referenced for delivery? As well as BM activity during the period</p>	<p>The calculation of the minimum SOE does not take BOAs into consideration, if you accept a BOA that causes your SOE to drop below the minimum SOE, a penalty will be applied. BOAs can be used in providers strategies to recover SOE, to move it away from the minimum SOE, if your SOE is in a position where you can accept a BOA and it will not cause you to fall below the minimum SOE, then this is also permitted and no penalty will be applied. Further guidance on stacking DC/DM/DR with BOAs in this document: https://www.neso.energy/document/300231/download</p>
<p>Once we instruct a baseline at the required 20% of REV, should we also price out of BM? Or are BOA volumes adjusted out of the calculation, and we would not be penalised if we had a</p>	<p>You will be penalised if you drop below the minimum SOE requirement, even if a BOA is what causes you to do so. This should be considered when pricing for BOAs. Further guidance on stacking DC/DM/DR with BOAs in</p>

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BOA that affected this 20% of REV rate?	this document: https://www.neso.energy/document/300231/download
Strategy to manage SOE	
If a frequency event happens in SP2 that caused our REV to temporarily go below the contracted level but by the end of SP2/start of SP3 it returned to a sufficient level - either through frequency deviations or a pre-booked baseline - do we still need to take action?	You are expected to assess your SOE at the beginning of each SP and if that is below the CREV you should instruct a baseline to recover. If frequency deviations, or a pre-booked baseline causes you to recover to a sufficient level, you're not required to continue to take action, although you may wish to create a bigger buffer between the assets SOE and the minimum SOE requirement to allow for greater flexibility. It is not NESOs place to comment on the strategies used by operators on how they manage the SOE/energy recovery.