

Annual Industry Consultation

Proposed revisions to the:
Balancing Services Adjustment Data Methodology Statement
as part of the C16 Annual Review

In accordance with Standard Condition 16 (C16) of its Electricity Transmission Licence, National Grid is required to conduct an annual review of all licence statements, proposing changes as necessary.

Executive Summary

This consultation has been produced under Condition C16 of the Transmission Licence to undertake an annual review of National Grid's C16 Statements.

As a result, a change is proposed to the following document:

- Balancing Services Adjustment Data Methodology Statement (BSAD)

In accordance with Licence Condition C16 5 (b) the following documents were reviewed with no changes proposed:

- Applicable Balancing Services Volume Data Methodology Statement (ABSVD)
- Procurement Guidelines
- System Management Action Flagging Methodology Statement (SMAF)
- Balancing Principles Statement (BPS)

The BSAD has been updated with a housekeeping amendment to provide further clarity on the determination of the allocation of costs into Settlement Periods through the Buy Price Adjuster (BPA) for BM Start-Up when it is called upon.

It is recognised that, pending the Balancing and Settlement Code (BSC) modification P305 and separate engagement with industry on the treatment of the new balancing services in cash-out, further changes may be required to the C16 statements in 2015¹. However, since these are pending agreement, confirmation and/or approval these will form separate interim C16 review(s).

The change to the BSAD is detailed in Section 2 of this consultation.

National Grid welcomes industry views on the proposed changes, and invites views on any other aspects of the subject documents for further consideration.

Responses are required by **24th February 2015**. Details on how to make a response can be found in Section 7.

Following receipt of responses to this consultation, National Grid will prepare and submit a report to the Authority by **3rd March 2015**. This consultation, industry responses and the consultation report will all be published at the link below:

<http://www2.nationalgrid.com/uk/industry-information/electricity-codes/balancing-framework/c16-consultations/>

Current versions of the above documents can be found at the following link

<http://www2.nationalgrid.com/uk/industry-information/electricity-codes/balancing-framework/transmission-license-c16-statements/>

¹ Consequential changes to the SMAF and BSAD have been identified that may be required in to implement P305 (EBSCR Developments) depending on the content of the final proposal and its subsequent Approval. Furthermore, if accepted Supplemental Balancing Reserve (SBR) and/or Demand Side Balancing Reserve (DSBR) actions were to be taken into account in cash-out, changes for these new balancing services would also be required to be made to the SMAF and BSAD.

If you have any questions about this document please contact:

Sally Lewis

Senior Commercial Analyst
National Grid

Tel: 01926 656984

Email: balancingservices@nationalgrid.com

Contents

1	Introduction.....	5
2	Proposed Changes to the BSAD	5
3	Consultation Questions	6
4	Responding.....	6
5	Next Steps	7
	Appendix A - Revised ABSVD.....	8
	Appendix B - Revised BSAD	Error! Bookmark not defined.
	Appendix C - Revised Procurement Guidelines	Error! Bookmark not defined.
	Appendix D - Revised SMAF	Error! Bookmark not defined.
	Appendix E - Response Proforma	8

1 Introduction

In accordance with Standard Condition 16 (C16) of its Electricity Transmission Licence, National Grid is required to conduct an annual review of all licence statements and, if appropriate, to propose changes to these documents.

The purpose of the annual review and consultation is to ensure that each of the applicable documents remains current by seeking industry views on any proposed changes. Proposed changes can only become effective if approved by the Authority.

As a result, a change is proposed to the following document:

- Balancing Services Adjustment Data Methodology Statement (BSAD)

In accordance with Licence Condition C16 5 (b) the following documents were reviewed with no changes proposed:

- Applicable Balancing Services Volume Data Methodology Statement (ABSVD)
- Procurement Guidelines
- System Management Action Flagging Methodology Statement (SMAF)
- Balancing Principles Statement (BPS)

It is recognised that, pending the Balancing and Settlement Code (BSC) modification P305 and separate engagement with industry on the treatment of the new balancing services in cash-out, further changes may be required to the C16 statements in 2015². However, since these are pending agreement, confirmation and/or approval these will form separate interim C16 review(s).

2 Proposed Changes to the BSAD

A housekeeping amendment is proposed to the BSAD to provide further clarity on how the Settlement Periods to which availability costs of a BM Start-Up service are allocated are determined for the purposes of applying those costs to cash-out through the Buy Price Adjuster (BPA).

The existing wording states that the periods are “identified by National Grid at the time of instruction”, however the windows for allocation of the BPA are deduced on an ex ante basis. When a BM Start-Up instruction is issued, the system will automatically determine which target peak that instruction relates to. Each target peak has associated Settlement Periods assigned to it that are identified in order to apply the BPA into cash-out. These windows of associated Settlement Periods are reviewed and determined periodically to ensure they continue to be appropriate.

Changes are detailed in Table 1 below.

Table 1 – Proposed changes to the BSAD

Reference	Change
Title Page	Change to Effective Date Change to Version Number

² Consequential changes to the SMAF and BSAD have been identified that may be required in to implement P305 (EBSCR Developments) depending on the content of the final proposal and its subsequent Approval. Furthermore, if accepted Supplemental Balancing Reserve (SBR) and/or Demand Side Balancing Reserve (DSBR) actions were to be taken into account in cash-out, changes for these new balancing services would also be required to be made to the SMAF and BSAD.

Reference	Change
Page 3	Update to version control table
Page 14	Deletion of text: “(as identified by National Grid at the time of instruction).” Insertion of text: “(based on periodically reviewed windows).”

The proposed changes detailed above are shown in a changed marked version of the BSAD attached as Appendix A.

Consultation Question 1

Do you agree that the changes proposed to the BSAD shown in Table 1 have been implemented correctly to the BSAD in Appendix A?

Consultation Question 2

Do you agree that the changes proposed to the BSAD shown in Table 1 and in Appendix A, should be made?

Consultation Question 3

Do you have any other comments in relation to the changes proposed to the BSAD?

3 Consultation Questions

The consultation questions detailed here are also summarised within a response proforma as Appendix B.

BSAD

Consultation Question 1

Do you agree that the changes proposed to the BSAD shown in Table 1 have been implemented correctly to the BSAD in Appendix A?

Consultation Question 2

Do you agree that the changes proposed to the BSAD shown in Table 1 and in Appendix A, should be made?

Consultation Question 3

Do you have any other comments in relation to the changes proposed to the BSAD?

4 Responding

Responses should be submitted by replying to the consultation questions within the response proforma, attached as Appendix E and e-mailing the completed proforma to balancingservices@nationalgrid.com

If you do not wish any elements of your response to be made publicly available, please mark these as confidential.

The consultation period for this document is 28 days. Responses should be returned no later than **24th February 2015**. Following the consultation, a report will be produced and submitted to the Authority within seven days of the consultation close. Due to the timescales for the Authority report, it may not be possible to accept late consultation responses.

It is envisaged that, unless directed otherwise by the Authority, the implementation date for each of the revised documents will be 1st April 2015.

5 Next Steps

Following receipt of responses to this consultation, National Grid will prepare and submit a report to the Authority in accordance with Electricity Transmission Licence Standard Condition C16 paragraph (8). The consultation document, consultation report, and all responses, will be published on National Grid's website:

<http://www2.nationalgrid.com/uk/industry-information/electricity-codes/balancing-framework/c16-consultations/>

The current versions of the subject documents referred to in this report can be found at the following link:

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Balancing-framework/Transmission-license-C16-statements/>

Appendix A - Revised BSAD

Please see separate document.

Appendix B - Response Proforma

Please see separate document.