

# Balancing Stakeholder Focus Group (BSFG) JESG Subgroup

## Headline Report

<b>Meeting number:</b>	3
<b>Date of meeting:</b>	15 July '15
<b>Location:</b>	Pink Room, Elexon Offices, London

This note sets out the headlines of the most recent meeting of the Balancing Stakeholder Focus Group (BSFG), which is a sub-group of the Joint European Stakeholder Group (JESG). The note is provided in addition to the agenda from the meeting also available on the JESG website<sup>1</sup>; presentations from the meeting will be circulated to the BSFG mailing list. If you wish to be added to the BSFG mailing list please contact [europeancodes.electricity@nationalgrid.com](mailto:europeancodes.electricity@nationalgrid.com).

If you have any queries in relation to the content of this report, please email the BSFG Technical Secretary Francesca Scucces [europeancodes.electricity@nationalgrid.com](mailto:europeancodes.electricity@nationalgrid.com)

### 1 BSFG Actions Review

The current version of the BSFG Action Log, including any additions from this meeting, follows this Headline Report.

### 2 Recent development (ACER QR and BSC Issue Group)

Grendon Thompson (Ofgem) gave an update on ACER's Qualified Recommendation and BSC Issue 60 Group.

- On ACER's QR, approval is expected at ACER July Board of Regulators meeting (16 July). The European Commission has indicated that they intend to conclude their consultation on market design before starting the Comitology process. Assuming Comitology takes around one year, this will result in roughly a one year delay to the entry into force of the Balancing Code, with entry into force now expected to be the middle of 2017 at the very earliest. Also some concerns about CBA timing were raised as the results are required to influence the text during the Comitology process. Sufficient time should be allowed for the CBA and the necessary data collection to be done properly. Chris Fox (NGET) indicated that ENTSO-E was reviewing the timelines in light of the potential delays to the Balancing Code entering into Comitology.
- On BSC Issue 60 Group, the first meeting will take place the day after the BSFG (16 July '15). A briefly overview on Issue 60 has been given by Steve Wilkin (Elexon).

### 3 GB's approach to implementation

Grendon Thompson (Ofgem) presented:

The aims of the GB's implementation analysis and process followed: The aim of the analysis was to provide a clear steer on the GB approach to implementing the NC EB to aid decision making associated with the early implementation activities of Project TERRE and the ongoing negotiations on the NC EB.

<sup>1</sup> <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/European-network-code/Joint-European-Stakeholder-Group/>

The analysis was conducted by DECC, Ofgem, National Grid and Elexon. Stakeholder views were sought at a workshop in January (none of the BSFG members present on 15/07/2015 were in attendance) and the views on code compliance were supported by external legal advice.

- The steps through which standard balancing products are used and exchanged by TSOs within CoBAs

There was discussion about transmission access rights; how the Balancing and CACM interact in this area; what the impact on cash-out prices of SO-SO activity is and how this changes in the new world of sharing and exchanging balancing reserves. Chris Fox (NGET) stated that there will be a new ENTSO-E group between WGAS (Working Group Ancillary Services) and MIWG (Market Integration Working Group) that will look at X-border capacity reservation.

- The four different GB implementation options

Some questions were raised on how the TSO would compare standard balancing products against specific products, what the most efficient dispatch is and how it is calculated. It was clarified that while the NC EB permits GB specific products, their use over and above standard products must be justified and monitored through regular reporting. Also decisions are based on costs and decision on whether allows products or not is taken in advance of dispatch. Another question was about how products interact: are they similar and compete or are they complementary?

- The Assessment criteria and the results of the analysis of the GB implementation options

The analysis concluded that Option 2 is slightly better in terms of compliance, meeting the objectives of the NC EB and operational security but that there were clear benefits of having a transition phase closer to Option 3. The Group questioned who did the scoring and it was confirmed that scores were first completed separately by DECC, Ofgem, National Grid and Elexon and the group came together to reach a consensus. There was some discussion on the fact that Option 1 was discounted on the basis of ensuring system security.

It was clarified that the process described in the code is to first decide on the European standard products and then determine which GB specific products are needed.

The Group also asked about:

- How a future tender process would work – the NC EB currently limits contracts for balancing capacity to a maximum of one month.  
Interconnectors – it was highlighted that the process of utilising cross-border capacity and scheduling flows on HVDC interconnectors is critical to the GB implementation of the NC EB. Chris Fox (NGET) mentioned that a project is being established within ENTSO-E to look at the challenges of exchanging balancing energy across HVDC.

#### **4 Project TERRE design update**

Chris Fox (NGET) gave a general update on Project TERRE asking for feedback on the inter-regional stakeholder meeting held in May at ENTSO-E (Brussels). General feedback was positive although it was mentioned that the presentations were quite high level and a lot of the detail is still to be discussed. Some suggestions for further improvements were:

- Would be good to see what decisions have been made and what is still to be decided nationally
- Would be good to have another meeting before end of the design phase
- More opportunity for stakeholder input to influence the TERRE design
- Being represented by an EU institution could lose level of details and not report different points of view
- TSOs to circulate material in advance of the meeting.

Chris Fox continued his presentation giving an overview on the project TERRE with detailed focus on:

- Products

De-activation period should be the same as activation but there are concerns about "enforceability".

One attendee asked a question about whether there is any concept of a SEL; more generally what happens if a plant can't meet the product specifications. Issues associated with parameters such as SEL, MNZT, etc... were noted and are not likely to be unique to GB.

- Algorithm

A concern was raised about the currency risk (risk of exchange rate GBP/EUR). It has been clarified that this is linked to the choice of implementation approach and TSO neutrality.

One of the attendees made a point about how internal constraints are treated and whether this means that certain BSPs are excluded from the algorithm.

Also it was clarified that the "One stag clearing processes" would not necessarily result in arbitrage but that it means the netting of TSO needs is done at the same time as the activations of BSPs, therefore if it was more economical to activate a BSP than to net one TSOs needs off against another TSOs needs the algorithm would do so.

- Settlement

Some of the attendees were interested in the concept of "financial neutrality" and asked whether or not generators would be compensated for costs of participating. It was highlighted that currently the TERRE market is proposed to be voluntary and at present there are no plans for BSPs to be able to recover their costs.

- Timing and scheduling

Main questions were: where in the process does the National Grid consideration of internal constraints have to be completed; are there any implications for GB gate closure and what are the interactions with the TERRE product characteristics and Grid Code / dynamic data requirements.

- CBA Status

It was asked how generators who wish to participate in TERRE can realistically put a number into their 2016 budget for their IT costs. Another attendee noted that generator costs would need to be included in the CBA. This is an important point to be investigated further at the BSC Issue 60 Group.

- Plan

Project TERRE is planned to go live in Q2 '17. However it was noted that delays are likely during the implementation phase due to the number of open issues to be tackled.

## 5 Representation at the European Balancing Stakeholder Group

The next BSG is due to be held on 23<sup>rd</sup> September. GB stakeholders no longer have a member participating in this forum and are now only represented via European institutions (e.g. Eurelectric). Grendon Thompson (Ofgem) will try and attend this meeting where possible to continue to provide the link between the BSFG within GB and the Balancing Stakeholder Group at the European level.

## 6 AOB

Nothing else was discussed.

## 7 Future Agenda Items

- CACM Interactions (new ENTSO-E group looking at X-border capacity reservation)

- Grid Code Interactions

## 8 Next Meeting

The next meeting for the BSFG will be scheduled ***before the European BSG taking place on 23 September '15***. Registration details will be provided in the JESG Weekly Updates and stakeholders will be invited to suggest agenda items.

## Action Log

### New and Open Actions

ID	Topic	Lead	Status	Stakeholder Views	NG Views	Update
4	Investigate the AESAG and its role in relation to the BSG	Grendon Thompson (Ofgem)	Open			

### Recently Closed Actions

ID	Topic	Lead	Status	Stakeholder Views	NG Views	Update
3	Provide explanatory notes for TERRE worked example	Chris Fox (NGET)	Closed			
2	Energy UK to investigate getting SR to attend BSG on behalf of Eurelectric and think about contingencies for the BSFG is this is not possible	Energy UK	Closed			No GB representative via EURELECTRIC

## Meeting Attendees

Name	Company
Alex Haffner	Chair
Francesca Scucces	Technical Secretary
Christopher Fox	NGET
Grendon Thompson	Ofgem
Thomas Brockwell	NGET
Bill Reed	RWE
Steve Wilkin	Elexon
Claire Kerr	Elexon
Marta Krajewska	Energy UK
Cem Suleyman	Drax
Adam Giham	Ofgem
Sarah Owen	Centrica
Mari Toda	EDF Energy
Roseline Polle	Highview Power Storage

## Apologies

Name	Company
Jonathan Robinson	DECC
Matthew McKeon	Elexon