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## Workgroup Consultation Response Proforma

### GC0166: Introducing new Balancing Mechanism Parameters for Limited Duration Assets

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to [grid.code@nationalenergygyso.com](mailto:grid.code@nationalenergygyso.com) by 5pm on 09 December 2024. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact Milly Lewis [Milly.Lewis@nationalenergygyso.com](mailto:Milly.Lewis@nationalenergygyso.com) or [grid.code@nationalenergygyso.com](mailto:grid.code@nationalenergygyso.com)

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<b>Which best describes your organisation?</b>	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input checked="" type="checkbox"/> Storage <input checked="" type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

#### I wish my response to be:

(Please mark the relevant box)

☒ **Non-Confidential** (*this will be shared with industry and the Panel for further consideration*)

☐ **Confidential** (*this will be disclosed to the Authority in full but, unless specified, will not be shared with the Workgroup, Panel or the industry for further consideration*)

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**For reference the Applicable Grid Code Objectives are:**

- a) *To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity*
- b) *Facilitating effective competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the national electricity transmission system being made available to persons authorised to supply or generate electricity on terms which neither prevent nor restrict competition in the supply or generation of electricity);*
- c) *Subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in the national electricity transmission system operator area taken as a whole;*
- d) *To efficiently discharge the obligations imposed upon the licensee by this license and to comply with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency; and*
- e) *To promote efficiency in the implementation and administration of the Grid Code arrangements*

**For reference, (for consultation questions 6 & 7) the Electricity Balancing Regulation (EBR) Article 3 Objectives and regulatory aspects are:**

- a) *fostering effective competition, non-discrimination and transparency in balancing markets;*
- b) *enhancing efficiency of balancing as well as efficiency of national balancing markets;*
- c) *integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;*
- d) *contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;*
- e) *ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;*
- f) *facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;*

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- g) *facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.*

### What is the EBR?

The Electricity Balancing Regulation (EBR) is a European Network Code introduced by the Third Energy Package European legislation in late 2017.

The EBR regulation lays down the rules for the integration of balancing markets in Europe, with the objectives of enhancing Europe's security of supply. The EBR aims to do this through harmonisation of electricity balancing rules and facilitating the exchange of balancing resources between European Transmission System Operators (TSOs). Article 18 of the EBR states that TSOs such as the ESO should have terms and conditions developed for balancing services, which are submitted and approved by Ofgem.

**Please express your views in the right-hand side of the table below, including your rationale.**

Standard Workgroup Consultation questions		
1	Do you believe that the Original Proposal and/or any potential alternatives better facilitate the Applicable Objectives?	Mark the Objectives which you believe the Original Solution better facilitates:
		Original <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		<p>The onus on certain asset types to provide not just data, but also supporting models does not support objective A due to the inefficiencies it creates. If guidance on the new data parameters is clear, there should be no need for NESO to separately maintain their own calculations/models on how specific assets might operate, particularly when this obligation is not placed on all asset types in the market.</p> <p>We are of the opinion that the proposal does not effectively support objective B. In fact, we believe that batteries may face a competitive disadvantage due to the requirement of submitting model parameters to NESO for the purpose of forecasting the SoE of the asset. This poses a barrier for batteries and limits their participation in the BM. Furthermore, it is unclear how NESO will utilize the information obtained from the model and whether this could potentially penalise certain assets.</p>
2	Do you support the proposed	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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	implementation approach?	<p>The implementation is scheduled to take place within 10 business days after the Authority Decision. However, the proposed changes are substantial and will require significant modifications on the providers' side. It is unrealistic to expect these developments to be completed within such a short timeframe. At a minimum, participants will need 3 months to adapt, but a more realistic estimate would be 6 months to ensure that the new processes are fully operational. This timeframe takes into account the computation and submission of new parameters, adjustments to MEL and MIL (as it appears that they will no longer be computed based on the 30-minute rules), as well as discussions with NESO to agree on the battery model for each specific asset and ensure smooth functioning of the system.</p> <p>Whilst we might start planning development in preparation, it is only at the point of the Authority Decision being issued that there is certainty on the exact implementation needs.</p>
3	Do you have any other comments?	<p>We have some comments regarding timings, and also clarity of the examples.</p> <p>For timing, we note that only 3 weeks have been given to respond to this consultation. Is there a reason why this is a shorter time period than the usual 4 weeks normally given?</p> <p>Regarding the examples given in Annex 6 (Work Group Example Scenarios), it would be helpful if the workings were detailed out, so it is clear how the final answers are arrived at.</p> <p>It is unclear how case 2 and 3 are calculated. For example, the PN shape is unclear. It seems like a 25-minute PN for a SP (30-minute period). The energy lost from the battery appears to be <math>(20 \times 10/2 + 20 \times 5 + 20 \times 10/2)/60/0.95</math> MWh. Given this the energy left to export appears to be 16.375 MWh. As for</p>

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		<p>case 3, a single table provided where the times do not align with the SP, and again, workings are not detailed out.</p> <p>Case 4 flips between mentioning DR and DC. Though, from the result it appears it is DRL. This is perhaps an oversight, but unhelpful when trying to make sense of the examples.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/> Yes (the request form can be found in the <a href="#">Workgroup Consultation Section</a>)</p> <p><input checked="" type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>
5	Does the draft legal text satisfy the intent of the modification?	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Given the limited timeframe given to provide responses to this consultation, we have not completed a detailed review of the legal text to provide comment.</p>
6	Do you agree with the Workgroup's assessment that the modification does impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Grid Code?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>
7	Do you have any comments on the impact of the modification on the EBR Objectives?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Similar to our comments on the Grid Code Objectives, we are of the view that the modification creates barriers to competition by placing overly burdensome requirements to only certain asset types in the market.</p> <p>The proposals for models to be provided to NESO, above and beyond the new data parameters is inefficient and the purpose of such are not made sufficiently clear in the consultation.</p>

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Specific Workgroup Consultation questions		
8	Do you agree with the Proposer that the solution should be technology neutral or with several Workgroup members who thought the solution should be based on asset type?	<input checked="" type="checkbox"/> Technology neutral <input type="checkbox"/> Based on asst type  We agree with the requirement for all BMUs to submit MDO and MDB. In cases where the assets are not energy limited, it should be permissible to provide a default value.
9	Are you clear on what is meant by limited/ unlimited?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  The consultation makes reference to several asset types which are limited in the energy they can import/export over time: Batteries, Compressed Air Energy Storage, Pumped Storage for example. It is not made sufficiently clear why some of these assets are deemed to be in scope, whereas others are not.
10	Do you agree that MDO/ MDB are technical dynamic parameters	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  We agree that MDO and MDB are technical parameters that represent the capability of the asset, while BOD indicates the commercial willingness of the asset to deliver.
11	Do you see there being an interaction between MIL/ MEL between MDO and MDB?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  When implementing MDO and MDB, MEL/MIL should be transformed into power-only parameters. Consequently, they should no longer be computed based on the 30-minute rule. If this is clarified, there will be no interaction between MDO/MDB and MEL/MIL. To ensure clarity, NESO will need to re-issue guidance around the 30-minute rule alongside the implementation of these changes so that market participants have clear guidance documentation.

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12	Is it clear from the definition of FSoE that this should be calculated at the point where it can be imported/ exported to the Total System?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		In the Glossary Definitions, FSoE is defined as “For a given point in time, a forecast of the total quantity of energy (measured in MWh) which is stored in an Electricity Storage Module”. This does not clarify the point at which the FSoE is calculated.
13	Is it credible for the proposed level of FSoE accuracy to be achieved over the proposed time horizon (up to 33hrs)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>Batteries are renowned for their ability to offer flexibility to the market. They are typically optimized across various markets, and their positions frequently change over time. This adaptability is a key advantage of batteries and a benefit for the grid, as it allows an optimal response to changing market conditions. It is impractical to expect an accurate forecasting 33 hours in advance, especially considering that some crucial market outcomes (e.g. dynamic frequency response services) are unknown with this amount of lead time.</p> <p>The proposals do not lay out with any clarity how NESO intend to make use of forecasts so far in advance of delivery. BM activations for batteries more than a few settlement periods ahead would be difficult to plan and the benefit to the overall system management has not been explained sufficiently in the proposals.</p>
14	How do you think NESO can/ should use FSoE and Asset Specific models in their system planning, considering market activity also continues within day, and commercial interactivity with operational "limits"?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>We assume the question is “do you think...” if a Yes/No answer is needed. In which case, no we do not think NESO can/should use Asset Specific models in system planning.</p> <p>We are of the opinion that with the submission of all BMU parameters (MDO, MDB, MEL, MIL, etc.), there is no necessity for NESO to possess a model of the asset, as all the relevant information to maintain system security and issue activations is already facilitated by the provider. As outlined in our answer to Q13, we do not</p>



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		believe that NESO have explained in sufficient detail how they would benefit from using such models.
15	Is it clear whether FSoE is proposed or considered as either a 'technical' or 'commercial' parameter?	<input type="checkbox"/> Technical parameter <input type="checkbox"/> Commercial parameter <p>The utilisation of FSoE by NESO is not clearly defined, making it challenging to determine whether FSoE will have a technical or commercial role.</p>
16	Is it clear from the definition of MDO and MDB that NESO can send multiple instructions up to the volume declared?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>We interpret MDO and MDB as the maximum volume (MWh) that can be imported or exported during a BM window. Therefore, we can operate under the assumption that we could receive multiple activations until the entire volume is utilized. Nonetheless and according to the information provided, it is stated that MDO and MDB can be re-declared after NESO issues a BOA. This suggests that NESO requires an update of the MDO/MDB to determine the remaining energy after a BOA. Therefore, further clarification is needed.</p>
17	Is it clear that the services referenced within the definitions of MDO and MDB are only during the BM Window?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>It is clear that the services referred are only during the BM window. However, the current definitions of MDO and MDB do not account for the possibility that an asset may have committed to ancillary services immediately after the BM window which may not be fulfilled if a BOA is issued using all the MDO and MDB. We recommend revising the terms so that the delivery of MDO and MDB avoids impacting not only on the delivery of ancillary services during the BM window but also extends beyond it. This would ensure a more comprehensive and accurate representation of the asset's capabilities and commitments.</p>



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18	Do the restrictions in BC2.5.3.4 strike the right balance between flexibility and operability?	<input type="checkbox"/> Yes
		<input checked="" type="checkbox"/> No
		The rules for redeclaration of MDO and MDB indicate this can happen if the PN for the SP after the BM window changes. We believe that changes beyond this single SP could also trigger a need to redeclare. Has this been considered by the working group?