

Public

## 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@nationalenergyso.com](mailto:grid.code@nationalenergyso.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@nationalenergyso.com](mailto:Milly.Lewis@nationalenergyso.com) or [grid.code@nationalenergyso.com](mailto:grid.code@nationalenergyso.com)

Respondent details	Please enter your details	
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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 checked="" 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;*
- 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.

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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 checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" type="checkbox"/> C <input checked="" type="checkbox"/> D <input checked="" type="checkbox"/> E
		Click or tap here to enter text.
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Click or tap here to enter text.
3	Do you have any other comments?	Click or tap here to enter text.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes (the request form can be found in the <a href="#">Workgroup Consultation Section</a> ) <input checked="" type="checkbox"/> No
		Click or tap here to enter text.
5	Does the draft legal text satisfy the intent of the modification?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Click or tap here to enter text.
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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Click or tap here to enter text.
7	Do you have any comments on the impact of the modification on the EBR Objectives?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		Click or tap here to enter text.

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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 <p>Some work group members expressed concern regarding the “default” nature of MDO &amp; MDB, particularly with respect to what values should be submitted for assets not deemed to be energy limited. Our view is that it is quite explicit that all assets will initially be defaulted to values of 9999 &amp; -9999MWh upon go-live, and thus any asset that does not need or require to submit an MDO or MDB value given their non-energy limited status need take no further action. This defaulting value therefore removes the requirement for MDO &amp; MDB to be asset specific. The matter of co-located BMU assets (e.g. wind or solar with BESS) was raised in the work group however it was decided it would be discussed further by an expert group.</p>
9	Are you clear on what is meant by limited/ unlimited?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Click or tap here to enter text.</p>
10	Do you agree that MDO/ MDB are technical dynamic parameters	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Click or tap here to enter text.</p>
11	Do you see there being an interaction between MIL/ MEL between MDO and MDB?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Click or tap here to enter text.</p>
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Click or tap here to enter text.</p>
13	Is it credible for the proposed level of FSoE accuracy to be achieved over the	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Click or tap here to enter text.</p>

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	proposed time horizon (up to 33hrs)?	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The FSoE model, in a market with many more GWs of BESS, and in unison with the Balancing Reserve (BR) service, are crucial tools to provide NESO with the opportunity to deliver a net zero transmission system when zero carbon forms of generation are sufficiently high to meet national demand. During these conditions there will still be the standard forms of energy imbalance, with a long system during the solar peak followed by a short system during the tea-time or evening peak. Having forecast these conditions at the Day-ahead or two Days-ahead NESO will be able to procure large volumes of BESS capacity via positive &amp; negative BR. When running the FSoE model this will ensure that NESO can plan / schedule well beforehand the collection of BESS BMUs that can eventually be instructed in the BM to manage troughs &amp; peaks, since these assets will be tied into retaining spare capacity via the reserve service. BESS assets not tied into BR may be operating in wholesale, potentially stacked with response services, however these may also have additional flexibility left unused that the FSoE may identify as being available to support net zero system balancing. However, the key aspect here is that the FSoE model in only relying on BESS assets operating with wholesale only strategies could indeed be exposed to lost reserve opportunities should market conditions move, whereby such assets schedule all available capacity for wholesale FPNs. Hence the use of BR alongside the FSoE is the strongest tool to counteract the risk of within-day commercial activities with the GB BESS BM fleet.</p>
15	Is it clear whether FSoE is proposed or considered as either a 'technical' or 'commercial' parameter?	<input checked="" type="checkbox"/> Technical parameter <input type="checkbox"/> Commercial parameter <p>Click or tap here to enter text.</p>

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16	Is it clear from the definition of MDO and MDB that NESO can send multiple instructions up to the volume declared?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <div>Click or tap here to enter text.</div>
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 <div>Click or tap here to enter text.</div>
18	Do the restrictions in BC2.5.3.4 strike the right balance between flexibility and operability?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <div>Click or tap here to enter text.</div>