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Code Administrator 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 by **5pm** on **06 June 2025**. 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 claire.goult@nationalenergyso.com or grid.code@nationalenergyso.com

Respondent details	Please enter your details	
Respondent name:	Richard Devenport	
Company name:	Shell Energy Europe Ltd	
Email address:	richard.devenport@shell.com	
Phone number:	07353 152869	
Which best describes your organisation?	<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 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 Panel or the industry for further consideration*)

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For reference the Applicable Grid Code Objectives are:

- i. *To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity*
- ii. *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);*
- iii. *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;*
- iv. *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*
- v. *To promote efficiency in the implementation and administration of the Grid Code arrangements*

* See Electricity System Operator Licence

For reference, (for consultation questions 5 & 6) 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;*

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- 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 NESO 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 Code Administrator Consultation questions			
1	Please provide your assessment for the proposed solution against the Applicable Objectives against the current baseline?	Mark the Objectives which you believe the proposed solution better facilitates than the current baseline:	
		Original	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input checked="" type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> v <input type="checkbox"/> None
		The introduction of MDO and MDB parameters will improve the NESO's ability to understand and	

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		<p>therefore dispatch energy storage assets with limited storage capacity in Balancing Mechanism. We believe that this will improve the efficiency and effectiveness of the operation of the BM through better information provision; that it will remove the anomaly where NESO's standing advice on how to submit MEL and MIL for storage assets (including the "15 minute rule") seems to conflict with a literal reading of the Grid Code; and that it will allow the full capability of the storage assets to be used effectively, allowing these assets to compete on a level playing field with other generation types. This has a positive effect against objectives i), ii) and iii).</p> <p>Consideration of the future state of energy storage modules will allow NESO to better forecast the availability of these modules to meet system needs in planning timescales. At present, NESO is unable to rely on the availability of storage assets, as there is limited information about how much storage capacity will be available to NESO; how much will be unavailable due to limits on asset cycling; and how much will be reserved by the optimiser for use in delivering Ancillary Service contracts. Increasing the asset base which can be relied upon during planning timescales will allow storage assets to compete more effectively with conventional assets; and will improve NESO's ability to manage the system in a coordinated and economic manner, which has a natural follow-through in improving system security. This therefore has a positive effect against objectives i), ii) and iii).</p> <p>We feel that the proposed solution would not impact objectives iv) and v).</p>
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2	Do you have a preferred proposed solution?	<input checked="" type="checkbox"/> Original <input type="checkbox"/> Baseline <input type="checkbox"/> No preference As the Original solution better facilitates objectives i), ii) and iii), and is neutral against objectives iv) and v), we feel that is preferable to the Baseline.
3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No We do not support the change being applied to the Grid Code with a 10 Working Day lead time, with an understanding that the submissions being required from a later date. We feel that Industry Code modifications that have been approved by the Authority, but which are not yet in effect should not be applied to the “live” version of the Code. This results in situations such as with TERRE where the live Grid Code contained substantial sections which had not yet gone into effect (and, indeed, never went live). We feel that a preferable solution would be for a BSC-style solution to implementation, where a reasonable go-live date is proposed which gives sufficient time for Control Points, providers of EDL software, NESO, and Elexon to implement the necessary changes to their systems; and for the Code modification to go into effect on that date.

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4	Do you have any other comments?	<p>We believe that further clarity from NESO around how the future state of energy storage modules will be used in planning would be helpful – while we are supportive of this change, it would help give confidence in NESO’s processes across the industry.</p> <p>Should this change be implemented, we believe that a post-implementation review of its efficacy should be carried out, 6 or 12 months after implementation, with further improvements considered if they are felt necessary.</p>
5	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 Code?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The modification is designed to impact the Article 18 terms and conditions; and does in fact impact them.</p>
6	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>For the reasons stated in question 1, we feel that the modification positively impacts objectives a), b), and e).</p>