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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@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 or grid.code@nationalenergyso.com

Respondent details	Please enter your details	
Respondent name:	Alex Temple	
Company name:	Electricity Storage Network	
Email address:	atemple@regen.co.uk	
Phone number:	07814769115	
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 checked="" type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input 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)

For reference the Applicable Grid Code Objectives are:

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- 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?	<p>Mark the Objectives which you believe the Original Solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input checked="" type="checkbox"/>A</td> <td><input checked="" type="checkbox"/>B</td> <td><input checked="" type="checkbox"/>C</td> <td><input checked="" type="checkbox"/>D</td> <td><input checked="" type="checkbox"/>E</td> </tr> </table> <p>Industry welcomes the effort by the National Electricity System Operator (NESO) to bring the Grid Code modification (GC0166) to this stage. There is a broad consensus that the Original Proposal facilitates the provision of crucial real-time and future energy capacity data for all Balancing Mechanism Units (BMUs). We welcome the consultation and opportunity to provide feedback on the proposal.</p>	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
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			
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>There is support from industry for NESO's goal to implement this modification quickly. However, the need for clear and firm timelines have been emphasised. Members have requested at least ten weeks' notice before the go-live date or, if that is not feasible, a transitional period should be considered. Timely updates from NESO, including an early indication of Ofgem's minded-to position, would be beneficial for industry stakeholders to manage implementation effectively.</p>						
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?	<p><input type="checkbox"/>Yes (the request form can be found in the Workgroup Consultation Section) <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 checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>Click or tap here to enter text.</p>						
6	Do you agree with the Workgroup's assessment	<p><input type="checkbox"/>Yes <input type="checkbox"/>No</p>						

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	that the modification does impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Grid Code?	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 type="checkbox"/> No Click or tap here to enter text.

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 type="checkbox"/> Technology neutral <input type="checkbox"/> Based on asst type Click or tap here to enter text.
9	Are you clear on what is meant by limited/ unlimited?	<input type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
10	Do you agree that MDO/ MDB are technical dynamic parameters	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A distinction between commercial and technical parameters is often not clear-cut. Commercial factors often influence technical commitments, creating various grey areas. However, members recognise that a distinction is needed. But if MDO/MDB are classified as technical parameters, it raises questions about penalties for non-delivery.
11	Do you see there being an interaction between MIL/ MEL between MDO and MDB?	<input type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
12	Is it clear from the definition of FSoE that	<input type="checkbox"/> Yes <input type="checkbox"/> No

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	this should be calculated at the point where it can be imported/ exported to the Total System?	Click or tap here to enter text.
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>The proposed use of FSoE in the T - 4–33 hours planning window has been flagged as problematic by the industry, as predicting commercial trading decisions and energy availability this far ahead is highly uncertain due to the dynamic nature of trading.</p> <p>The industry prefers the development of better reserve products, with a suitable availability payment , over reliance on the FSoE parameter for this time horizon. The industry advocates for an intraday reserve product with an availability payment structure rather than the current approach in the medium term. This could provide more stability and reduce risks associated with inaccurate forecasting for unpredictable time horizons. However we believe the need for the new dynamic parameters supersedes this at this stage, given the timeframes for new service development.</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>Planning based on FSoE for the T - 4–33 hours window is likely to be inaccurate and a reserve product as mentioned above would provide more credible volumes to NESO.</p> <p>Industry have asked that NESO clarify how FSoE will be used in practice. Publishing FSoE data on the Elexon Insights Solution platform could enhance transparency and trust.</p>
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
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 type="checkbox"/> No <p>Click or tap here to enter text.</p>

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17	Is it clear that the services referenced within the definitions of MDO and MDB are only during the BM Window?	<input type="checkbox"/> Yes <input type="checkbox"/> No
		Click or tap here to enter text.
18	Do the restrictions in BC2.5.3.4 strike the right balance between flexibility and operability?	<input type="checkbox"/> Yes <input type="checkbox"/> No
		Click or tap here to enter text.