

Public

## 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](mailto: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](mailto:claire.goult@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 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
		We support the intent of GC0166 to improve the utilisation of Electricity Storage Modules in the	

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		<p>BM. Enhanced dispatch of battery storage is essential to achieving Clean Power 2030 targets and reducing both constraint management costs and the carbon intensity of balancing actions. The introduction of Maximum Delivery Offer (MDO) and Maximum Delivery Bid (MDB) parameters is a step toward enabling more dynamic and efficient use of storage assets.</p> <p>We have some specific comments on the GC0166 proposal, which we've included under Q4.</p> <p>We've assessed the solution against the Applicable Objectives as follows:</p> <ul style="list-style-type: none"> <li>i. <b>Broadly positive</b> – We agree that the introduction of MDO/MDB parameters aims to improve the dispatch efficiency of ESMs, enabling NESO to better plan and balance the system, particularly as storage deployment increases.</li> <li>ii. <b>Positive</b> – By enabling more accurate and transparent representation of storage capabilities, the proposal supports a level playing field for storage operators and enhances competition in the BM.</li> <li>iii. <b>Positive</b> – Improved visibility of energy-constrained assets and more accurate reserve forecasting will support system security and reduce reliance on carbon-intensive generation during constraints.</li> </ul>
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		<p>iv. <b>Neutral</b> – While the proposal aligns with broader regulatory goals, it does not directly impact NESO’s statutory obligations.</p> <p>v. <b>Neutral</b> – The proposal introduces new complexity and data requirements, which may challenge NESO’s current systems and processes. Efficiency gains will depend on successful implementation and system readiness.</p>
2	Do you have a preferred proposed solution?	<p><input checked="" type="checkbox"/>Original</p> <p><input type="checkbox"/>Baseline</p> <p><input type="checkbox"/>No preference</p> <p>We prefer the proposed solution over the current baseline. It represents a meaningful step toward better integration of storage in the BM, though further clarity and system capability improvements are needed.</p>
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p> <p>Yes – We support the proposed 6–12 month implementation window following approval, provided that:</p> <ul style="list-style-type: none"> <li>• NESO confirms OBP readiness,</li> <li>• Industry-wide testing is conducted, and</li> <li>• Clear guidance is issued on data submission and parameter interactions.</li> </ul>

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4	Do you have any other comments?	<p>In this section we include comments on a) broader reforms needed to unlock the full value of low carbon flexibility and b) specific comments on the GC0166 proposals.</p> <p><b>GC0166 should be seen as part of a broader reform</b></p> <p>As we have previously outlined, we appreciate the recent efforts by NESO to improve skip rates and have observed some notable improvements. However, more work is required, particularly in relation to the utilisation of batteries for constraint management. Therefore, while GC0166 is a positive development, it is only one part of the broader reform needed to unlock the full value of low-carbon flexibility.</p> <p>In this context, we urge NESO to:</p> <ol style="list-style-type: none"> <li>1. Prioritise the migration of constraint management to the Open Balancing Platform to enable more transparent and efficient dispatch of storage assets.</li> <li>2. Accelerate the development of locational constraint management markets, which are essential for sending efficient investment and operational signals.</li> <li>3. Improve forecasting and transparency around system constraints, enabling market participants to better prepare and position assets in response to system needs.</li> </ol> <p><b>Comments on GC0166 specific proposals</b></p> <p>We are broadly supportive of the proposals contained in GC0166. However, we have the following specific comments:</p>
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		<p><b>Future State of Energy (FSoE):</b> As we have previously outlined to NESO, we have reservations about the proposed FSoE model. While we understand NESO's desire for forward-looking visibility of energy-limited assets, we question the practicality and value of this approach. Predicting future energy states of batteries is inherently uncertain, especially given the variability in trading behaviour, ancillary service commitments, and real-time system needs. The proposed FSoE model requires BMUs to submit asset-specific parameters (e.g., import/export efficiency, SoE limits, daily cycle limits), which may not materially improve NESO's forecasting accuracy. NESO has acknowledged that the FSoE model will not be 100% accurate and will require correction using MDO/MDB submissions. This raises the question of whether the additional complexity is a worthwhile exercise. Fundamentally, we believe that planning for battery storage assets is complex and best left to the parties optimising those assets.</p> <p><b>Data and system capability:</b> We note that NESO currently limits the number of MEL/MIL resubmissions due to system constraints. Introducing minute-resolution MDO/MDB submissions (up to 8 per BMU in a 5-minute window) will significantly increase data volumes. It is unclear how NESO's systems will scale to handle this volume, especially during peak periods. Given this, we would welcome NESO's continued focus on increasing its operational capability to process and act on this data in real time, particularly given the limitations of legacy systems and the transitional state of the OBP.</p> <p><b>Interaction between MDO/MDB and MIL/MEL:</b> The relationship between MDO/MDB and existing MIL/MEL</p>
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		<p>parameters remains unclear. If MDO/MDB and MIL/MEL values contradict each other, which parameter takes precedence in dispatch decisions? Will NESO use these parameters in combination, and if so, how will conflicts be resolved? The consultation notes that MIL/MEL is outside the scope of GC0166, but this interaction is critical to understanding how dispatch will function in practice. We recommend that NESO provide clear guidance on how these parameters will be interpreted and prioritised in the control room.</p> <p><b>Technical classification and redeclaration rules:</b> We note the ongoing debate about whether MDO/MDB should be considered technical or commercial parameters. While the current definition aligns with a technical interpretation (i.e., net of ancillary service commitments), the ability to redeclare within the BM Window introduces commercial flexibility. The proposed redeclaration rules (e.g., technical fault, BOA, frequency event, FPN change) are reasonable, but enforcement and auditability will be key. We support the principle that accepted BOAs must be deliverable, but reiterate that the concept of “firmness” is difficult to apply in a rolling BM Window.</p> <p><b>Implementation and readiness:</b> We support the proposed implementation timeline (6–12 months post-approval). However, there is a need for clear milestones aligned with OBP readiness, industry-wide testing and validation of data flows, along with transparent communication of NESO’s internal readiness and system capabilities.</p>
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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?	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No
		Yes – The modification introduces new data submission requirements and operational planning tools that fall within the scope of Article 18 balancing arrangements.
6	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.