

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@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 or grid.code@nationalenergygyso.com

Respondent details	Please enter your details	
Respondent name:	Jon Doughty	
Company name:	Habitat Energy Limited	
Email address:	jon.doughty@habitat.energy	
Phone number:	07818 450135	
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 checked="" type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input checked="" 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)

Public

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.

Public

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?	<div>Mark the Objectives which you believe the Original Solution better facilitates:</div> <div>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</div> <div>Click or tap here to enter text.</div>
2	Do you support the proposed implementation approach?	<div><input checked="" type="checkbox"/>Yes</div> <div><input type="checkbox"/>No</div> <div>Click or tap here to enter text.</div>
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?	<div><input type="checkbox"/>Yes (the request form can be found in the Workgroup Consultation Section)</div> <div><input checked="" type="checkbox"/>No</div> <div>Click or tap here to enter text.</div>
5	Does the draft legal text satisfy the intent of the modification?	<div><input checked="" type="checkbox"/>Yes</div> <div><input type="checkbox"/>No</div> <div>Click or tap here to enter text.</div>
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?	<div><input checked="" type="checkbox"/>Yes</div> <div><input type="checkbox"/>No</div> <div>Click or tap here to enter text.</div>
7	Do you have any comments on the impact of the modification on the EBR Objectives?	<div><input type="checkbox"/>Yes</div> <div><input type="checkbox"/>No</div> <div>Click or tap here to enter text.</div>

Public

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 asset type <div>Click or tap here to enter text.</div>
9	Are you clear on what is meant by limited/ unlimited?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The distinction between "limited" and "unlimited" assets in GC0166 centres on the presence or absence of energy storage constraints. While the terminology is not explicitly defined, the discussions point towards a classification based on an asset's ability to sustain energy import or export over a prolonged period. NESO's proposed approach relies on existing parameters (MIL and MEL) and default values to distinguish between these categories. We feel that this is reasonable so long that submission of MIL and MEL goes back to how it has originally been defined.</p>
10	Do you agree that MDO/ MDB are technical dynamic parameters	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Habitat Energy agrees with the intent to define MDO and MDB as technical parameters, but note the practical implementation and potential for redeclaration introduce complexities that could blur the distinction from commercial factors. This is however a necessary compromise to enable ESMs to participate fully in both balancing and wholesale markets. Robust mechanisms to ensure transparency and prevent manipulation would be crucial to maintain the intended technical focus of these parameters.</p>
11	Do you see there being an interaction between MIL/ MEL	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>In so far as the language around limited duration (which compels the need to submit live, non-defaulted, MDO/B</p>

Public

	between MDO and MDB?	values) is couched in being able to sustain a BOA for the duration of the BM Window at the declared MIL or MEL. As such these need to be a technical representation of an ESMs available power which should place the onus for accounting for any netting (for example due to the ESM holding an Ancillary Service which prior commits a proportion of its power in either direction) with NESO subsequent to submission of this data in BM Systems.
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 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>Whilst we recognise the significance of FSoE for the NESO in performing effective system planning, achieving an accuracy less than 20% deviation from the actual FSoE in the 4-33h horizon is unrealistic particularly in the D-1 horizon when so much of an ESMs dispatch is driven by responding to realtime market signals. Striking a balance between model complexity and data availability is crucial.</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 type="checkbox"/> No <p>Simple experience or using techniques such as modelling like days or utilising machine learning techniques should be able to predict likely market activity based on historical patterns. Coupled with sensitivity analysis, this should provide NESO with a sense of comfort around the minimum levels of reserve which could be made available (over and above that already procured ahead) which can be fed into system planning and unit commitment decisions ahead of the BM window, such that ESMs are utilised more efficiently.</p>
15	Is it clear whether FSoE is proposed or considered as either a	<input checked="" type="checkbox"/> Technical parameter <input type="checkbox"/> Commercial parameter

Public

	'technical' or 'commercial' parameter?	Given that FSoE is based on asset-specific models that consider the physical capabilities and constraints of the technology developed in collaboration with ESM operators this suggests it has a technical interpretation. Any commercial biases would depend on the types of forecasting approach ultimately used by NESO.
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 Click or tap here to enter text.
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 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No In particular the inclusion of clause (d) incorporating a change to a PN as a valid means of redeclaring.