

## FFR Update 29.11.18

### – Balancing Mechanism Contract Interaction

The purpose of this note is to inform the market on recent developments regarding tendering options for active Balancing Mechanism Units (BMU's), specifically in relation to aggregated and battery units.

National Grid Electricity System Operation (NGESO) have developed an interim solution that will enable standalone battery BMU's and aggregated BMU's that are active within the Balancing Mechanism (BM) to bid through a BM FFR Framework Agreement. This will be available to affected parties for Tender Round 108 (December 2018). Any providers who can utilise this should speak to their Account Manager.

NGESO committed to improving existing routes to market for aggregated units looking to enter the BM through our Wider Access to the BM Roadmap. A key aspect of this was to allow aggregated BMU's to provide balancing services through an aggregated BMU and stack revenues.

Feedback in our recent FFR Outline Change Proposal (OCP) showed that industry endorse aggregated BMU's being able to participate in the BM and Balancing Services. Several industry participants have flagged that they are ready to transition into the BM ahead of December 2019 commitments via existing market mechanisms.

The NGESO has been working hard to develop a viable interim solution ahead of December 2019. As this is an interim solution, we do not expect it to be perfect, but we are committed to making progress and expect to learn from this as we move towards enduring solutions. We see this as a necessary step to facilitate the change in the market.

During this development, it became clear that many of the wider access issues that need to be addressed for aggregated units also apply to stand alone battery BMU's. The interim solution enabling aggregated units to bid via a BM FFR Framework Agreement shall also include battery units that are entering the BM via our connections process. This will be available for FFR Tender Round 108 onwards.

We see the value of enabling this access and recognise that we need to move alongside industry to realise the maximum benefit for the end consumer. For clarity, these units will be required to meet the relevant BM standards to participate and the current tender rules and assessment principles will continue to apply for all parties.

Yours Sincerely

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