

EB GL A18 – Amended Proposal

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This Webinar

- **Is being recorded, and the recording will be shared following the webinar**
- **Microphones will be muted during the presentation, but please feel free to submit any questions that come to mind via the chat functions.**
- **We will answer some questions as we go through the presentation, and there will be time at the end to answer any additional questions**

Contents

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- 1 Purpose of the webinar
 - 2 Requirements of EBGL
 - 3 Contents of the consultation document
 - 4 Responding to the consultation
 - 5 Q and A
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Purpose of this presentation

Know

- What is required by Article 18 of the EBGL
- An overview of the changes that we have made and why
- Where you can get further information

Feel

- That you are able to ask questions and know where to go for more information
- That you have what you need to respond to the consultation

Do

- Respond to the consultation

Who does this impact?

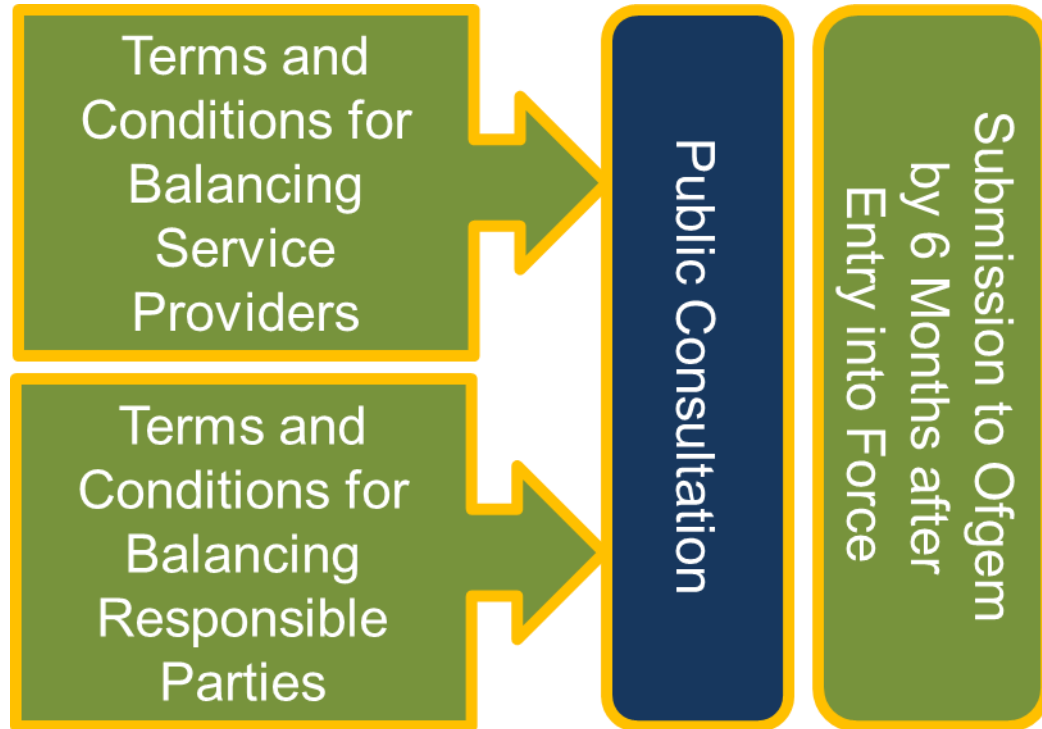
- Balance Responsible Parties (BRPs) and Balance Service Providers (BSPs) – Market participants who provide services to the System Operator
- Code administrators

How?

- Impacts terms and conditions for the provision of balancing services
- Our proposal will not change how you provide these services or how you sign up to them, but will have impacts on the way that changes are made to the terms and conditions.

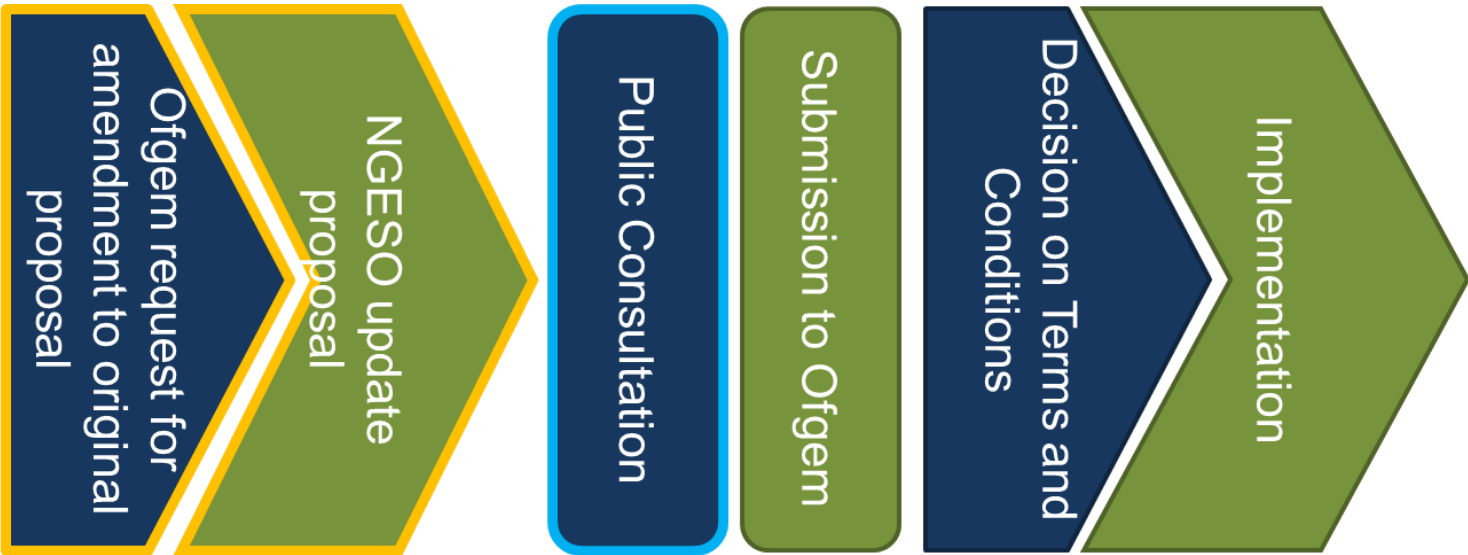
EB GL requirement

Article 18 Terms and conditions related to balancing requires that TSOs submit a proposal for the Terms and Conditions for Balancing Service Providers & Balance Responsible Parties.



Amendment process

Article 6.1 *Where the regulator requires an amendment in order to approve the terms and conditions, the relevant TSOs shall submit a proposal for amended terms and conditions for approval within two months following the requirement from regulatory authorities. The relevant regulatory authorities shall decide on the amended terms and conditions within two months following their submission.*



Structure of document – Overview

Section	Note
Contents	Document summary
Amended proposal letter	Headline summary of changes
Annex 1	Updated mapping
Annex 2	Summary of changes to mapping
Annex 3	Proposed changes to Code Governance process for Grid Code
Annex 4	Proposed changes to Standard Contract Terms process
Annex 5	Proposed timelines for implementations
Annex 6	Original proposal letter

Proposal Letter

- **Overview of updates to the proposal (more detail later in the presentation)**
- **Why have we taken this approach?**
 - In-keeping with existing frameworks
 - Only making changes where needed
 - To allow us to stay on track for delivering improvements to Balancing Services
- **Proposed Implementation timescales**
 - 10 months following approval
- **Request for exemption: EB GL Article 16.6**
 - Increased risk and volatility (more detail later)

Annex 1 & 2 – Mapping

Feedback from Ofgem:

- Removal of references which do not place an obligation on BSPs and BRPs or set the rules for market suspension and restoration
- Inclusion of all provisions that set obligations for BSPs and BRPs or set rules for market suspension and restoration that are missing in the current submission

• What we have done

- Removal of references to license and other references which do not place any obligation (e.g. CC.8.2 and ECC.8.2)
- Addition of relevant references which do place an obligation (e.g. J3 added as also setting qualification requirements)
- Updated SCT references to apply to latest version of terms
- Added specific references where mods have been implemented (e.g. P344 and GC0097)
- Clarified that the mapping document does not constitute compliance with the EB GL

Annex 3 – code change process for Grid Code

Why?

- To comply with EBGL Article 6 and 10
 - Concerning future amendments to A18 T and C's and public consultations
- Key change to capture - 1 month consultation period
- Responding to all industry feedback
- Approval by Authority up to 2 months

How?

- Formal check points in the code governance process (at panel and in workgroup)
- Changes to existing reports, templates, Terms of Reference
- Some changes will require a new modification raising by NGESO
- Some changes can be done by Code Governance team

Annex 4 – change to SCT process

Why?

- Same as for Grid Code
- Allow Ofgem the authority to approve changes to SCTs affected by A18

How?

- Change to the CUSC section 4 to give Ofgem approval rights they need
 - Code Modification to be raised by NGENSO
- Change to SCT process to incorporate:
 - 1 month consultation
 - 2 months authority decision
 - Formal check points in the process and identification of areas of SCTs subject to A18

Annex 4 – change to SCT process 2

NGESO proposal

- **SCTs are not part of GB frameworks and should remain where they are**

Rationale

- **Balancing services remain accessible for all providers** - A number of providers are not party to the codes and so we feel it is inappropriate to put Ts&Cs for commercial services into codes
- **No added value and duplication for market participants** - Transposing sections of the SCTs into a subsidiary document would not help their understanding around providing Balancing Services.
- **Its an appropriate structure for NGESO to meet its responsibilities in C16** - Moving SCTs into the codes would restrict our ability to adapt services and contracts. The change process for SCTs maximizes our ability to adapt contracts in line with stakeholder feedback and system requirements
- **Supports feedback for a more agile NGESO in delivering improvements in changing energy market** - BEIS, Ofgem and market participants have feedback on this. Again moving elements of the SCTs into codes would inhibit our ability to make the necessary changes within the required timelines.

Annex 5 – Proposed timelines for implementation

- **EBGL Article 5.5 allows NGESO to propose up to 12 months to implement Article 18 T and C's, following Authority approval**

NGESO proposal

- 10 months following Authority approval
 - Main changes are in the industry code frameworks
 - Modifications required in Grid Code, CUSC and BSC
 - Reviewed with Code Administrators average and realistic modification timescales
 - Workgroup route – approx. 10 months
 - Straight to Code Admin consultation route – approx. 4 months
- 14• Changes to SCTs (not covered by codes) would take approx. 3 months

A16.6 proposal for exemption

16.6 The price of the balancing energy bids or integrated scheduling process bids from standard and specific products pursuant to paragraph 4 shall not be predetermined in a contract for balancing capacity. A TSO may propose an exemption to this rule in the proposal for the terms and conditions related to balancing set-up pursuant to Article 18. Such an exemption shall only apply to specific products pursuant to Article 26(3)(b) and be accompanied with a justification demonstrating higher economic efficiency.

- NGENSO are applying for an exemption as part of the Article 18 submission to Ofgem
- We believe it is more economically efficient to keep utilisation prices in Balancing Services contracts due to the risk and exposure to volatility that would result from removing them.

How to respond

- Consultation documentation can be found on our website [here](#)
- Please use the “Article 18 Consultation Response Proforma” to give your feedback.
 - Questions prompting feedback on each section of the consultation
- Send responses to europencodes.electricity@nationalgrid.com
- Consultation closes at **13:00 on 28th March 2019**

You're feedback is really important in ensuring that we make these changes in the best way possible!

Questions?

