EB GL ARTICLE 18 AMENDMENT CONSULTATION – RESPONSE PROFORMA

NGESO invites responses to this consultation by **13:00 28th March 2019**. The responses to the specific consultation questions (below) or any other aspect of this consultation can be provided by completing the following form.

Please complete this form regarding the proposal titled: "**Electricity Balancing Guideline (EB GL) Article 18: Terms and Conditions related to Balancing".**

Please return the completed form to europeancodes.electricity@nationalgrid.com

Respondent:	John Lucas
Company Name:	ELEXON Ltd
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response	NGESO Response
1	Do you agree with the approach taken in the proposal? Please provide rationale.	We agree with the proposal that the terms and conditions for BSPs and BRPs should remain in industry codes (as currently), rather than being moved into separate documents. This approach minimises unnecessary change, and will ensure that parties can continue to benefit from the current robust and transparent processes for assessing and agreeing Modifications to industry codes. Having considered the issues raised in Ofgem's 4 February 2019 Request for Amendment, we agree that it is important for the mapping to reference only those code paragraphs that do place obligations on BSPs and BRPs, or set rules for market suspension and restoration as defined in Article 18. For example: • It would not be appropriate for the mapping to identify broad sections of the BSC (or other industry codes), if those code sections contain a mixture of BSP/BRP obligations and other obligations unrelated to Article 18. The mapping must be sufficiently granular to identify	NGESO thanks Elexon for the useful feedback that they have provided. NGESO has reviewed the suggestions for mapping changes made by Elexon and believe their changes support the approach outlined by Ofgem for ensuring that mapping only includes references that place obligations on BSPs and BRPs. As a secondary effect it also ensures that only necessary areas of the codes (and therefore future changes) are impacted whilst still meeting our requirements under EBGL A18. As Elexon are the custodians and experts on BSC specifically, we feel its appropriate to update the mapping to include the changes they have suggested.

No	Question	Response	NGESO Response
		only relevant sections of the BSC and other industry codes. • It would not be appropriate for the mapping to identify obligations that apply to parties as a consequence of them supplying electricity to a customer under the terms of a Supply Licence (irrespective of whether they also acted as BRP for that customer). There are many such obligations applying to Suppliers (as set out in their licence, the Smart Energy Code and Master Registration Agreement, and secondary legislation), but these are not relevant to Article 18. Our answer to Q3 below discusses this further (with detailed proposals in Attachment 1).	
2	Do you have any comments on the proposal letter?	No	
3	**Annex 1**: Do you have any comments on the mapping?	We are not clear why the mapping does not include any references to the Connection and Use of System Code (CUSC). For example, CUSC Section 4 (Balancing Services) might be expected to place some requirements on BSPs relevant to Article 18? Having now considered the issues raised in Ofgem's Request for Amendment (4 February 2019), we believe that many of the currently proposed mappings to the Grid Code and BSC are too broad (as they include code sections not relevant to Article 18). Attachment 1 to this responses addresses this in detail, and makes specific proposals for narrowing the mapping to relevant sections only.	NGESO have reviewed the decision not to include any sections of CUSC in the Article 18 mapping. CUSC section 4 only deals with mandatory frequency response capability on generators per Grid Code CC6.3 and specifically the payment arrangements and associated provisions. It does not contain any reference to other commercial frequency response services except in passing (eg mandatory and commercial services can't be instructed simultaneously). Therefore, we have concluded that these areas of the CUSC are not relevant to Article 18 and have not included them in the mapping document.

No	Question	Response	NGESO Response
		We have not attempted to reviewed the mapping to Standard Contract Terms.	We note the feedback that references to the Grid Code may also be too broad in some cases, and have reviewed these references as a result. Having said this, there are areas of the Grid code where we have concluded that a broader reference is appropriate, because the entire section provides terms and conditions relevant to Article 18.
4	**Annex 2:** Do you have any comments on the summary of changes to the mapping?	No	
5	**Annex 3:** Do you have any comments on the proposed changes to the code governance process?	No	
6	**Annex 4:** Do you have any comments on the proposed changes to the standard contract terms?	No	
7	**Annex 5:** Do you have any comments on the proposed implementation timelines?	No	
8	Do you have any other comments in relation to the proposal?	No	

APPENDIX 1 – PROPOSED CHANGES TO THE MAPPING

As discussed in our response to Q3, we believe that many of the proposed mappings published with the 28 February 2019 consultation are too broad, and include code provisions that do not place obligations on BSPs and BRPs, or set rules for market suspension and restoration as defined in Article 18. This Appendix contains specific suggestions for narrowing the Grid Code and BSC mappings to address this issue.

ARTICLE 18.4.A

We believe the current mapping of 18.4.a to the whole of BC1 is too broad. For example, BC1.5 places information on National Grid (not BSPs), and should not be included.

We believe BC4 should be included in the mapping (as it contains the rules for GB BSPs to participate in TERRE).

We suggest that it may be appropriate to include BSC Section A in the article 18.4.a mapping (because acceding to the BSC is a pre-requisite for a GB party to participate in the Balancing Mechanism or TERRE). Similarly, the following parts of BSC Section H place general obligations on all BSC Parties (including all participants in the BM and TERRE), and should therefore be regarded as requirements for the provision of balancing services (relevant to article 18.4.a):

- Section H3 ('Events of Default') specifies processes which allow the BSC Panel to suspend the right of a BSP to participate in the BM and TERRE;
- Sections H4.2, H4.7, H4.8, H5.5 and H6 place obligations on all BSC Parties (including any BSP wishing to participate in the BM or TERRE); and
- Section H10 (BSC Sandbox) contains provisions that allow the Authority to agree derogations to BSC requirements under certain limited circumstances. These form a potentially important element of the terms and conditions for BSPs (e.g. by providing a mechanism that could allow the NRA to address efficiently certain scenarios in which 'legacy' terms and conditions were acting as a barrier to innovation in the provision of balancing services).

We believe that the mapping of 18.4.a to the whole of BSC Section J3 is too broad – the mapping should be restricted to relevant parts of J3:

- We can see arguments both for and against mapping Section J3.3 to 18.4.a. On the one hand, it does describe Qualification requirements applying to any party acceding in the capacity of Supplier or Virtual Lead Party (and acceding in one or both of these capacities is a prerequisite for facilitating access to the BM or TERRE for demand side response). On the other hand, compliance with J3.3 is not a prerequisite for generation assets to provide balancing services, and J3.3 could therefore be seen as more relevant to 18.4.b and 18.4.c than 18.4.a.
- Sections J3.4 and J3.5 do not apply to BSPs, and should definitely not be included in the mapping.

In summary, the mapping should be reviewed before it is submitted to Ofgem, to ensure that it only includes requirements for the provision of balancing services. These potentially include:

- Grid Code sections BC1.4, BC1.7, BC1.8 and BC1 Appendix 1
- Grid Code Sections BC2, BC3 and BC4, BC5??
- BSC Section A
- BSC Sections H3, H4.2, H4.7, H4.8, H5.5, H6 and H10
- BSC Sections J3.3, J3.6, J3.7 and J3.8

ARTICLE 18.4.B

We believe the current mapping of Article 18.4.b to the whole of BSC Section K3 ('Configuration and Registration of Primary BM Units') is too broad. Aggregation of demand facilities, energy storage

facilities and power generating facilities for the purpose of participation in TERRE or the BM is only possible using Additional BM Units (registered in accordance with K3.3) and Secondary BM Units (registered in accordance with K8).

We believe the arrangements for allocation of individual Metering Systems to Additional BM Units and Secondary BM Units may also be relevant to Article 18.4.b. These are specified in BSC Sections S6.2, S6.3 and S11.

In summary, the mapping should be reviewed before it is submitted to Ofgem, to ensure that it only includes requirements relevant to Article 18.4.b of the EBGL. These potentially include:

- BSC Sections K3.3 and K8
- BSC Sections S6.2, S6.3 and S11

ARTICLE 18.4.C

We believe the mapping of Article 18.4.c to the whole of Section K3 is too broad, as not all of this section is relevant. We suggest that the BSC requirements for registration of BM Units (in K3.2, K3.3 and K8) could be regarded as relevant to Article 18.4.c.

In summary, the mapping should be reviewed before it is submitted to Ofgem, to ensure that it only includes requirements relevant to Article 18.4.c of the EBGL. These potentially include BSC Sections K3.2, K3.3 and K8.

ARTICLE 18.4.D

The mapping to BSC Sections T4 and Q7.2 seems appropriate.

Additionally, BSC Section Q6.4 (Applicable Balancing Services Volumes) is relevant to Article 18.4.d.

ARTICLE 18.5.A

As noted in our discussion of Article 18.4.a above, the mapping of 18.5.a to the whole of BSC Section J3 is too broad. The same applies to Section K3, not all of which is relevant to Article 18.5.a. We suggest that the BSC requirements for registration of BM Units (in K3.2, K3.3 and K8) could be regarded as relevant to Article 18.5.a.

In summary, the mapping should be reviewed before it is submitted to Ofgem, to ensure that it only includes requirements relevant to Article 18.5.a of the EBGL. These potentially include:

- BSC Sections J3.3, J3.6, J3.7 and J3.8
- BSC Sections K3.2, K3.3 and K8

ARTICLE 18.5.C

We believe the current mapping of Article 18.5.c to the whole of BSC Section K3 ('Configuration and Registration of Primary BM Units') is too broad. Aggregation of demand facilities, energy storage facilities and power generating facilities for the purpose of participation in TERRE or the BM is only possible using Additional BM Units (registered in accordance with K3.3) and Secondary BM Units (registered in accordance with K8).

We note there is a typo in the draft mapping: BC1.4 is referred to as a BSC section rather than a Grid Code section.

We believe the mapping to BC1.4 may be too broad. The provisions relating to Aggregator Impact Matrices in BC1.4.2(f)(viii) and BC1.A.10 would certainly seem to be "*rules and conditions for the aggregation of demand facilities, energy storage facilities and power generating facilities*", but we are unsure which other provisions of BC1.4 would fall within this scope?

In summary, the mapping should be reviewed before it is submitted to Ofgem, to ensure that it only includes requirements relevant to Article 18.5.c of the EBGL. These potentially include:

- BSC Sections K3.3 and K8
- Grid Code sections BC1.4.2(f)(viii) and BC1.A.10 BC2.7.5(f), keep BC1.4

ARTICLE 18.5.E

The mapping to BSC Section T4 seems appropriate.

ARTICLE 18.5.F

The metering requirements referred to in Article 18.5.f (i.e. Articles 154(8), 158(1)(e) and 161(1)(f) of Regulation 2017/1485) appear to relate to real-time operational metering rather than Settlement metering, so we propose that Article 18.5.f should not be mapped to BSC Section L.

Similarly we do not believe that BSC Sections O and Q are relevant to Article 18.5.f.

ARTICLE 18.5.H

The mapping to BSC Section T3 seems appropriate.

ARTICLE 18.5.I

We believe the current mapping of Article 18.5.i to the whole of BSC Section T is too broad, as not all of Section T is relevant. We suggest that a mapping to sections T1.14 and T3 would be more appropriate.

ARTICLE 18.5.J

Because Article 18.5.j relates specifically to the maximum period for the finalisation of settlement, we suggest it should be mapped to BSC Section U2.2 (rather than Section U in its entirety).

ARTICLE 18.5.K

We believe the mapping to BSC Section Z is too broad. Most of the provisions in Section Z relate to the work of the Performance Assurance Board in identifying, assessing and managing risks to Settlement, and these cannot be regarded as describing “consequences of non-compliance”. We suggest that – at most – Section Z7 could be regarded as relevant.

We also believe it is questionable whether Section W is relevant. The Trading Disputes process is used to resolve Settlement Errors, which would not usually be caused by non-compliance with the terms and conditions applicable to BSPs.

In summary, the mapping should be reviewed before it is submitted to Ofgem, to ensure that it only includes requirements relevant to Article 18.5.k of the EBGL. These potentially include BSC Sections H3, Z7 and A5.2.

ARTICLE ARTICLE 18.6.A

We believe the current mapping of 18.6.a to the whole of BSC Section K is too broad, as many of the provisions of Section K either:

- Have no relevance to BRPs (e.g. Sections K1.3 and K1.4, which place obligations on network companies in relation to System Connection Points); or
- Have no relevance to Article 18.6.a (e.g. Section K1.5, which describes the process for registering Generating Plant as Exemptable).

The mapping should be reviewed before it is submitted to Ofgem, to ensure that it only covers obligations relevant to Article 16.6.a. These potentially include:

- BSC Section K1.2, which identifies the Imports and Exports for which a BSC Party has certain responsibilities under the BSC (including balance responsibility, unless that is transferred to a different BSC Party using a Metered Volume Reallocation Notification);
- BSC Section P3, which sets out the process by which one BSC Party may transfer balance responsibility to another through submission of a Metered Volume Reallocation Notification; and
- BSC Section T4.5, which identifies the specific (aggregated) metered volumes for which each BSC Party has balance responsibility; and

ARTICLE 18.6.B

We agree that the mapping of Article 18.6.b to Section A of the BSC is sensible, but believe that the mapping to the whole of BSC Sections J and K is too broad, in that as many of the provisions of these sections do not relate specifically to becoming a balance responsible party. For example:

- Section J4 places obligations on Suppliers in relation to the appointment of Supplier Agents. These are Supplier obligations, not BRP obligations (as it is possible to be the balance responsible party for a customer without being their Supplier). Section J4 is no more relevant to Article 18.6.b than any of the other Supplier obligations set out in the Smart Energy Code (SEC), Distribution Connection and Use of System Agreement (DCUSA), Master Registration Agreement (MRA) and elsewhere.
- Processes for registering Metering Systems (K2) and BM Units (K3.3, K8) are relevant to Article 18.6.b, but much of the rest of Section K is not.

In addition, certain parts of Section H could be regarded as forming part of the requirements for becoming a balance responsible party:

- Section H3 ('Events of Default') specifies processes which allow the BSC Panel to suspend the right of a BRP to submit contract notifications
- Sections H4.2, H4.7, H4.8, H5.5 and H6 place obligations on all BSC Parties (including all BRPs); and
- Section H10 (BSC Sandbox) contains provisions that allow the Authority to agree derogations to BSC requirements under certain limited circumstances. These form a potentially important element of the terms and conditions for BRPs (e.g. by providing a mechanism that could allow the NRA to address efficiently certain scenarios in which 'legacy' terms and conditions were acting as a barrier to innovation in balance responsibility).

In summary, the mapping should be reviewed before it is submitted to Ofgem, to ensure that it only includes requirements for becoming a balance responsibility party. These potentially include:

- BSC Section A
- BSC Sections H3, H4.2, H4.7, H4.8, H5.5, H6 and H10
- BSC Sections J3.3, J3.6, J3.7 and J3.8
- BSC Sections K2, K3.3 and K8

ARTICLE 18.6.C

We believe the mapping of Article 18.6.c to Section N is too broad, as much of Section N is not specifically concerned with requiring BSPs to be financially responsible for imbalances. We suggest that a mapping to sections N2, N6, N8 and N12 may be more appropriate.

We suggest that BSC Section K is more relevant to Article 18.6.a than Article 18.6.c.

We believe the mapping to the whole of Section T is too broad, and a mapping to Section T4 would be more appropriate.

In summary, the mapping should be reviewed before it is submitted to Ofgem, to ensure that it only includes requirements relevant to Article 18.6.c of the EBGL. These potentially include BSC Sections N2, N6, N8, N12 and T4.

ARTICLE 18.6.D

We believe the mapping of Article 18.6.d to Section Q is too broad. Only Q3 (Final Physical Notification Data Submission) has requirements on parties to provide data used in calculating imbalances (and then only because FPNs are used to calculate BOA and RR volumes, which affect imbalance positions). Section BC1.4 of the Grid Code would also be relevant.

Article 18.6.d could also be interpreted as covering data sent by National Grid to SAA for the purpose of calculating imbalances, in which case Q5.3, Q5.6 and Q6.2 to 6.4 would also be relevant.

In summary, the mapping should be reviewed before it is submitted to Ofgem, to ensure that it only includes requirements relevant to Article 18.6.d of the EBGL. These potentially include:

- Grid Code section BC1.4
- BSC Section O
- BSC Sections Q3, Q5.3, Q5.6 and Q6.2 to Q6.4

ARTICLE 18.6.E

We believe the mapping of article 18.6.e to the whole of Section P is too broad (e.g. P3 is more relevant to article 18.6.a, as noted above). We suggest mapping this article to BSC Section P2 only.

ARTICLE 18.6.F

The proposed mapping seems broadly reasonable (although it could be argued that only Section U2, rather than the whole of U, is relevant to Article 18.6.f).

ARTICLE 18.6.H

Because Article 18.6.h relates specifically to the maximum period for the finalisation of settlement, we suggest it should be mapped to BSC Section U2.2 (rather than Section U in its entirety).

ARTICLE 18.6.I

We believe the mapping to BSC Section Z is too broad. Most of the provisions in Section Z relate to the work of the Performance Assurance Board in identifying, assessing and managing risks to Settlement, and these cannot be regarded as describing “consequences of non-compliance”. We suggest that – at most – Section Z7 could be regarded as relevant.

We also believe it is questionable whether Section W is relevant. The Trading Disputes process is used to resolve Settlement Errors, which would not usually be caused by non-compliance with the terms and conditions applicable to BRPs.

In summary, the mapping should be reviewed before it is submitted to Ofgem, to ensure that it only includes requirements relevant to Article 18.6.i of the EBGL. These potentially include BSC Sections H3, Z7 and A5.2.

ARTICLE 18.6.J

We believe the mapping of article 18.6.j to the whole of Section P is too broad (e.g. P3 is more relevant to article 18.6.a, as noted above). We suggest mapping this article to BSC Section P2 only.

ARTICLE 18.6.K

The proposed mapping seems broadly reasonable (although it could be argued that only Section U2, rather than the whole of U, is relevant to Article 18.6.k).