

EB GL ARTICLE 26 PROPOSAL– RESPONSE PROFORMA

NGESO invites responses to this consultation by **23:59 Monday 17th June 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: “**EBGL Article 26: Proposal for Defining and Using Specific Products for balancing energy and balancing capacity**”.

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

Respondent:	Alessandra De Zottis
Company Name:	Sembcorp
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response	NGESO Comments
1	<p>Do you agree with our proposal to maintain STOR and BM for Balancing ?</p> <p>Please provide rationale.</p>	<p>Yes. Sembcorp agrees with the proposal to maintain STOR and BM for Balancing.</p> <p>In general, we strongly support the co-existence of GB specific products in addition to EU products such as RR, FRR and FCR. We therefore encourage National Grid ESO to maintain specific products as they will continue to reliably supply with the reserve and response that the system needs at short notice.</p> <p>We appreciate the EBGL requirement to create a uniform market for balancing services across the TERRE signatory EU countries, but we also share NGESO's concerns over meeting national specific system needs.</p> <p>As a new product, TERRE bears a high degree of uncertainty around available volumes for energy balancing, prices, and suitability to address locational constraints at short notice. These elements represent a risk both for the ESO to maintain a secure and balanced system, and equally for the balancing services providers, who would be overly exposed to a system and products which might not be suitable to the technical capabilities of the assets.</p> <p>Such uncertainty means that market participants must have the ability to choose which products they provide to the ESO: this is also in line with the fact that TERRE is a voluntary market and as such a choice on which market to participate in should be allowed.</p> <p>Sembcorp also believes that TERRE products will not be of great value to the UK due to our system's tighter deadlines. We therefore encourage the ESO not to pre-empt the market by taking actions so far ahead through TERRE volume.</p>	<p>NGESO thanks Sembcorp for taking the time to provide this useful feedback.</p>
2	<p>Do you have any other comments on the proposal?</p>	<p>Sembcorp welcomes the NGESO's intention not to convert specific products into standard products: the work stream around the future of ancillary services should of course take into account EU standard products but NGESO should maintain a range of specific products with shorter lead times for the purpose of addressing energy and system needs emerging after the</p>	<p>NGESO does not propose to use specific products solely to manage locational and whole system constraints. The Balancing Mechanism (BM) is often used to fulfil energy needs. The STOR product is designed to meet energy needs of the system. NGESO will continue to use these tools for the same purposes and will continue to flag them according to the existing process. The introduction of the RR standard</p>

		<p>submission of requirements to the LIBRA platform.</p> <p>Finally, Sembcorp would welcome a clarification on an assumption in the proposal that mentions that “RR is likely to be used for energy balancing [while] specific products are likely to be used to manage locational and whole system constraints.”</p> <p>Our concern is on the risk that this assumption (and expectation) would lead to a misclassification of GB specific products. If NGESO assumes that specific products are used mostly or uniquely for system balancing, and as such would then apply an SO flag, these volumes and prices would not be reflected in the imbalance price (cash-out). Cash-out price would then be dampened as it would not be reflective of the balancing actions taken by NGESO, as such undermining the entire concept of cash-out.</p> <p>Yet, NGESO itself recognises that STOR, FR and the BM are among the “purely energy balancing actions” which are taken with only a 15-minute lead-time. The current assessment of the nature of a balancing action should therefore be retained. NGESO must avoid a situation of “default” classification based on whether the service used is a standard or specific product. Should this happen, the imbalance settlement system would be severely and unreasonably undermined.</p>	<p>product will mean that we have an additional tool for solving energy issues, however STOR and the BM will continue to be a vital part of our energy balancing strategy due to their activation times and locational information characteristics.</p> <p>NGESO appreciate that this was unclear in the proposal document, and it could be read to say that we would be using STOR and the BM exclusively for system purposes. We have updated the document to clarify this, and we thank Sembcorp for feeding back on this important point.</p>
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