

# Short-term Operating Reserve (STOR) – Final Change Decision

**Purpose of Change Proposal:** This document is a Final Change Decision (FCD), which relates to a Change Proposal (CP) to the STOR Standard Contract Terms (STOR SCTs), which seeks to include requirements set out in the EU Electricity Balancing Guidelines (EBGL) and System Operator Guidelines (SOGL), and also changes required following the implementation of the new Non-BM despatch platform and general housekeeping changes.



This Final Change Decision has been prepared in a format to assist industry on the decision of National Grid ESO to implement the changes set out in the CP.

Documentation relating to this Final Change Decision can be found on the National Grid ESO website via the following link:

<https://www.nationalgrideso.com/balancing-services/reserve-services/short-term-operating-reserve-stor>



**Any questions?**

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## Timetable

### This Final Change Decision follows the timetable below:

Date of Change Proposal, including publication of initial updated STOR SCTs	1 October 2019
Stakeholder Consultation	1 October 2019 – 1 November 2019
NGESO Review	4 November 2019 – 12 November 2019
Notification of NGESO decision to implement	15 November 2019
Publication of this document (Final Change Decision), incorporating final updated STOR SCTs	10 December 2019
Changes implemented into STOR SCTs (subject to Authority approval for Article 18 Changes):	
- All changes save as provided below	18 December 2019
- Removal of utilisation prices from STOR Contracts	31 January 2020
- New provisions to facilitate transfer of STOR Contracts	31 January 2020
- Amendments to the STOR SCTs modification process	4 April 2020

## 1 About this document

This document is the Final Change Decision which follows NGESO's implementation decision letter published on 15 November 2019. It relates to changes to the STOR Standard Contract Terms (STOR SCTs) outlined by NGESO in the Change Proposal dated 1 October 2019, which was the subject of a one month consultation which closed on 1 November 2019.

These changes include requirements set out in the European Balancing Guidelines (EBGL) and System Operator Guidelines (SOGL), changes required following the implementation of the new Non-BM despatch platform and general housekeeping changes.

This document describes which of these changes outlined in the Change Proposal NGESO has decided should be taken forward and included in revised STOR SCTs, and also all non-confidential responses received along with NGESO comments.

Consistent with NGESO's approach to the change process contained in the current STOR SCTs and as proposed to be modified by this Final Change Decision, this document incorporates:-

- as Annex 1, a summary of the responses received to the consultation together with NGESO's justification for taking into account (or not) views given by consultees,
- as Annex 2, a copy of the final updated STOR SCTs,
- as Annex 3, a copy of the final updated STOR SCTs with tracked changes to the copy which accompanied the Change Proposal.

## 2 STOR Change Proposal

### Background

The STOR SCTs set out the terms for any balancing service provider intending to participate in the STOR service. Certain of these terms comprise terms and conditions related to balancing pursuant to Article 18 of the EBGL, which were the subject of conditional approval from the Authority (Ofgem) granted on 8 October 2019.

Under the current change process in the STOR SCTs, after consulting with service providers, NGESO will inform industry of its decision to implement, followed by the publication of the new SCTs.

Included within the CP, is a proposal to amend the process for changes to the STOR SCTs in the future to terms which relate to or comprise approved Article 18 terms and conditions, then NGESO must consult for a period of one month and seek approval from the Authority before the relevant changes can be implemented.

## What are the proposed changes?

The following items are being proposed as changes to the existing STOR SCTs:

- Reduction in the maximum response time from 240 minutes to 20 minutes
- Introduction of prequalification requirements for STOR
- Facilitation of the transfer of STOR contracts between STOR providers and consequential impacts on settlements
- Allowing optional bids from units that have prequalified for STOR
- Introduction of outline data submission requirements for NON-BM units following implementation of new despatch platform, ASDP
- Amendments to the STOR SCTs modification process to align with EBGL requirements, as required by Section 4.2B.5 of the CUSC (when implemented)
- Removal of utilisation prices from STOR Tenders
- Introduction of housekeeping changes including:
  - o Updating STOR SCTs to reflect separation of National Grid ESO (“NGESO”)
  - o Clarification on the calculation of the Committed Availability Reconciliation Payment
  - o Reduction in time for NON-BM instruction/cease acknowledgement from 5 minutes to 2 minutes
  - o Changes to notice forms

## Why have the changes been proposed?

The proposed changes to the STOR SCTs have been proposed for three main reasons.

1. Compliance with requirements set out in EBGL and SOGL.

This covers the process of prequalification for STOR (A16.1 of EBGL), allowing of optional bids from prequalified STOR units (A16.5 of EBGL), removal of utilisation prices from STOR tenders, (A16.6 of EBGL), amending the process to change STOR SCTs (A18 of EBGL) and facilitating the transfer of STOR contracts (A34 of EBGL).

2. Changes to processes and requirements following implementation of the new despatch platform for Non-BM units.
3. Housekeeping changes such as reflecting the creation of the legally separate ESO and defining the maximum response time to be able to deliver the service.

In addition to the above reasons, the changes have been proposed to ensure a level playing field across all STOR providers while ensuring that the service continues to provide sufficient levels of reserve to ensure the safe and secure of the electricity system.

## How will the STOR SCTs change?

The proposed changes to the STOR SCTs were outlined in an initial updated version of the STOR SCTs which accompanied the Change Proposal and which was consulted

upon. The Change Proposal explained those sections of the STOR SCTs which were proposed to be changed.

As mentioned in Section 6 below, included in Annex 2 to this document is a final updated version of the STOR SCTs setting out the changes which NGESO has now decided to make.

### 3 NGESO solution

NGESO's decision is that the STOR SCTs should be amended to be in the form set out in Annex 2 to this document.

The new terms would apply to all new providers wishing to participate in NGESO procurement of STOR after 18 December 2019, as well as existing providers that have a framework agreement as of that date. The new terms will also apply to existing providers with active STOR contracts whose terms extend beyond 18 December, subject to the protections which exist in the STOR SCTs.

#### Impacts on the service and consumers

Amending the STOR SCTs in this way should result in increasing the capacity offered for STOR possible lowering costs, allow providers to price according to real-time system conditions to provide market signals and continue to try to ensure a level playing field across all providers.

### 4 Consultation responses

In formulating this Final Change Decision, NGESO sought the views of service providers and the wider industry.

A consultation was launched on 1 October 2019 for 1 month, based on the initial updated version of the STOR SCTs which accompanied the Change Proposal, with a closing date of 1 November 2019. A total of eighteen questions were asked as part of the consultation, with responses from fifteen parties. These responses (to the extent not marked as confidential) are summarised in Annex 1, together with NGESO's justification for taking into account, or not, views given by consultees.

### 5 Implementation Dates

Save as provided below, it is NGESO's decision that all of the changes to the STOR SCTs identified in this Final Change Decision should be implemented to coincide with the implementation of certain aspects of EBGL (i.e. 18 December 2019). However, it should be noted with regards to the change relating to the removal of utilisation price and the provision of transfer of STOR contracts, these will be implemented from 31

January 2020 as set out by the Authority in their letter dated 8 October 2019<sup>1</sup>. In addition, the process to amend the STOR SCTs to align with EBGL requirements will take effect from 4 April 2020, or when the proposed Ts and Cs are unconditionally approved by Ofgem.

## 6 Proposed STOR SCTs

As part of the Change Proposal consultation, an initial updated version of the STOR SCTs was issued to assist consultees in considering the proposed changes should they be approved and implemented.

Following that consultation, NGESO's decision is that the STOR SCTs should be amended largely based upon this initial updated version of the STOR SCTs, subject only to:-

- removal of redundant optional text in the areas highlighted yellow in the indicative draft, to reflect the Authority's decision not to grant a derogation in relation to the existence of utilisation prices in STOR Contracts,
- associated changes such as references to Contracts Prices being changed to Availability Prices throughout and payment formulae in Section 6,
- removal of paragraph 3.11 to reflect the ability of providers to freely change utilisation prices without being required to notify NGESO,
- update to terms listed in 5.3 (Definitions),
- certain minor updates to deal with:
  - correcting references to EGBL to read EBGL,
  - clarifying termination rights for reserve providers in 4.5.1c
  - changing the deadline for NGESO to either withdraw, modify or implement a Change Proposal to 45 business days (previously 40 business days) after the launch of the Change Proposal to allow more time after the close of the consultation. This is in 4.2.6
  - Clarification of the rights for Reserve Providers to terminate their STOR contracts 4.5.1(c).

The final updated version of the STOR SCTs is shown at Annex 2 with changes from the indicative draft published with the Change Proposal are shown by track changes at Annex 3.

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<sup>1</sup> [https://www.ofgem.gov.uk/system/files/docs/2019/10/article\\_18\\_final\\_decision\\_letter\\_-\\_08.10.2019\\_1.pdf](https://www.ofgem.gov.uk/system/files/docs/2019/10/article_18_final_decision_letter_-_08.10.2019_1.pdf)

## 7 Article 18 Terms and Conditions

Certain provisions of the STOR SCTs comprise terms and conditions related to balancing pursuant to Article 18 of the EBGL, which were the subject of conditional approval from the Authority (Ofgem) granted on 6 October 2019.

Those provisions were set out in the Annex to the initial updated version of the STOR SCTs published alongside the Change Proposal, and also appear in Annex to the final version of the STOR SCTs shown at Annex 2 to this document.

Of those provisions, NGESO considers that the following are affected by this Final Change Decision:

<b>EBGL Article</b>	<b>Subject Matter</b>	<b>SCT paragraph(s)</b>
<u>Article 18.5a</u>	Rules for the qualification process to become a balancing service provider pursuant to Article 16	Paragraphs 1.6 and 2.2
<u>Article 18.5b</u>	Rules, requirements and timescales for the procurement and transfer of balancing capacity pursuant to Articles 32, 33 and 34	Section 2, Paragraph 3.16
<u>Article 18.5d</u>	Requirements on data and information to be delivered to the connecting TSO and, where relevant, to the connecting DSO during the prequalification process and operation of the balancing market	Sub-Paragraphs 3.15.1, 3.15.2, and 4.7.4
<u>Article 18.5f</u>	Requirements on data and information to be delivered to the connecting TSO and, where relevant, to the connecting DSO to evaluate the provisions of balancing services pursuant to Article 154(1), Article 154(8), Article 158(1)(e), Article 158(4)(b), Article 161(1)(f) and Article 161(4)(b) of Regulation (EU) 2017/1485;	Paragraph 3.15
<u>Article 18.5i</u>	Rules for the settlement of	Paragraphs 3.1, 3.2, 3.5,

	balancing service providers defined pursuant to Chapters 2 and 5 of Title V	3.6, 3.7, 3.8, 3.15 and 4.3
<u>Article 18.5j</u>	Maximum period for the finalisation of the settlement of balancing energy with a balancing service provider in accordance with Article 45, for any given imbalance period	Paragraph 4.3
<u>Article 18.5k</u>	Consequences in the case of non-compliance with the terms and conditions applicable to balancing service providers	Paragraph 3.8

Furthermore, NGESO considers that the following new provisions introduced by this Final Change Decision comprise terms and conditions related to balancing pursuant to Article 18:

[N/A]



## **Annex 1: Change Proposal Consultation Responses**

## **Annex 2: Final Updated Version of the STOR SCTs**

## **Annex 3: Final Updated Version of the STOR SCTs – tracked changes**