

Colm Murphy
Electricity Market Change Delivery Manager
Colm.Murphy@nationalgrideso.com
National Grid Electricity System Operator
www.nationalgrideso.com

11 May 2020

Optional Downward Flexibility Management Terms and Conditions Consultation

Dear Industry and Colleagues,

In accordance with Article 18 of COMMISSION REGULATION (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (EBGL), National Grid ESO is required to consult on terms and conditions related to balancing.

Terms and conditions for all existing balancing products have been approved by Ofgem subject to conditions expected to be satisfied on 25th June 2020. This letter confirms additional terms and conditions for a new service, Optional Downward Flexibility Management (ODFM). We are proposing that the approved EBGL Article 18 terms and conditions are amended to include the ODFM terms and conditions, such amendments to be effective at the same time that the conditions regarding the approved EBGL Article 18 terms and conditions are satisfied. Detailed references to the [service terms](#) for the ODFM service have been included in Table 1 in Annex A of this letter. [If approved, these ODFM terms will then form part of the Article 18 terms and conditions as envisaged in CUSC section 4, paragraph 4.2B.5 and as required in that paragraph for any subsequent amendments to the ODFM terms to follow an amendment process which is compliant with the EBGL amendment process requirements.]

The new service, ODFM has been developed in order to mitigate operational risks of low electricity demand resulting from COVID-19 pandemic and so for a time limited need. Demand for Electricity has reduced by 20% compared to predicted values. This service is intended to mitigate the need for emergency instructions. ODFM service will provide additional flexibility to the control room in scenarios where demand levels are low enough for there to be a risk that our need for downward flexibility cannot be guaranteed by other commercial solutions. For non-transmission connected generators that do not participate in the BM, NGESO aims to instruct generators through DNOs. Contracts to offer ODFM services are in place from 8th May 2020 to 31st August 2020. No extensions to these contracts are envisaged.

If you have any queries regarding this proposal, please contact Bernie Dolan on Bernie.Dolan@nationalgrideso.com.

Yours Sincerely

Colm Murphy

Annex 1

Amendment of EBGL Article 18 mapping to include Optional Downward Flexibility Management Terms and Conditions requirements

Please note: In accordance with EBGL Article 18, this table provides references to relevant parts of the GB codes and additional ODFM Service Terms which place obligations on registered ODFM participants.

This document does not constitute compliance with Article 18 of the EBGL. Its purpose is to demonstrate where new Terms and Conditions for ODFM in the scope of EBGL Article 18 can be found. Where there is any conflict between this document, the Service Terms and GB Codes, the Service Terms and GB Codes shall take precedence.

Table 1

Below is the mapping of EBGL Article 18 with **highlighted** references for ODFM service terms:

Article	Text	Code	Section
18.2	The terms and conditions pursuant to paragraph 1 shall also include the rules for suspension and restoration of market activities pursuant to Article 36 of Regulation (EU) 2017/2196 and rules for settlement in case of market suspension pursuant to Article 39 of Regulation (EU) 2017/2196 once approved in accordance with Article 4 of Regulation (EU) 2017/2196.	Grid Code	OC9.4
		BSC	G3
18.4	The terms and conditions for balancing service providers shall:		
18.4.a	define reasonable and justified requirements for the provisions of balancing services;	Grid Code	BC1, BC2, BC3 & BC4
		SCT	FFR Section 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8 and 3.13 STOR Section 2.2, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6 and 3.13 FR section 2.2, 3.1, 3.2, 3.3, 3.4, and 3.10

			EFR section 6 ODFM Service Terms – Section 5, 6, 7 & 15
		BSC	BSC Section A, H3, H4.2, H4.7, H4.8, H5.5, H6, H10, J3.3, J3.6, J3.7 and J3.8
		CUSC	Section 4.1.3
18.4.b	allow the aggregation of demand facilities, energy storage facilities and power generating facilities in a scheduling area to offer balancing services subject to conditions referred to in paragraph 5 (c);	BSC	K3.3, K8, S6.2, S6.3 and S11
		Grid Code	DRSC 4.2, BC1.4
18.4.c	allow demand facility owners, third parties and owners of power generating facilities from conventional and renewable energy sources as well as owners of energy storage units to become balancing service providers;	BSC	K3.2, K3.3, K8
18.4.d	require that each balancing energy bid from a balancing service provider is assigned to one or more balance responsible parties to enable the calculation of an imbalance adjustment pursuant to Article 49.	BSC	T4, Q7.2, Q6.4
18.5	The terms and conditions for balancing service providers shall contain:	-	-
18.5.a	the rules for the qualification process to become a balancing service provider pursuant to Article 16;	BSC	J3.3, J3.6, J3.7, J3.8, K3.2, K3.3 and K8
		Standard Contract Terms	FFR 4 FR 4 STOR 2.2 EFR 5 ODFM Guidance Document – Service Parameters and Registration
		Grid Code	, BC5, BC4.4.2

		CUSC	Section 4.1
--	--	------	-------------

Article	Text	Code	Section
18.5.b	the rules, requirements and timescales for the procurement and transfer of balancing capacity pursuant to Articles 32, 33 and 34;	Standard Contract Terms	STOR section 2 FR section 2 FFR Section 2 ¹
18.5.c	the rules and conditions for the aggregation of demand facilities, energy storage facilities and power generating facilities in a scheduling area to become a balancing service provider;	BSC	K3.3 and K8
		Grid Code	BC1.4 and BC1.A.10
18.5.d	the requirements on data and information to be delivered to the connecting TSO and, where relevant, to the reserve connecting DSO during the prequalification process and operation of the balancing market;	BSC	BSC Section O
		Grid Code	DRC, BC5 BC1.4,
		Standard Contract Terms	STOR - Section 3.13.1, 3.13.2 and 4.7.4
			FFR - Section 4.2
			Fast Reserve – Section 3.10.1 and 3.10.2
			EFR Section 5, 6.38 to 6.42
			ODFM Guidance Document – Registration
		CUSC	Section 4.1.3.14 and 4.1.3.19

¹ The obligations on BSPs / BRPs associated with A34 transfer of balancing capacity (the process which would be followed to transfer obligations for providing balancing capacity) will be set out accordingly in SCTs/ code after the annual update process and is planned for December 2019. At the moment transfers only occur in the event of takeover of a company or a novation. .

18.5.e	the rules and conditions for the assignment of each balancing energy bid from a balancing service provider to one or more balance responsible parties pursuant to paragraph 4 (d);	BSC	T4
18.5.f	the requirements on data and information to be delivered to the connecting TSO and, where relevant, to the reserve 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;	Grid Code	Grid Code BC1.4, BC1.A.10,
		Standard Contract Terms	STOR - Section 3.13
			FFR - Section 4
			Fast Reserve – Section 3.10
			EFR Section 6.38 to 6.42
			ODFM Service Terms – Section 15
		CUSC	4.1.3.19
18.5.g	the definition of a location for each standard product and each specific product taking into account paragraph 5 (c);	Grid Code	BC1.4
18.5.h	the rules for the determination of the volume of balancing energy to be settled with the balancing service provider pursuant to Article 45;	BSC	BSC T3
18.5.i	the rules for the settlement of balancing service providers defined pursuant to Chapters 2 and 5 of Title V;	BSC	T1.14, T3 and U
		Standard Contract Terms	STOR - Section 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.13 and 4.3
			FFR - Section 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.13, and 5.2
			Fast Reserve – Section 3.1, 3.2, 3.3, 3.4, 3.10 and 5.3

			EFR Section 14
			ODFM Service Terms – Section 8, ODFM General Terms and Conditions – Section 4
		CUSC	Section 4.1.3.9 and 4.1.3.9A
18.5. j	a 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 settlement period;	BSC	U2.2
		Standard Contract Terms	STOR - Section 4.3
			FFR - Section 5.2
			Fast Reserve - Section 5.3
			EFR Section 14
			ODFM General Terms and Conditions – Section 4
		CUSC	Section 4.3.2.6
18.5. k	the consequences in case of non-compliance with the terms and conditions applicable to balancing service providers.	BSC	H3, Z7 and A5.2
		Standard Contract Terms	STOR - Section 3.6
			FFR - Section 3.6
			Fast Reserve – Section 3.3.18
			EFR Section 16
			ODFM General Terms and Conditions – Section 4.2

		CUSC	Sections 4.1.3.9, 4.1.3.9A and 4.1.3.14
18.6	The terms and conditions for balance responsible parties shall contain:	-	-
18.6. a	the definition of balance responsibility for each connection in a way that avoids any gaps or overlaps in the balance responsibility of different market participants providing services to that connection;	BSC	K1.2, P3 and T4.5
18.6. b	the requirements for becoming a balance responsible party;	BSC	A, H3, H4.2, H4.7, H4.8, H5.5, H6, H10, J3.3, J3.6, J3.7, J3.8,, K2, K3.3 and K8
18.6. c	the requirement that all balance responsible parties shall be financially responsible for their imbalances, and that the imbalances shall be settled with the connecting TSO;	BSC	N2, N6, N8, N12, and T4,
18.6. d	the requirements on data and information to be delivered to the connecting TSO to calculate the imbalances;	BSC	BSC Section O, Q3, Q5.3, Q5.6, Q6.2, Q6.3, Q6.4
		Grid Code	BC1.4.2,3,4, BC1 Appendix 1 BC2.5.1,
18.6. e	the rules for balance responsible parties to change their schedules prior to and after the intraday energy gate closure time pursuant to paragraphs 3 and 4 of Article 17;	BSC	P2
		Grid Code	BC1.4.3,4,
18.6. f	the rules for the settlement of balance responsible parties defined pursuant to Chapter 4 of Title V;	BSC	T4, U2

Article	Text	Code	Section
18.6.g	the delineation of an imbalance area pursuant to Article 54(2) and an imbalance price area;		<i>GB constitutes one imbalance area and imbalance price area and they are equal to the synchronous area</i>
18.6.h	a maximum period for the finalisation of the settlement of imbalances with balance responsible	BSC	U2.2

	parties for any given imbalance settlement period pursuant to Article 54;		
18.6.i	the consequences in case of non-compliance with the terms and conditions applicable to balance responsible parties;	BSC	H3, Z7 and A5.2
18.6.j	an obligation for balance responsible parties to submit to the connecting TSO any modifications of the position;	BSC	P2
18.6.k	the settlement rules pursuant to Articles 52, 53, 54 and 55;	BSC	T4, U2
18.6.l	where existing, the provisions for the exclusion of imbalances from the imbalance settlement when they are associated with the introduction of ramping restrictions for the alleviation of deterministic frequency deviations pursuant to Article 137(4) of Regulation (EU) 2017/1485.	Deterministic frequency deviation is a continental European concept and is not a characteristic of the GB system. Therefore, this requirement does not apply to GB. ²	N/A

Non- Mandatory elements

Article	Text	Comment
18.7. a	a requirement for balancing service providers to provide information on unused generation capacity and other balancing resources from balancing service providers, after the day-ahead market gate closure time and after the intraday cross-zonal gate closure time;	NG ESO does not expect to require this from Balancing Service Providers.
18.7. b	where justified, a requirement for balancing service providers to offer the unused generation capacity or other balancing resources through balancing energy bids or integrated scheduling process bids in the balancing markets after day ahead market gate closure time, without prejudice to the possibility of balancing service providers to change their balancing energy bids prior to the balancing energy gate closure time or the integrated scheduling process gate closure time due to trading within intraday market;	NG ESO does not expect to require this from Balancing Service Providers, except where balancing capacity or energy has been contracted. Although in the BM defaulting rules apply if data is not updated, there is no legal requirement for parties to offer unused generation capacity or any other balancing resource.
18.7.c	where justified, a requirement for balancing service providers to offer the unused generation capacity or other balancing resources through balancing energy bids or integrated scheduling process bids	NG ESO does not expect to require this from Balancing Service Providers, except where balancing capacity or energy has been contracted. Although in the BM defaulting rules

² For more information on this phenomenon please [click here](#)

	in the balancing markets after intraday cross-zonal gate closure time;	apply if data is not updated, there is no legal requirement for parties to offer unused generation capacity or any other balancing resource.
18.7. d	specific requirements with regard to the position of balance responsible parties submitted after the day-ahead market timeframe to ensure that the sum of their internal and external commercial trade schedules equals the sum of the physical generation and consumption schedules, taking into account electrical losses compensation, where relevant;	NG ESO does not expect to require this from Balancing Service Providers. No BSC party is required to contract to match its Final Physical Notifications (FPNs).
18.7. e	an exemption to publish information on offered prices of balancing energy or balancing capacity bids due to market abuse concerns pursuant to Article 12(4)	NG ESO does not expect to require this exemption. Such data is published on BMRS.
18.7. f	an exemption for specific products defined in Article 26(3)(b) to predetermine the price of the balancing energy bids from a balancing capacity contract pursuant to Article 16(6)	<p>Such an exemption is required to be requested by 18th June 2019. NG ESO shall consider if there is a requirement for this exemption in accordance with these timescales.</p> <p>There is no requirement for this exemption as prices for balancing energy bids are not predetermined.</p>
18.7. g	An application for the use of dual pricing for all imbalances based on the conditions established pursuant to Article 52(2)(d)(i) and the methodology for applying dual pricing pursuant to Article 52(2)(d)(ii).	NG ESO does not expect to apply for the use of dual pricing for all imbalances. A single imbalance price was adopted by the GB market in November 2015.