

Colm Murphy  
Electricity Market Change Delivery Manager  
Colm.Murphy@nationalgrideso.com  
National Grid Electricity System Operator  
[www.nationalgrideso.com](http://www.nationalgrideso.com)

23 June 2020

## Optional Downward Flexibility Management Terms and Conditions

Dear Ofgem,

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 propose 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 25<sup>th</sup> 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 which are relevant for the purposes of Article 18. Detailed references to the relevant [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 any subsequent amendments to the Article 18 terms within the ODFM terms will follow an amendment process which is compliant with the EBGL amendment process requirements.]

ODFM has been developed in order to mitigate operational risks of low electricity demand resulting from COVID-19 pandemic. Demand for Electricity has reduced by 20% compared to predicted values. The ODFM service will provide additional flexibility, by increasing the commercial solutions available to the control room in scenarios where demand levels are low enough to need downward flexibility.

In accordance with EBGL, a consultation on the Article 18 ODFM terms was launched from 11<sup>th</sup> May to 19<sup>th</sup> June. During this period NGESO also engaged with providers of the service.

Following the EBGL consultation for ODFM, we have made several changes to the relevant ODFM service terms reflecting the responses we received which in our view improve the terms. Table 2 in Annex 2 of this letter summarises our responses to the key themes from the consultation and those we have included in this proposal on the ODFM Article 18 terms. In addition, we attach a letter sent to the industry regarding the detailed changes to the ODFM terms and conditions we have made following and reflecting the consultation responses and why. In summary the following changes have been made:

- Service terms (Service delivery 6.3): introduced a +/-10% deadband

- Service terms (Service delivery 6.5): new clause on ramp rates
- Service terms (Service payments 7.2 and 7.3): ESO may withhold 50% of the service payment should parties exceed their fall back instruction processing time
- Extension of ODFM terms to mirror the cease date of GC0143.
- Guidance document: added clarity regarding interaction between Grid Master Agreements. Added additional data fields in the Provider Data Template and re formatted and added additional data fields under the Settlement Data Template to accommodate the changes associated with ramp rates and instruction processing.
- Glossary: update ramping rates definition

If you have any queries regarding this proposal, please contact Bernie Dolan on [Bernie.Dolan@nationalgrideso.com](mailto: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 Service Terms which place obligations on registered service providers.*

***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:

<b>Article</b>	<b>Text</b>	<b>Code</b>	<b>Section</b>
<b>18.2</b>	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
<b>18.4</b>	The terms and conditions for balancing service providers shall:		
<b>18.4.a</b>	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, 14.3 & 15  ODFM Service Terms- Section 1, 5, 6,
		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
<b>18.4.b</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
<b>18.4.c</b>	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
<b>18.4.d</b>	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
<b>18.5</b>	The terms and conditions for balancing service providers shall contain:	-	-
<b>18.5.a</b>	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

<b>Article</b>	<b>Text</b>	<b>Code</b>	<b>Section</b>
<b>18.5.b</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 <sup>1</sup>
<b>18.5.c</b>	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
		ODFM Guidance document	service parameters section and registration section
<b>18.5.d</b>	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 -

<sup>1</sup> 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. .

			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
<b>18.5.e</b>	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
<b>18.5.f</b>	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
		CUSC	ODFM Service Terms – Section 15 4.1.3.19
<b>18.5.g</b>	the definition of a location for each standard product and each specific product taking into account paragraph 5 (c);	Grid Code	BC1.4
<b>18.5.h</b>	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
<b>18.5.i</b>	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 7, 8  ODFM General Terms and Conditions – Section 4
		CUSC	Section 4.1.3.9 and 4.1.3.9A
<b>18.5. j</b>	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
<b>18.5. k</b>	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  ODFM Service Terms- Section 7
		CUSC	Sections 4.1.3.9, 4.1.3.9A and 4.1.3.14
<b>18.6</b>	The terms and conditions for balance responsible parties shall contain:	-	-
<b>18.6. a</b>	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
<b>18.6. b</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
<b>18.6.c</b>	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,
<b>18.6. d</b>	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,
<b>18.6. e</b>	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,
<b>18.6.f</b>	the rules for the settlement of balance responsible parties defined pursuant to Chapter 4 of Title V;	BSC	T4, U2



<b>Article</b>	<b>Text</b>	<b>Code</b>	<b>Section</b>
<b>18.6.g</b>	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>
<b>18.6.h</b>	a maximum period for the finalisation of the settlement of imbalances with balance responsible parties for any given imbalance settlement period pursuant to Article 54;	BSC	U2.2
<b>18.6.i</b>	the consequences in case of non-compliance with the terms and conditions applicable to balance responsible parties;	BSC	H3, Z7 and A5.2
<b>18.6.j</b>	an obligation for balance responsible parties to submit to the connecting TSO any modifications of the position;	BSC	P2
<b>18.6.k</b>	the settlement rules pursuant to Articles 52, 53, 54 and 55;	BSC	T4, U2
<b>18.6.l</b>	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. <sup>2</sup>	N/A

#### **Non- Mandatory elements**

<b>Article</b>	<b>Text</b>	<b>Comment</b>
<b>18.7. a</b>	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.
<b>18.7. b</b>	where justified, a requirement for balancing service providers to offer the unused generation capacity or	NG ESO does not expect to require this from Balancing Service Providers, except where

<sup>2</sup> For more information on this phenomenon please [click here](#)

	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;	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.
<b>18.7.c</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 intraday cross-zonal gate closure time;	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.
<b>18.7.d</b>	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).
<b>18.7.e</b>	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.
<b>18.7.f</b>	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)	Such an exemption is required to be requested by 18 <sup>th</sup> June 2019. NG ESO shall consider if there is a requirement for this exemption in accordance with these timescales.  There is no requirement for this exemption as prices for balancing energy bids are not predetermined.
<b>18.7.g</b>	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.

## Annex 2

### EBGL Article 18 Optional Downward Flexibility Management Terms and Conditions Consultation Responses summary

**Table 1**

Summary of key themes from the consultation responses and NGESO comments:

<i><b>Respondent</b></i>	<i><b>Key Theme</b></i>	<i><b>NGESO comments</b></i>
1. Electron 2. Innogy Renewables 3. Scottish Power Renewables 4. UKPN	<p><b>Enduring solution</b></p> <ul style="list-style-type: none"> <li>• There remains a need for a long term, enduring solution, to bring small, distribution connected assets into the Balancing Mechanism, in a way that does not conflict with the needs of the DSOs; this need will endure past Covid conditions.</li> <li>• In long-term: Providing a communications infrastructure that integrates with aggregated assets – currently the ESO uses email or telephone, but an API may be more appropriate</li> <li>• Relaxing the requirements around exclusivity of assets over long periods of time. The terms of the ODFM require the participant to hold the ESO harmless from third party</li> </ul>	<p>We will use the feedback, seek further comments from the market and review learning in order to inform the design of an enduring footroom service as part of Reserve Reform. Already there is plenty of learning that will not only inform future Reserve products, but many of our projects to deliver our zero carbon 2025 ambition e.g. Regional Development Programmes.</p>

	<p>claims. Some of these potential claims could come from industry participants that are affected by the ESO instructing assets. To reduce this risk, exclusivity requirements are reducing the potential pool of flexible assets which can provide multiple services and leading to the reluctance of some technology types, such as batteries, in participating in the ODFM service.</p> <ul style="list-style-type: none"> <li>• The development of these services is likely to require an iterative, agile approach rather than a strict set of rules.</li> <li>• is the lower demand only due the impact of COVID19 or are the existing lower summer demand / Bank Holidays also an issue, in which case when are the future service parameters likely to be clarified.</li> </ul>	
<ol style="list-style-type: none"> <li>1. Electron</li> <li>2. Innogy Renewables</li> <li>3. Scottish Power Renewables</li> <li>4. Flexitricity Limited</li> </ol>	<p><b>Service length</b></p> <ul style="list-style-type: none"> <li>• Duration of the service should be extended until end of September 2020 with the ability to extend to 25th October 2020. This will require an extension to the date set out in Article 14.3 of the ODFM Standard Terms version 2 (as published on 19th May 2020)</li> </ul>	<ul style="list-style-type: none"> <li>• Despite it being unlikely that low demand periods would extend until late October, as a prudent system operator we implemented a sunset clause for GC0143 for 25th October 2020.</li> <li>• This maintained maximum optionality whilst ODFM was launched and our understanding as to the impact of COVID-19 on demands developed.</li> <li>• The need for an optional service was judged as likely until at least end August, and possibly into September which is why the ODFM service terms cease on 31st August with a clause to extend by one month if required.</li> </ul>

	<ul style="list-style-type: none"> <li>• If this service is intended to mitigate the need for emergency instructions – then the period the service could cover should mirror the length of time allowed under the GC0143 – i.e. should be extended until at least 25<sup>th</sup> October 2020 – as otherwise it is unclear how it could be used to mitigate the need for emergency instructions for last resort disconnection.</li> <li>• We believe that as long as DNOs has the capability to disconnect generation, on the back of GC0143, last resort market solutions should be in place and facilitate access to downwards flexibility at the distribution level.</li> <li>• although the proposal letter clearly states that no extensions to the service is envisaged, there can be no guarantee that the service will not be required in the short-term future, and as such, provision need to be made for such changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback from the market has highlighted the inconsistency in these two approaches and as a prudent system operator we agree that it is appropriate for the ODFM terms to mirror the cease date of GC0143.</li> <li>• As such, the terms will be extended until 25th October 2020. As this is an optional service, providers who do not wish to offer their service beyond 31st August can opt out by no longer offering their availability into this service after such time.</li> </ul>
1. Electron 2. Limejump	<b>Aggregation and barriers to participation in long term</b> <ul style="list-style-type: none"> <li>• We ask that Article 18.4.a referencing ODFM General Terms and Conditions Section 7 be examined with the lens of enabling back to back agreements with aggregated units and aggregation platforms.</li> </ul>	Aggregated units are eligible to participate in the ODFM market although this is currently restricted to a GSP level. This is because we need to be able to assess the impact the service will have in reducing the embedded generation (which for renewable technology will vary based on the weather at that location) as well as to understand the impact on the transmission network. It should be noted that for BM Wider Access (BMWA) aggregation is up to a GSP group level however this is not acceptable for this service. The added complexity of assessing a GSP impact matrix from each aggregated unit (as BMWA relies on) is not possible in the time available. Also, the scale of potential activation on embedded

	<ul style="list-style-type: none"> <li>• ODFM still presents barriers to participation of smaller aggregated assets (e.g., different technology types) and may affect the transition and progress of the ESO's Wider Access objectives.</li> <li>• Aggregators do not have a detailed understanding of the dynamic data of their assets.</li> <li>• Aggregators often have no means of controlling the assets remotely and so an engineer needs to travel to site when they receive an ODFM instruction.</li> <li>• Aggregator control systems are often relatively primitive and untested.</li> <li>• less common for aggregators to have easy access live metering of assets</li> </ul>	<p>generation (up to 3GW) and the impacts this can have on voltage and stability can only be assessed with detail at the GSP level.</p> <p>We will continue to address wider barriers to market access through Wider Access and our other market reform work.</p>
<ol style="list-style-type: none"> <li>1. Electron</li> <li>2. UKPN</li> <li>3. SSEN-Distribution</li> </ol>	<p><b><u>Assets in ANM zone</u></b></p> <ul style="list-style-type: none"> <li>• It is essential that Service Providers understand the difference between constraints for wider system balancing requirements and constraints for operational purposes. Clarity regarding this is important within the proposal and otherwise.</li> <li>• In long term: the inclusion of assets behind flexible connection agreements/ANM zones by</li> </ul>	<ul style="list-style-type: none"> <li>• We understand that there is a need to ensure that all stakeholders are aware of requirements surrounding the provision of services to the ESO and would welcome any additional feedback on how to improve clarity on this through further engagement for a future solution.</li> <li>• The original roll-out of the ODFM service included a clause to limit participation from those providers directly connected to ANM to ensure that the service design remained simple and scalable. Due to the criticality of the service as a result of the recent national reduction in demand, the ESO required a high level of certainty for service delivery.</li> </ul> <p>Now that the initial processes, coordination activities and overall service design have been proven, we are keen to ensure a level playing field for all parties so are initiating a</p>

	<p>integrating with distribution-level network data. Assets in unconstrained ANM zones are currently excluded from the ODFM service but may provide benefit when the zone itself is unconstrained.</p> <ul style="list-style-type: none"> <li>• A greater level of visibility and coordination of services within distribution networks has been something that we have been looking for some time now.</li> </ul> <p>However, we do believe that more can be done in this area and would also ask that in addition to the visibility of this particular service, that DNOs are also provided with visibility of other ancillary services that DER are participating in, and for this scenario specifically those that are likely to interact or be requested at the same time e.g. frequency response, balancing services, etc. Ideally these datasets should be provided and updated on a regular basis to ensure that networks continue to be managed efficiently. The need for such datasets transcends this particular scenario and as such can have much wider benefits if provisioned for.</p>	<p>series of workshops to review this particular clause. We would therefore welcome the opportunity to discuss potential service improvements in the coming weeks. We recognise that each DNO area varies in terms of ANM participation and systems' complexity, so we intend to work with all parties, including DNOs, to find a resolution that works on a national basis whilst accounting for regional differences.</p> <ul style="list-style-type: none"> <li>• The original roll-out of the ODFM service included a clause to limit participation from those providers directly connected to ANM to ensure that the service design remained simple and scalable. Due to the criticality of the service as a result of the recent national reduction in demand, the ESO required a high level of certainty for service delivery.</li> </ul> <p>Now that the initial processes, coordination activities and overall service design have been proven, we are keen to ensure a level playing field for all parties so are initiating a series of workshops to review this particular clause. We would therefore welcome the opportunity to discuss potential service improvements in the coming weeks. We recognise that each DNO area varies in terms of ANM participation and systems' complexity, so we intend to work with all parties, including DNOs, to find a resolution that works on a national basis whilst accounting for regional differences.</p>
--	---	---

<p>1. Scottish and Southern Electricity Networks Distribution</p>	<p><b>Data sharing</b> Regarding the sharing of information; compliance with GDPR requirements is essential in the approach.</p>	<p>ESO has policies and procedures in place to manage personal data it receives or holds in accordance with the GDPR requirements. Personal data is not being shared, exchanged or disclosed outside of ESO in the context of the ODFM service.</p>
<p>1. Limejump 2. ScottishPower Renewables 3. Flexitricity Limited 4. Habitat Energy 5. RES UK and Ireland Limited</p>	<p><b>Ramp rates, penalty clause and data templates</b></p> <ul style="list-style-type: none"> <li>As an aggregator Limejump would like to highlight to NGENSO that the owners of assets that provide ODFM are less operationally involved than owners of flexible assets in the BM. key differences are; <ul style="list-style-type: none"> <li>They do not have a detailed understanding of the dynamic data of their assets.</li> <li>They often have no means of controlling the assets remotely and so an engineer needs to travel to site when they receive an ODFM instruction.</li> <li>The control systems are often relatively primitive and untested.</li> <li>It is less common to have easy access live metering of assets.</li> </ul> </li> <li>One key area that this has had an impact on our ODFM portfolio is around Ramp Rate penalties. As a result of the uncertainty, many customers have provided overly conservative ramp rates to</li> </ul>	<p>ESO have introduced a +/-10% delivery tolerance for all participating units. This has been introduced following feedback that the penalty structure was viewed as very challenging and offered no room for error on delivery. By introducing this threshold, it offers parties some flexibility on minor deviations without impacting the entire instructions payment. This should encourage parties to continue to deliver the service should parties experience any minor delivery variation or metering errors.</p> <p>Many parties have expressed concerns to us over the severity of the impact of the penalty associated to ramp rates ESO have added a new clause on ramp rates to expand on feedback we received around the need for enhanced clarity and processes associated with ramp rates.</p> <p>Most the feedback ESO received as part of the consultation was associated to the impact of deviating outside of the min and max ramp rates had on the payment of the instruction (no payment for entire instruction the consequence). Whilst the intention of this clause was to encourage parties to stick to their submitted parameters ESO recognise that it has had some unintended consequences. ESO have amended the service payment clauses so that we reserve the right to withhold 50% of the service fee for settlement periods impacted by poor ramping but allows parties to still receive full payment for periods that are subsequently successfully delivered as per their instructed volume. This should encourage parties to continue to deliver where possible even if they experience ramping challenges.</p>



	<p>mitigate the risk of penalties. Other customers have been more risk averse and held back from submitting otherwise ready assets for ODFM.</p> <ul style="list-style-type: none"> <li>• In the current proposal the implications for not meeting a unit's ramp rates are severe. Whilst the assessment considers the costs of ramping and so the service is in principal designed to incentivise an accurate reflection of a unit's capability, the penal nature of not delivering to a units notified ramp rate leads to providers submitting wide ramp rate envelopes. These wide ramp rates are then non-sensical and not reflective of the normal operating characteristics of the asset.</li> <li>• The binary nature of the terms surrounding service delivery as set out in sections 7.2 and 7.3 of the ODFM Service Terms, as currently drafted, is likely to disincentivise participation. Under the current terms, a period of ODFM service delivery is invalidated in its entirety in the event that a generator fails to adhere to all aspects of the service requirements. This includes adherence to the detail of ramping down and up at the beginning and end of each window of service.</li> </ul>	
--	---	--

	<p>In reality, there is likely to be significant value to NGESO of an ODFM service that is materially delivered, particularly if sustained through the middle section of the required service window. It therefore seems unreasonable to apply a rule of “all or nothing” given that many of the generators seeking to participate in ODFM were not designed to be dynamically operated at short notice as a matter of routine. Section 7 should be revisited and revised to permit reward for ODFM service that is substantially delivered and to ensure that draconian penalties, such as withholding of all payment for deviations from generator ramp up and ramp down parameters, are not applied.</p>	
SSE Generation	<p>Please see SSE response for more details.</p>	<p>We note your comments on the process of Article 18 T&amp;C generally but as you note these comments have been made previously and we believe all of these points have already been dealt with in other forums. The intent of the regulation is that the T&amp;C for balancing are established and that any changes to these follow the process in EBGL in terms of a one month consultation and NRA approval. This is the approach that has been followed with these changes being treated in the same manner as other “inflight” changes.</p> <p>EBGL Article 18 and harmonisation: ODFM service was introduced to deal with the extraordinary challenges to the operation of the national transmission system caused by the COVID 19 pandemic and is time limited. There is no intention to use it now or in the future for the exchange of cross border services as such we do not see harmonisation, given the specifics of this service, as an issue.</p>

		<p>SOGL prequalification: Aligning national services to those of other European markets is not always straightforward but the ODFM service is most closely aligned to a Replacement Reserve service. The prequalification is, as you note, one of self-certification. It is our view that the registration process and the data in the documents from our mapping provide the TSO with the self-certified pre-qualification in the context of the minimum technical requirements relevant to the ODFM service in accordance with the intent of SOGL Article 161.</p> <p>Pre-determined prices in terms of EBGL and CEP: In the context of ODFM, this is a service for balancing energy, paid when dispatched, and is not a contract for balancing capacity so Articles 6(2) and 6(9) of the recast electricity regulation are not relevant.</p> <p>Conflict with NCER terms and conditions: we do not believe that the situation which ODFM is addressing falls within NCER/is a service provided as a defence service provider.</p> <p>Breach of environmental law: in the context of this legislation it is for the parties providing the service to make sure they have all the permits and consents necessary for them to operate their plant and apparatus.</p> <p>ODFM mapping: we believe from our detailed mapping and from our response to your questions that we have achieved compliance as per EBGL Article 18.</p> <p>Other comments: the COVID19 pandemic and its consequences have been something that we have all had to come to terms with and with little warning of what might happen. As a TSO, we have had to react in very short timescales to the unprecedented low demands and develop a serve to address the operational issues. EBGL requires and we have conducted this one-month consultation despite all of the operational issues we are dealing with.</p>
--	--	--