

Joint European Stakeholder Group



Tuesday 8 September 2020
Meeting 50

Agenda

	Title	Lead	Time
1.	Welcome & Introductions	Chair	10:00 - 10:05
2.	A18 Consultation on Dynamic Containment	Bernie Dolan (National Grid ESO)	10:05 - 10:25
3.	Splitting Rules	Robert Selbie (ElecLink)	10:25 - 10:40
4.	Upcoming BSC Modification: Imbalance charges for non-BM balancing service providers	John Welch (National Grid ESO)	10:40 - 11:00
5.	Review of Actions log	Andrew Hemus (Tech Secretary)	11:00 - 11:05
6.	Future Meeting Dates & Agenda Items	Andrew Hemus (Tech Secretary)	11:05 - 11:10
7.	Stakeholder Representation	Chair	11:10 - 11:15
8.	Any Other Business	All	11:15 - 11:30

1. Welcome & Introductions

Garth Graham (Alternate to Barbara Vest)
Independent Chair

2. A18 Consultation on Dynamic Containment

Bernie Dolan
National Grid ESO



Dynamic Containment (DC) JSEG Update

How will DC be procured?

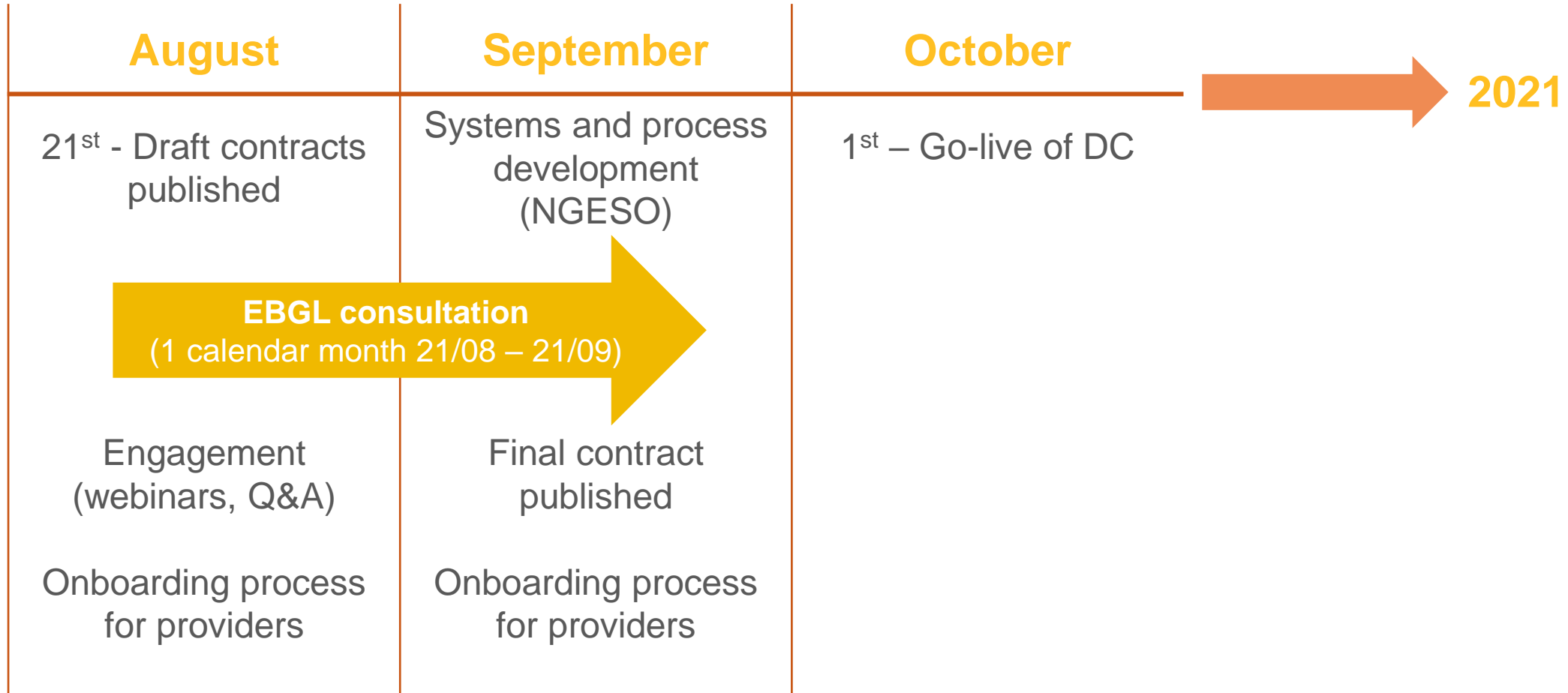
Soft launch

Soft launch	
Platform	NGESO systems
Procurement	Day-ahead (working day)
Settlement	Pay as bid
Products	LF only
Period	24-hour contract (23:00 – 23:00)
Volume	Up to 500MW with 50MW unit cap
Allow stacking?	Not with existing response/reserve products

Soft launch and full delivery

	Soft launch (autumn)	Full delivery (2021 – date TBC)
Platform	Manual process	TBC
Procurement	Day ahead	Day ahead
Products	LF	HF + LF procured separately
Period	24-hour contract	EFA block (potentially settlement period)
Volume	Up to 500MW of LF	Up to 1000MW of both HF and LF
Allow stacking?	Not with existing response/reserve products	Yes – with the new suite of frequency response products, timescales TBC

Delivery plan



Service delivery

Specification is unchanged from January 2020 communication

Parameter	Detail
Deadband (delivery %)	+/- 0.015Hz (0%)
Initial linear range (delivery %)	From 0.015Hz to 0.2Hz (to max of 5% at 0.2Hz)
Knee point	+/- 0.2Hz
Second linear range (delivery %)	From 0.2Hz to 0.5Hz (to max of 100% at 0.5Hz)
Full delivery point	+/- 0.5Hz
Speed of response	Full delivery of required quantity (MW) in 1s (but not faster than 0.5s)

Service rules – five key areas

- The data requirements are the same for all providers. Differences arise between **BM** and **non-BM** providers in how that data is communicated to NGESO
- Some internal and external systems may not be ready for the soft launch – but all providers are still required to record and store data in-line with the service rules on:
 - Operational metering
 - Baselines
 - Performance metering
- Plus updates on:
 - Aggregation
 - State of energy

Operational Metering

Requirement:

- Active power each second
- Availability

Enduring provider routes:

BMU

- Use existing BM systems

non-BM

- Submit via *Data Concentrator*

If non-BM is not connected to Data Concentrator:

- NGESO will allow use of the **alternative solution** for the grace period

! – NGESO will procure up to 300MW of 'non-visible' DC i.e. without real-time operational metering

non-BM

- Record data each second
- Store in provider's own systems, send to NGESO at end of contract period

Six months after go-live all non-BM providers must meet one of the two enduring solutions above to participate in Dynamic Containment



Baselines

Requirement: Submit baseline in-line with physical notification rules

Enduring provider routes:

BMU

- Use existing BM systems

non-BM

- Submit via t.b.c solution (likely a *Data Concentrator* development)

If non-BM is not connected to Data Concentrator:

- NGESO will allow use of the alternative solution for the grace period

! – NGESO will procure up to 300MW of DC without baselines submitted in-line with PN rules

non-BM

- Create and record a baseline in-line with PN rules
- Store in provider's own systems, send to NGESO at end of contract period

Six months after go-live all non-BM providers must meet one of the two enduring solutions above to participate in Dynamic Containment



Performance metering

Requirement: Provide NGESO with performance data at 20Hz granularity

Enduring provider routes:

BMU

- Record at 20Hz
- Store for 3 months
- Provide data to NGESO on request at 3 day notice

non-BMU

- Record at 20Hz
- Store for 3 months
- Provide data to NGESO on request at 3 day notice

If a provider can not meet the 20Hz requirements:

- NGESO will allow use of the alternative solution for the grace period

All providers

- Record, store & provide data at 10Hz

Six months after go-live all providers must be able to meet the 20Hz requirement to participate in Dynamic Containment



! – We may use interpolation on 10Hz data to assess performance. Any resulting underperformance is the responsibility of the provider.

Questions



Thank you

Contact us:

Via your account manager, or email:

box.futureofbalancingservices@nationalgrideso.com

3. Splitting Rules

Robert Selbie

ElecLink



EU Regulations - Splitting Rules
September 2020

Robert Selbie

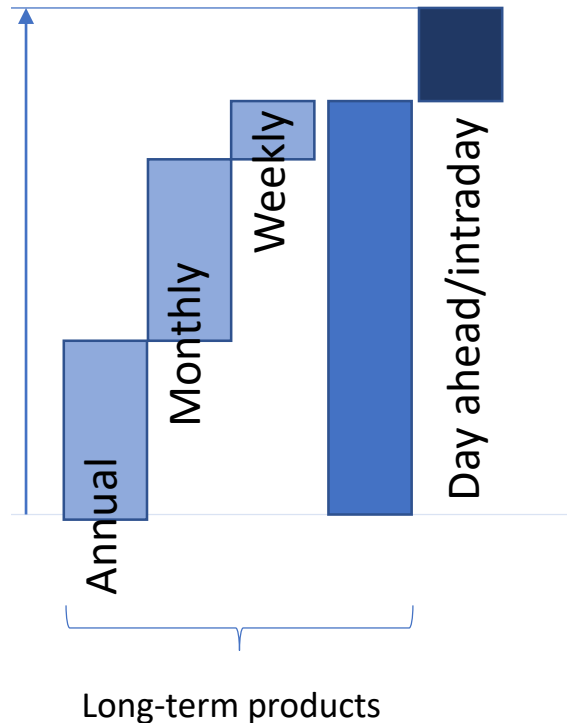
Capacity Allocation and Congestion Management (CACM)

- CACM is a EU Regulation that will apply directly. It became law in August 2015, although many implementation activities are still ongoing.
- CACM sets out;
 - How much capacity interconnectors can sell in the Day Ahead and Intraday = **Capacity Calculation**
 - How interconnectors can sell capacity at the Day Ahead and Intraday = **Market coupling**

Forward Capacity Allocation (FCA)

- FCA is a separate EU Regulation that again applies directly. It became law in October 2016, and again the implementation activities for many of its deliverables are still ongoing (*and in many cases dependent on the CACM deliverables being delivered first*).
- FCA sets out;
 - How much capacity interconnectors can sell in each of the Forward markets = **Capacity Calculation**
 - How interconnectors can sell capacity at the Forwards timescale = **Splitting Rules**

REGULATION OVERVIEW



- **Capacity Calculation** determining the maximum net capacity each interconnector can sell in each direction

Limitations on the NGET and RTE network can in exceptional cases limit the amount of capacity that interconnectors can sell.

- The **Splitting Rules** determine how this total capacity is apportioned between the various long-term products

Interconnectors offer capacity in various long-term timescales. e.g. annual, quarterly, seasonal, monthly, weekly

- In accordance with FCA Article 16, Channel TSOs have developed the Channel Splitting Rules proposal and submitted to Channel regulators by 17 February 2020.
- The proposal is a regional Channel TSO proposal but allows ranges which are applied on an individual interconnector basis

REQUEST FOR AMENDMENT

- Channel TSOs received a request for amendment from regional regulators on 17 August 2020.
- The Channel regulators amendment request focussed on;
 - (i) a clearer description of the steps taken by each Channel TSO in the Capacity Split Assessment Process, and/or;
 - (ii) a further narrowing down of the Splitting Ranges to a more acceptable level

The Channel regulators also requested an assessment of the necessity of the proposed reservation of 10% for daily allocation.

- Channel TSOs are currently considering the amendment request and are aiming to submit an amended proposal by 17 October 2020.
- Channel regulators will then have 2 months to consider the updated proposal.

4. Upcoming BSC Modification: Imbalance charges for non-BM balancing service providers

John Welch
National Grid ESO

BSC Modification 412: Ensuring non-BM Balancing Services providers are responsible for their imbalances

(Clean Energy Package Articles 6.5 / 5.1)

National Grid ESO



What is the issue?

- This BSC Modification is being raised based on requirements of the Clean Energy Package, while also aiming to remove some inconsistencies between the BM and non-BM elements of the balancing services market.
- Article 5 of the Regulation on the Internal Market for Electricity (RIME) within the Clean Energy Package (CEP), deals with 'Balance Responsibility'. Article 5.1 states that "All market participants shall be responsible for the imbalances they cause in the system ('balance responsibility')." Furthermore, Article 6 of the RIME covers 'Balancing Markets'. Article 6.5 states that "imbalances shall be settled at a price that reflects the real-time value of energy."
- The definition of market participants in the CEP extends to generators, aggregators, and demand response or storage services.
- In totality, this means that all providers of balancing services should settle any imbalances (for example when instructed energy is not fully delivered as requested) at an imbalance type price, paid against the differential in delivered energy.
- At present, providers of balancing services that use the BM pay a "price that reflects the real-time value of energy" (an imbalance price), wherever there is a difference between instructed and delivered energy.
- However, for non-BM providers, not all energy imbalance scenarios are paid using an imbalance price. While BSC Modification P354 dealt with spill payments and 'over-delivery' scenarios, where 'under-delivery' occurs, non-BM contracts use penalty clauses related to availability payments, rather than an imbalance charge. This is the gap in the GB market that needs to be resolved.

What is the proposed solution?

- Given the gap between regulation and current market arrangements, a change to the current framework is required.
- Three potential approaches were considered in detail.
- 1) Make a change to the Balancing Mechanism processes to accommodate – specifically through an extension to the processes and functionality introduced through P354, which introduced functionality to allow energy differences to be settled through the ABSVD mechanism.
- 2) Make a consultative change to existing non-BM balancing service provider contracts to allow any under-delivery against instructed energy to be penalised at any imbalance price (rather than through availability payment clauses). This would be settled directly by NGESO, rather than by Elexon.
- 3) A manual approach to 2) that could be delivered quickly.
- In summary, it was felt that an approach that did not fully interact with the BM (options 2 and 3) would not sit coherently with the current market arrangements and would leave too many areas of difficulty (for example dealing with imbalance revenues and neutrality).
- For this reason, the proposed BSC Modification (option 1) was felt to be the most logical solution, building on functionality and processes that had already been introduced. This would have the additional benefit of minimising change for affected market participants.
- Given the need to meet the regulation, and a way forward seeming reasonably clear, a BSC Modification was preferred to for example, requesting the formation of an Issues Group.

Implementation and timescales

- The proposed timetable would see the final mod report being sent for Authority approval in July 2021.
- Following that, it is expected that any relevant system and process changes would then be implemented, building on the functionality introduced through BSC Modification P354. Changes to NGESO Standard Contract Terms would also need to go through consultative changes following Modification approval.
- End to end, implementation is expected to take approximately 18 months assuming smooth Modification progression.

5. Review of Actions log

Andrew Hemus
JESG Technical Secretary

JESG Standing items

ID	Topic	Lead Party
S1	Continue to review the membership of the JESG and engage additional industry parties where appropriate.	JESG Chair
S2	Prepare a commentary / comparison document between the Network Code and the existing GB arrangements at appropriate stages in the Code development for each Network Code.	NGET / Ofgem / BEIS
S3	Share any intelligence about how other member states are approaching demonstrating compliance through information gained from other government departments, regulators or parent companies	BEIS / Ofgem / Industry parties with European parent companies

JESG Open Actions

ID	Topic	Lead Party	Status	Update
117.	JESG to be updated on SQSS and Grid Code Modifications	NGESO	Open	
121.	Provide an update on elements of the recast Electricity Regulation: Article 36 – Scope of TSO's Article 35 – Scope of engagement requirement	Bernie Dolan (NGESO)	Open	<p>Article 36 – Scope of TSO's</p> <p>ACER response on 6th April. No comments in regards to IU SOR and Channel CCR. There was a comment around 3rd party non EU TSOs and withdrawal agreement. Participation in the RCC will be dependent on the nature of Brexit deal. (Swiss grid were removed from the proposal due to not being EU) For info, the TSOs of the Central SOR are planning an appeal as ACER merged CORE and SWE into a single SOR.</p> <p>Article 35 – Scope of engagement requirement</p> <p>Proposal for the RCCss was submitted by TSOs to NRAs on 5th July 2020</p>
126.	Provide update for January JESG on the role of the CMA as acting ACER / Commission and how subsequent changes to Network Codes after 21 June 2020 will be put into effect in GB.	BEIS	Open	Ophelia Brook will representing BEIS at future JESG meetings.

JESG Open Actions

ID	Topic	Lead Party	Status	Update
127	ENTSO(E) membership update in relation to TSO position regarding EU Exit.	Andrew Hemus (NGESO)	Open	During the transition phase, the United Kingdom remains bound by all existing European regulations including obligations contained in Network Codes and the Clean Energy Package. NGESO remains a member of ENTSO-E during the transition phase (ENTSO-E, unlike ENTSO-E has always had members from outside the EU, and the European Economic Area e.g. Norway, Switzerland, Albania, North Macedonia etc.). Once the UK Government has concluded an agreement on the future trading relationship with the European Union, depending on the outcome of that agreement, NGESO will need to consider whether it is possible, practical and efficient to remain a member of ENTSO-E. This will depends on the level of regulatory alignment that is maintained between the UK and the EU in future, and how involved we can be in ENTSO-E processes in the future. As the future trading relationship between the UK and the EU becomes clearer we will be able to update our thinking in this area.
128.	Provide an update on when the two planned derogation requests under Article 6 of the recast Electricity Regulation (i.e. Article 6.4 & Article 6.9) are to be published.	Claire Huxley (NGESO)	Open	NGESO has submitted derogation requests directly to Ofgem. There is no obligation to publish the requests however NGESO will provide more details in future
130.	ODFM Annex 1 link to be circulated	Bernie Dolan (NGESO)	Open	

JESG Open Actions

ID	Topic	Lead Party	Status	Update
131.	GB Interconnectors Capacity Calculation Methodology (NTC) Wider Policy Queries – 4) Better understanding on the potential impact on BSUoS and wider impacts on the wholesale market.	Bernie Dolan (NGESO)	Open	
132.	Update of the Grid Code changes for ramping as part of SOGL A118/119	Bernie Dolan (NGESO)	Open	

6. Future Meeting Dates & Agenda Items

Andrew Hemus
JESG Technical Secretary

Future JESG Meetings

- As always registration is required and will be opened through the JESG Weekly updates.
- Stakeholders are invited to put forward agenda items for the forthcoming JESG meetings:

Date	Proposed Agenda Items
	BEIS guidance on Trading electricity from 1 January 2021
Tuesday 13 October	Cross-border participation in capacity mechanisms
Tuesday 10 November	

7. Stakeholder Representation

All

8. AOB