

**C16 Additional Review:
Additional Industry Consultation for Procurement
Guidelines Statement for 2021/22**

**Proposed revisions to the: Procurement
Guidelines C16 Statement**

21st June 2021

Contents

Executive Summary	2
Background	3
Proposed Changes	3
Timelines	3
The Consultation	4
The Questions	4
How to Respond	4
Appendix A: Response Proforma	5

Executive Summary

This consultation has been produced under Condition C16 of the Transmission Licence to undertake a further review of National Grid Electricity System Operator's (NGESO) Procurement Guidelines C16 Statement.

In accordance with Standard Condition C16 of its Electricity Transmission Licence, the annual review of all licence statements has concluded and approval of NGESO's annual report has been received from the Authority (Ofgem). All approved changes to the C16 Statements changes were effective from 1st April 2021.

NGESO has launched a consultation seeking views from across industry on the commercial compensation methodology for interconnector capacity management. The commercial compensation methodology has been developed in collaboration with GB interconnectors. The commercial compensation methodology is independent of the capacity calculation process and seeks to ensure the correct commercial arrangements for interconnectors when NGESO limits capacity to ensure system security.

To best facilitate this, and to provide transparency to the market, NGESO will now run this further consultation to ensure market participants are aware of the new proposed change and have an opportunity to provide feedback. This consultation provides an opportunity for any further industry views on the proposed changes.

We have updated the Procurement Guidelines C16 Statement to give effect to this. The changes to the Statement are detailed in the Proposed Changes section of this consultation and will be effective by 23rd August 2021 unless approved earlier or vetoed by the Authority.

NGESO welcomes industry views on the proposed changes. Responses are required by close of play on the 19th July 2021. Details on how to make a response can be found in the Consultation Questions section.

Following receipt of responses to this consultation, NGESO will prepare and submit a report to the Authority by the 26th July 2021.

The current versions of the C16 statements, this consultation, industry responses and the consultation report will all be published at the link below:

<https://www.nationalgrideso.com/balancing-services/c16-statements-and-consultations>

If you have any questions about this document, please contact:

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Code Change Delivery Manager

Expected Dates:

Consultation Release:
21st June 2021

Consultation Deadline:
19th July 2021

Documents sent to Ofgem:
26th July 2021

Ofgem Direction:
on/before 23rd August 2021

Revised C16 Statement go live:
on/before 23rd August 2021

Background

In accordance with Standard Condition 16 (C16) of its Transmission Licence, NGENSO has concluded its annual review of all licence statements, the updated statements have been approved by the Authority (Ofgem) and are effective 1st April 2021. This consultation is an additional consultation to the annual process and is due to further changes being made to the Procurement Guidelines C16 Statement after the annual industry consultation had closed.

Background to this change relates to the Net Transfer Capacity (NTC) Commercial Compensation Methodology Consultation. NTC is a tool for managing interconnector capacity restriction which covers intraday and day ahead timescales for both allocated and unallocated capacity. For more information, please review at the link below:

<https://www.nationalgrideso.com/industry-information/codes/european-network-codes-old/meetings/methodology-gb-commercial>

The consultation closed on 2nd June 2021. NGENSO are preparing to publish responses to the consultation following its conclusion.

An associated C28 derogation request was made to the Authority (Ofgem) on 18th June 2021. Standard License Condition C28 obligates Transmission System Operators (TSOs) to procure non-frequency ancillary services using market-based procedures. NTC payments are not market based and therefore requires a derogation to be approved.

Timelines for the C28 derogation and Procurement Guidelines C16 Statement consultations have been aligned to ensure that the Authority (Ofgem) can review concurrently.

Proposed Changes

Additional principles have been included within Procurement Guidelines C16 Statement under the General Principles section, Taking Actions Outside the Balancing Mechanism.

The service is now also listed under the Balancing Services Required section as a Commercial Ancillary Service within the Thermal Constraints group.

Please refer to the detail of the changes within 'Procurement Guidelines Statement track changed for consultation' document which can be found at the link below.

<https://www.nationalgrideso.com/balancing-services/c16-statements-and-consultations>

Timelines

Responses are required by close of play on the 19th July 2021. Details on how to make a response can be found in the Consultation Questions section.

Following receipt of responses to this consultation, NGENSO will prepare and submit a report to the Authority by the 26th July 2021.

The changes will be effective by 23rd August 2021 unless approved earlier or vetoed by the Authority.

The Consultation

The Questions

We invite industry to provide further feedback on the changes proposed to the Procurement Guidelines C16 Statement. The consultation questions are summarised below and summarised within the response proforma in Appendix A.

Procurement Guidelines C16 Statement

- 1) Do you agree with the proposed changes to the Procurement Guidelines C16 Statement relating to the Net Transfer Capacity (NTC) Commercial Compensation Methodology? Please provide any rationale.
- 2) Do you have any additional comments in relation to the NTC changes proposed to the Procurement Guidelines?

How to Respond

Responses should be submitted by replying to the consultation questions within the response proforma, attached as Appendix A and e-mailing the completed proforma to:

balancingservices@nationalgrideso.com

(Please ensure there is an “s” at the end of balancing services, as there have been issues of the “s” not populating when clicking on the hyperlink).

If you do not wish any elements of your response to be made publicly available, please mark these as confidential.

Responses should be returned no later than close of play 19th July 2021.

Appendix A: Response Proforma

Please see separate document - [Here](#)

Consultation Response Proforma

C16 Additional Review NTC Procurement Guidelines Consultation Appendix A

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to balancingservices@nationalgrideso.com by **5pm on the 19th July 2021**

If you have any queries on the content of this consultation, please contact balancingservices@nationalgrideso.com

If you are using the above hyperlink to respond, please check that the “s” at the end of “balancingservices” populates.

Respondent details	Please enter your details
Respondent name:	Click or tap here to enter text.
Company name:	Click or tap here to enter text.
Email address:	Click or tap here to enter text.
Phone number:	Click or tap here to enter text.
Does this response contain confidential information? If yes, please specify	Click or tap here to enter text.

Please express your views regarding the consultation in the right-hand side of the table below, including your rationale.

Procurement Guidelines		
1	Do you agree with the proposed changes to the Procurement Guidelines C16 Statement relating to the Net Transfer Capacity (NTC) Commercial Compensation Methodology? Please provide any rationale.	Click or tap here to enter text.
2	Do you have any additional comments in relation to the NTC changes proposed to the Procurement Guidelines?	Click or tap here to enter text.

