

14<sup>th</sup> October 2021

## **Settling non-BM Response and Reserve Services at a Price that reflects the real-time value of Energy Consultation (P412).**

Dear Industry and Colleagues,

The recast Electricity Regulation articles 5.1 and 6.5 require that all market participants be financially responsible for any system imbalance they cause through under or over delivery of a balancing service. The settlement of this position should be at a price that reflects the real time value of energy.

National Grid ESO (NGESO) raised BSC modification proposal P412<sup>1</sup> to address the concern that although services settled through the Balancing Mechanism are compliant with this requirement non-Balancing Mechanism services are arguably not.

Through the development of P412 several options to correct this were identified by the P412 working group. Due to the potential scale and effects of these changes on market participants NGESO agreed to launch a wider consultation to seek the views of all interested parties on how to approach this issue.

As such NGESO invites all interested parties to respond to this consultation setting out their views on the options identified and any other areas that they consider to be relevant. The conclusions from this consultation will feed into the P412 development process and allow all participants, NGESO and Ofgem to make an informed decision on how to progress an appropriate solution to this issue.

The suite of documents that make up this consultation are:

1. Consultation Cover Letter
2. NGESO P412 Consultation Document
3. Consultation Response Proforma

Please review the documentation and provide your responses using the Consultation Response Proforma. The consultation shall close on the 26<sup>th</sup> November 2021, at 5pm. Your response should be sent to: [box.europeancodes.electricity@nationalgrideso.com](mailto:box.europeancodes.electricity@nationalgrideso.com).

---

<sup>1</sup> P412 webpage - <https://www.elexon.co.uk/mod-proposal/p412/>

Yours sincerely,

*Claire Huxley*

Claire Huxley