

National Grid ESO
Faraday House
Gallows Hill
Warwick
CV34 6DA

Kyle Martin
Kyle.Martin1@nationalgrideso.com
www.nationalgrideso.com

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Dynamic Moderation and Dynamic Regulation Terms and Conditions

Dear Industry and Colleagues,

In accordance with Article 18 of COMMISSION REGULATION (EU) 2017/2195 of 23 November 2017 (as applicable and as amended in Great Britain) establishing a guideline on electricity balancing (EBR), National Grid ESO is required to propose terms and conditions related to balancing. Once those terms and conditions have been approved by Ofgem, Article 6 of EBR envisages that National Grid ESO will consult and seek approval to amendments to such terms and conditions, as further required by CUSC Section 4, paragraph 4.2B.5.

In accordance with EBR, a consultation on the Terms and Conditions of DM and DR services will be undertaken from 15 November 2021 to the 15 December 2021. Both are pre-fault services. DM provides rapid response to keep frequency within operational limits whereas DR is designed to slowly correct continuous but small deviations in frequency with the aim to continually regulate frequency around the target of 50Hz. These are part of our new faster-acting frequency response products alongside Dynamic Containment.

Please respond by 15 December 2021, using the proforma available on our website to box.futureofbalancingservices@nationalgrideso.com

If you have any queries regarding this proposal, please contact us using the above email address.

Yours sincerely,

Kyle Martin
Electricity Market Change Delivery Manager

Annex 1

Amendment of EBR Article 18 mapping to update for revised Dynamic Moderation and Dynamic Regulation Terms and Conditions

Please note: In accordance with EBR 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 EBR. Its purpose is to demonstrate where Terms and Conditions for DM and DR in the scope of EBR 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 EBR Article 18 with **highlighted** references for DM and DR service terms. This remains unchanged.

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;	SCT	DC/DM/DR Service Terms 5-Service Availability 6-Service Delivery 7-Availability Payments 15- Monitoring and Metering Data DC Auction Rules 5 – DC Buy Orders DM/DR Auction Rules 6 – DM/DR Buy Order
		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
			DC Participation Guidance document 1 - Service Overview 16 -Transitional Arrangements DM/DR Participation Guidance document 1 – Service Overview DC/DM/DR Glossary Part 4 Dynamic Containment (DM/DR – Part 3) Specific Terms- - Eligible Asset definition - Response Unit definition-
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;	Standard Contract Terms	DC/DM/DR Participation Guidance Document 1 -Service Overview 3 -Registration 5 -Testing 8 –Operational and Performance Baselines 10 -State of Energy 12 -Data

			14 - Capacity Market 15 -Active Network Management 16 -Transitional Arrangements (not DM) DC Auction Rules 4 DM/DR Auction Rules 5 – Registration
		Grid Code	BC5, BC4.4.2
		CUSC	Section 4.1
		BSC	J3.3, J3.6, J3.7, J3.8, K3.2, K3.3 and K8

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	DC/DM/DR Participation Guidance Document 3 - Registration 4 – Daily Auctions
			DC General Terms and Conditions 7- Assignments and transfer DM/DR Service Terms 20 – Assignment 21 - Transfer
			DC Auction Rules 5 – DC Buy Orders 6 – DC Sell Orders 7 – Market Clearing Rules 10 – Formation of DC Response Contracts 12 – Exceptional Circumstances DM/DR Auction Rules 6 – DM/DR Buy Order 7 – DM/DR Sell Order 8 – Market Clearing Rules

			11 – Formation of DM/DR Response Contracts 13 – Exceptional Circumstances DC Service Terms 17 – Transfer of DC Response Contracts DM/DR Service Terms 21 – Transfer of DM/DR Response Contracts
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;	Guidance document	DC/DM/DR Participation Guidance Document 1 - Service Overview 16 - Transitional Arrangements (not DM)
		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;	Standard Contract Terms	DC/DM/DR Participation Guidance 3 - Registration 4 – Daily Auctions 5 - Testing 6 - Settlement 8 – Operational and Performance Baselines 12 - Data 16 - Transitional Arrangements (not DM) DC General Terms and Conditions 8 - Confidentiality and Announcements 18 – EMR DM/DR Service Terms 22 – Confidentiality 34 - EMR DC/DM/DR Service Terms

			Section 5 Service Availability 5.1, 5.2, 5.3 Section 6 Service Delivery 6.2, 6.3, 6.4, 6.5 13 - Communication 15 - Monitoring and metering data DC Auction Rules 4 - Registration 6 - DC Sell Orders DM/DR Auction Rules 5 - Registration 7 - DC Sell Orders
		BSC	BSC Section O
		Grid Code	DRC, BC5 BC1.4,
		CUSC	Section 4.1.3.14 and 4.1.3.19
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
			DC/DM/DR Service Terms 16- ABSVD DC/DM/DR Participation Guidance Document 6 - Settlement
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;	Standard Contract Terms	DC/DM/DR Service Terms 13 -Communication 15 - Monitoring and metering data
		Grid Code	Grid Code BC1.4, BC1.A.10,
		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;	Standard Contract Terms	DC/DM/DR Participant Guidance Document 6 - Settlement DC/DM/DR Service Terms 7- Availability Payments 8- Payment procedure Schedule 2 - Availability Payments DC General Terms and Conditions 4- Payments DM/DR Service Terms Schedule 3 - Payments
		BSC	T1.14, T3 and U
		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;	Standard Contract Terms	DC General Terms and Conditions 4- Payment DM/DR Service Terms Schedule 3 - Payments
		BSC	U2.2
		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.	Standard Contract Terms	DC General Terms and Conditions 6- Termination of Balancing Services Contracts DM/DR Service Terms 14 – Termination of DM/DR Response Contracts DC Auction Rules 6.13/6.14- DC Sell Orders

			DM/DR Auction Rules 7.13/7.14- DM/DR Sell Orders DC/DM/DR Service Terms 4, 5, 6, 11, 12, 14 5.5 - settlement period of unavailability 5.6 – exception where complied with SOE rules 5.7 - Unable to meet requirements - deemed unavailable 6.5 - failure to prep baseline - deemed unavailable 6.12 - non compliance with SOE rules - deemed unavailable
		BSC	H3, Z7 and A5.2
		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 parties for any given imbalance settlement period pursuant to Article 54;	BSC	U2.2
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.	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 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.
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)	DM/DR A derogation has been sought under Regulation (EU) 2019/943 Article 6(14) from the requirements of Regulation (EU) 2019/943 Article 6(2) and this is pending Ofgem approval.
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.

