The webinar will start shortly. Attendees’ microphones are muted with cameras off to minimise disruption. Please post comments or questions using the Teams chat function and these will be answered in our Q&A at the end. Please note that the webinar will be recorded; the recording and the slides will be published online.
Agenda

- Balancing services reform
- Release 2 updates and topics
- Future changes
- How to get involved
- Q&A session
Changing system and market conditions require constant reform of our balancing services

- We need balancing products and services which better serve the new system requirements, from a wide range of providers.
- This means phasing out the legacy products and finding ways to enable more market liquidity, to reduce cost and to provide clear and coherent signals to providers about our requirements.
ESO is implementing a number of integrated programmes to achieve these goals.

Each service is supported by many systems, and each system can support multiple services.
Release 2 updates and topics
We have developed a list of topics to focus on for Response Reform this year

<table>
<thead>
<tr>
<th>Topic</th>
<th>Primary focus</th>
<th>Explanation</th>
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</thead>
<tbody>
<tr>
<td>Reform of Ramp Rates</td>
<td>Access</td>
<td>Assessment and implementation of changes to ramp rates and monitoring.</td>
</tr>
<tr>
<td>Improving Re-submitting of Performance Data</td>
<td>Access</td>
<td>This will improve providers experience of re-submitting data and reduce processing time.</td>
</tr>
<tr>
<td>Introducing Data Derived Metering (Baselining)</td>
<td>Access</td>
<td>Potentially removing a barrier to entry for behind the meter assets, lead to increased competition and reduced costs.</td>
</tr>
<tr>
<td>Improving Re-submitting of Performance Data</td>
<td>Access</td>
<td>This will improve providers experience of re-submitting data and reduce processing time.</td>
</tr>
<tr>
<td>Improving Disarming / Re-arming for Stacking [R1b]</td>
<td>Usability</td>
<td>Further enhancements to disarming by frequency service facilitates a number of enhancements including stacking of response services and lifting the procurement of greater volumes of the dynamic services.</td>
</tr>
<tr>
<td>Frequency Measurement Standard</td>
<td>Usability</td>
<td>Provide a guidance document that details the ESOs standard method for measuring frequency. This will bring increased data quality and greater confidence in service delivery.</td>
</tr>
<tr>
<td>Automating Buy Orders (proof of concept)</td>
<td>Usability</td>
<td>There is the potential to reduce/remove manual processes and facilitate enhanced procurement options.</td>
</tr>
<tr>
<td>Improving PNs</td>
<td>Usability</td>
<td>Improved visibility of response services in ENCC.</td>
</tr>
<tr>
<td>Improving Availabilities</td>
<td>Usability</td>
<td>Improved visibility of response services in ENCC.</td>
</tr>
<tr>
<td>Improving Disarming / Re-arming [R2]</td>
<td>Usability</td>
<td>Further improvements to disarming and rearming to improve the usability.</td>
</tr>
<tr>
<td>Improving ENCC Visualisation and Situational Awareness</td>
<td>Usability</td>
<td>The ENCC will have better situational awareness for response services.</td>
</tr>
</tbody>
</table>
Current rules have been highlighted as limiting participation from assets which have complex baselines or are sat behind the meter with other assets.

We have been looking at ways to support these assets in demonstrating correct Response delivery separate from their baseline through the use of data processing and analysis.

We have identified a potential solution that we will be exploring as part of Release 2.

Next steps:
- We will be consulting on changes to the contract terms which currently prohibit these types of assets.
- We will be working with industry to agree the details of how this data might be prepared to ensure we maintain the required levels of data accuracy and integrity.
- Initiate change project to deliver.

Implementation is dependent on internal and external agreement.
Topic for exploration: Ramp rates

- The current ramp control measures were put in place to prevent uncontrolled energy swings following Response events. Industry have advised that the implementation of these controls limit options for participation in other markets.

- Currently we are not looking to enforce the contractual terms specific to ramping rates, we see there is still an enduring requirement for ramp restrictions to remain in place and further analysis is ongoing to quantify this requirement. As part of the decision around updates to ramp limits we will be introducing more robust monitoring solutions.

- We are conducting an initial assessment as to whether we can lift the overall cap from 5%/min to another (higher) value.

- Following this we will progress a more in-depth piece of work to investigate a more nuanced approach, for example by selectively limiting ramping restrictions at certain key periods. We believe we should be in a position to start this second stage of work in Summer of this year, following this Release 2 consultation.

- The consultation will be seeking views on changes to ensure that these contractual documents do not present a barrier to reform this topic.

*implementation is dependent on internal and external agreement*
We will be adopting a more agile reform and transforming our engagement approach

- We will make greater use of the Guidance Document to allow us flexibility to provide clarifications outside of the consultation cycle and implement change in a more agile way
- We will consult when making changes to the services, providing opportunity for feedback
- In support of this we will be implementing a new engagement approach with regular sessions to provide updates and gather input on reform topics throughout the year
- Appropriate notice for any changes to be implemented
Future changes
We are also considering longer term reforms

Longer term topics that we will be investigating this year include:

• Locational procurement
• Intraday procurement
• Enduring static Response service
• Removing barriers to entry for wider technologies
How to get involved
## Roadshows

- For the second year we will be running Response roadshows to allow open discussions with industry on Response reform and our proposed Release 2 changes.
- We will have material to share but the focus of the event is to discuss specific topics representing areas of interest for individual attendees.
- There is no defined agenda so drop in for a quick chat or stay for longer to talk through topics in as much detail as you like. All welcome to join us for a working buffet lunch around 1pm at both events.
- This year we are expanding the scope to include wider balancing services reform projects including: Single Markets Platform (SMP), Enduring Auction Capability (EAC), Reserve, Balancing Reserve and our Markets Roadmap.

<table>
<thead>
<tr>
<th>Edinburgh</th>
<th>London</th>
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<tbody>
<tr>
<td>Date: 18 May 2023</td>
<td>Date: 24 May 2023</td>
</tr>
<tr>
<td>Venue: Radisson Blu Edinburgh City Centre</td>
<td>Venue: The Clermont Charing Cross</td>
</tr>
<tr>
<td>Registration: <a href="#">Edinburgh</a></td>
<td>Registration: <a href="#">London</a></td>
</tr>
</tbody>
</table>
There are a number of ways to engage with the wider programmes

EAC webinar

We will be hosting a webinar w/b 22nd May to provide an update on our Enduring Auction Capability (EAC) platform.

Whilst we will endeavour to answer all the questions raised in this webinar, if you have any questions relating to EAC we request that these questions are put to them directly.

Invites to this will be sent out from the FOBS .box this week.

SMP show and listen

The SMP Programme hosts a monthly Show and Listen session to share progress and get feedback.

You can register your interest in joining the sessions here
Any questions?

Please use the Teams Q&A feature to ask your questions.
Thank you for attending

Contact us:

box.futureofbalancingservices@nationalgrideso.com