

## Annual Industry Consultation

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Proposed revisions to the  
Applicable Balancing Services Volume Data Methodology Statement  
Balancing Services Adjustment Data Methodology Statement  
Procurement Guidelines  
System Management Action Flagging Methodology Statement  
Balancing Principles Statement

as part of the C16 Annual Review

In accordance with Standard Condition 16 (C16) of its Electricity Transmission Licence, National Grid is required to conduct an annual review of all licence statements, proposing changes as necessary.

## Executive Summary

This consultation has been produced under Condition C16 of the Transmission Licence to undertake an annual review of National Grid's C16 Statements.

As a result, changes are proposed to the following documents:

- Applicable Balancing Services Volume Data Methodology Statement (ABSVD)
- Balancing Services Adjustment Data Methodology Statement (BSAD)
- Procurement Guidelines
- System Management Action Flagging Methodology Statement (SMAF)
- Balancing Principles Statement (BPS)

The changes that are proposed to the documents this year relate mainly to the following areas:

- Demand Turn Up – this was introduced as a new Balancing Service on a trial basis in 2016. Following a successful trial, this service will be procured on an enduring basis.
- Demand Side Balancing Reserve (DSBR) – National Grid no longer intends to procure DSBR and references to this service have been removed.
- General housekeeping amendments to keep the statements current and relevant.

The changes to the above documents are detailed in Sections 2 to 6 inclusive of this consultation.

National Grid welcomes industry views on the proposed changes, and invites views on any other aspects of the subject documents for future consideration.

Responses are required by **24<sup>th</sup> February 2017**. Details on how to make a response can be found in Section 8.

Following receipt of responses to this consultation, National Grid will prepare and submit a report to the Authority by **3<sup>rd</sup> March 2017**. This consultation, industry responses and the consultation report will all be published at the link below:

<http://www2.nationalgrid.com/uk/industry-information/electricity-codes/balancing-framework/c16-consultations/>

Current versions of the C16 Statements can be found at the following link:

<http://www2.nationalgrid.com/uk/industry-information/electricity-codes/balancing-framework/transmission-license-c16-statements/>

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## 1 Introduction

In accordance with Standard Condition 16 (C16) of its Electricity Transmission Licence, National Grid is required to conduct an annual review of all licence statements and, if appropriate, to propose changes to these documents.

The purpose of National Grid's annual review and consultation is to ensure that each of the applicable documents remains current by seeking industry views on any proposed changes. Proposed changes can only become effective if approved by the Authority.

As a result of this review, National grid are proposing changes to the following documents:

- Applicable Balancing Services Volume Data Methodology Statement (ABSVD)
- Balancing Services Adjustment Data Methodology Statement (BSAD)
- Procurement Guidelines
- System Management Action Flagging Methodology Statement (SMAF)
- Balancing Principles Statement (BPS)

These changes are primarily related to:

- **Introduction of enduring Demand Turn Up (DTU) service** – DTU is a service that has been developed to allow demand side providers to increase demand (either through shifting consumption or reducing embedded generation) as an economic solution to managing excess renewable generation when demand for electricity is low. can be used to ensure that there will be sufficient negative reserve available. Following the successful completion of the DTU trial during the summer of 2016 National Grid are now introducing DTU as an enduring balancing service.
- **Removal of Demand Side Balancing Reserve (DSBR)** - In August 2016 National Grid issued an [industry letter](#) informing the market that it would no longer be procuring DSBR. These changes seek to remove all references to DSBR from the C16 statements.
- **General Housekeeping Amendments** have been made to keep the statements current and relevant

A workshop was held in December 2016 to gather stakeholder views on improvements to the Annual C16 review process and suggestions for changes to the C16 documents. In addition OFGEM are consulting on clarifications to the C16 license text in their consultation *Initial Proposals for electricity SO incentives from April 2017* is open to the 31<sup>st</sup> of January 2017.

Please note consequential changes resulting from modifications to GB industry codes, stakeholder suggestions and upcoming Regulatory changes which are not captured here will be actioned either in future annual reviews, or individual statement reviews as appropriate.

## 2 Proposed Changes to the ABSVD

The amendments proposed to the ABSVD are:

- Housekeeping – to ensure that some of the frequency services are not limited to traditional sources of Generation, by removing the explicit references to free governor action.

The proposed changes are detailed in Table 1 below.

**Table 1 – Proposed changes to the ABSVD**

ID	Purpose of Change	Reference	Change
1.1	Version control change	Title Page	Change to Effective Date Change to Version Number
1.2		Page 2 – Version control table	Update to version control table
1.3	Remove a barrier to non-traditional generation	Part C, 1	Change description of service s in the Determination of $SE_{si}$
1.4		Part C, 4.1	Remove reference to free governor action.

The proposed changes detailed above are shown in a changed marked version of the ABSVD attached as Appendix A.

### **Consultation Question 1**

*Do you agree that the changes proposed to the ABSVD shown in Table 1 have been implemented correctly to the ABSVD in Appendix A? If not, please provide rationale.*

### **Consultation Question 2**

*Do you agree that the changes proposed to the ABSVD shown in Table 1 and in Appendix A, should be made? If not, please provide rationale.*

### **Consultation Question 3**

*Do you have any other comments in relation to the changes proposed to the ABSVD?*

### 3 Proposed Changes to the BSAD

The amendments proposed to the BSAD are:

- Removal of References to Demand Side Balancing Reserve.

The proposed changes are detailed in Table 2 below.

**Table 2 – Proposed changes to the BSAD**

ID	Purpose of Change	Reference	Change
2.1	Version control change	Title Page	Change to Effective Date Change to Version Number
2.2		Page 4 – Version control table	Update to version control table
2.3	Remove References to DSBR	Part B, 2	Removal of References to Demand Side Balancing Reserve
2.4		Part B, 2.1	Removal of References to Demand Side Balancing Reserve
2.5		Part B, 3.1.1	Removal of References to Demand Side Balancing Reserve
2.6		Part C, 1	Removal of Reference to Demand Side Balancing Reserve
2.7		Part C, 3	Removal of Reference to Demand Side Balancing Reserve

The proposed changes detailed above are shown in a changed marked version of the BSAD attached as Appendix B.

#### **Consultation Question 4**

*Do you agree that the changes proposed to the BSAD, shown in Table 2 have been implemented correctly to the BSAD in Appendix B? If not, please provide rationale.*

#### **Consultation Question 5**

*Do you agree that the changes proposed to the BSAD, shown in Table 2 and in Appendix B, should be made? If not, please provide rationale.*

#### **Consultation Question 6**

*Do you have any other comments in relation to the changes proposed to the BSAD?*

## 4 Proposed Changes to the Procurement Guidelines

The amendments proposed to the Procurement Guidelines are:

- Demand Turn Up – The amendments detailed below reflect the addition of Demand Turn Up as an additional Balancing Service. This is a service that can be used to ensure that there will be sufficient negative reserve available.
- Removal of References to Demand Side Balancing Reserve
- Housekeeping – Removal of the word “Mutual” in Part C, 2.1. The requirements of the Mainland Great Britain, Continental European and Irish Synchronous areas are different. The removal of the word Mutual clarifies that Interconnectors are allowed to offer services into different markets that are not required by both the System Operators at either end.

The proposed changes are detailed in Table 3 below.

**Table 3 – Proposed changes to the Procurement Guidelines**

ID	Purpose of Change	Reference	Change
3.1	Version control change	Title Page	Change to Effective Date Change to Version Number
3.2		Page 3 – Version control table	Update to version control table
3.3	Include Demand Turn Up as a Commercial Ancillary Service, under Reserve Services	Part C, Section 1	Insertion of text “Demand Turn Up”
3.4	Include a description of Demand Turn Up in Description of Balancing Services	Part C, Section 2.2	Insertion of text “Demand Turn Up – which is provided by either reducing generation on the system or increasing demand. The detail of this service will be described in Part D and Part E.
3.5	Include Demand Turn Up in “Demand Side Providers and Small Generators” section	Part C, Section 3	Insertion of text “Demand Turn Up” in list of services that demand side providers are encouraged to participate in the standard market tender process of.
3.6	Include Demand Turn Up in the Balancing Services Summary Table	Part D, Table 1	Insertion of text <ul style="list-style-type: none"> <li>• “Demand Turn Up” as the Ancillary Service;</li> <li>• “Contracts derived from market tenders” as the means of procurement;</li> <li>• “As required” as the timescales</li> </ul>
3.7	Include Demand Turn Up in the Balancing Services Information Provision Summary	Part E, Table 2	Insertion of text <ul style="list-style-type: none"> <li>• “Demand Turn Up” as the Balancing Service;</li> <li>• “Tendered volume and contracted volume from last tender round” as the volume information;</li> <li>• “Tender price information” as the price information;</li> <li>• “This information will be published on a monthly basis” as the timescales;</li> <li>• “This information will be published on our website” as the information source</li> </ul>

3.8	Remove References to DSBR	Part C, 1	Removal of Reference to Demand Side Balancing Reserve
3.9		Part C, 2.2	Removal of References to Demand Side Balancing Reserve
3.10		Part C, 3	Removal of Reference to Demand Side Balancing Reserve
3.11		Part D, Table 1	Removal of References to Demand Side Balancing Reserve
3.12		Part E, 3	Removal of Reference to Demand Side Balancing Reserve
3.13		Part E, Table 2	Removal of References to Demand Side Balancing Reserve
3.14	Clarification that Interconnectors are allowed to offer asymmetric services	Part C, 2.1	Removal of the word "Mutual" from System-to-System Services

The proposed changes detailed above are shown in a changed marked version of the Procurement Guidelines as Appendix C.

**Consultation Question 7**

*Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 3 have been implemented correctly to the Procurement Guidelines in Appendix C? If not, please provide rationale.*

**Consultation Question 8**

*Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 3 and in Appendix C, should be made? If not, please provide rationale.*

**Consultation Question 9**

*Do you have any other comments in relation to the changes proposed to the Procurement Guidelines?*



## 5 Proposed Changes to the SMAF

The amendments proposed to the SMAF are:

- Removal of References to Demand Side Balancing Reserve.

The proposed changes are detailed in Table 4 below.

**Table 4 – Proposed SMAF changes**

ID	Purpose of Change	Reference	Change
4.1	Version control change	Title Page	Change to Effective Date Change to Version Number
4.2		Page 2 – Version control table	Update to version control table
4.3	Remove References to DSBR	Part B, 2	Removal of References to Demand Side Balancing Reserve

The proposed changes detailed above are shown in a changed marked version of the SMAF as Appendix D.

### **Consultation Question 10**

*Do you agree that the changes proposed to the SMAF, shown in Table 4 have been implemented correctly to the SMAF in Appendix D? If not, please provide rationale.*

### **Consultation Question 11**

*Do you agree that the changes proposed to the SMAF, shown in Table 4 and in Appendix D, should be made? If not, please provide rationale.*

### **Consultation Question 12**

*Do you have any other comments in relation to the changes proposed to the SMAF?*

## 6 Proposed Changes to the BPS

The amendments proposed to the Balancing Principles Statement are:

- Demand Turn Up – The amendments detailed below reflect the addition of Demand Turn Up as an additional Balancing Service. This is a service that can be used to ensure that there will be sufficient negative reserve available.
- Removal of References to Demand Side Balancing Reserve.

The proposed changes are detailed in Table 5 below.

**Table 5 – Proposed changes to the BPS**

ID	Purpose of Change	Reference	Change
5.1	Version control change	Title Page	Change to Effective Date Change to Version Number
5.2		Page 3 – Version control table	Update to version control table
5.3	Remove References to DSBR	Part B, 5, (e) Maximum Generation Service	Removal of References to Demand Side Balancing Reserve
5.4		Part D, 3.2 (e) Demand Side Balancing Reserve	Removal of Section (e) Demand Side Balancing Reserve Change Section (f) Supplemental Balancing Reserve to Section (e)
5.5		Part C, 2 (a)	Remove (iv) DSBR and renumber (v)
5.6		Part C, 4 (iii)	Remove of Reference to Demand Side Balancing Reserve
5.7		Part C, 5	Removal of References to Demand Side Balancing Reserve
5.8		Part E, 1, Steps 4, 6, and 7	Removal of References to Demand Side Balancing Reserve
5.9		Add Demand Turn Up as a Reserve service	Part D, Section 3,2

The proposed changes detailed above are shown in a changed marked version of the BPS attached as Appendix E.

### **Consultation Question 13**

*Do you agree that the changes proposed to the BPS, shown in Table 5 have been implemented correctly to the BPS in Appendix E? If not, please provide rationale.*

### **Consultation Question 14**

*Do you agree that the changes proposed to the BPS, shown in Table 5 and in Appendix E, should be made? If not, please provide rationale.*

### **Consultation Question 15**

*Do you have any other comments in relation to the changes proposed to the BPS?*

## 7 Consultation Questions

The consultation questions detailed here are also summarised within a response proforma as Appendix F.

### **ABSVD**

#### **Consultation Question 1**

*Do you agree that the changes proposed to the ABSVD shown in Table 1 have been implemented correctly to the ABSVD in Appendix A? If not, please provide rationale.*

#### **Consultation Question 2**

*Do you agree that the changes proposed to the ABSVD shown in Table 1 and in Appendix A, should be made? If not, please provide rationale.*

#### **Consultation Question 3**

*Do you have any other comments in relation to the changes proposed to the ABSVD?*

### **BSAD**

#### **Consultation Question 4**

*Do you agree that the changes proposed to the BSAD, shown in Table 2 have been implemented correctly to the Procurement Guidelines in Appendix B? If not, please provide rationale.*

#### **Consultation Question 5**

*Do you agree that the changes proposed to the BSAD, shown in Table 2 and in Appendix B, should be made? If not, please provide rationale.*

#### **Consultation Question 6**

*Do you have any other comments in relation to the changes proposed to the BSAD?*

### **Procurement Guidelines**

#### **Consultation Question 7**

*Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 3 have been implemented correctly to the Procurement Guidelines in Appendix C? If not, please provide rationale.*

#### **Consultation Question 8**

*Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 3 and in Appendix C, should be made? If not, please provide rationale.*

#### **Consultation Question 9**

*Do you have any other comments in relation to the changes proposed to the Procurement Guidelines?*

## **SMAF**

### **Consultation Question 10**

*Do you agree that the changes proposed to the SMAF, shown in Table 4 have been implemented correctly to the SMAF in Appendix D? If not, please provide rationale.*

### **Consultation Question 11**

*Do you agree that the changes proposed to the SMAF, shown in Table 4 and in Appendix D, should be made? If not, please provide rationale.*

### **Consultation Question 12**

*Do you have any other comments in relation to the changes proposed to the SMAF?*

## **BPS**

### **Consultation Question 13**

*Do you agree that the changes proposed to the BPS, shown in Table 5 have been implemented correctly to the BPS in Appendix E? If not, please provide rationale.*

### **Consultation Question 14**

*Do you agree that the changes proposed to the BPS, shown in Table 5 and in Appendix E, should be made? If not, please provide rationale.*

### **Consultation Question 15**

*Do you have any other comments in relation to the changes proposed to the BPS?*

## **8 Responding**

Responses should be submitted by replying to the consultation questions within the response proforma, attached as Appendix F and e-mailing the completed proforma to [balancingservices@nationalgrid.com](mailto:balancingservices@nationalgrid.com)

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

The consultation period for this document is 28 days. Responses should be returned no later than **24<sup>th</sup> February 2017**. Following the consultation, a report will be produced and submitted to the Authority within seven days of the consultation close. Due to the timescales for the Authority report, it may not be possible to accept late consultation responses.

It is envisaged that, unless directed otherwise by the Authority, the implementation date for each of the revised documents will be 1<sup>st</sup> April 2017.

## 9 Next Steps

Following receipt of responses to this consultation, National Grid will prepare and submit a report to the Authority in accordance with Electricity Transmission Licence Standard Condition C16 paragraph (8). The consultation document, consultation report, and all responses, will be published on National Grid's website:

<http://www2.nationalgrid.com/uk/industry-information/electricity-codes/balancing-framework/c16-consultations/>

The current versions of the subject documents referred to in this report can be found at the following link:

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Balancing-framework/Transmission-license-C16-statements/>

In the December 2016 National Grid hosted a stakeholder workshop to discuss the potential content of the C16 annual review and understand the areas where stakeholders would like to see changes. The topics raised by stakeholders at this workshop are listed below:

- Use of ABSVD for non-BM balancing services at the metered (MPAN) level – link to [BSC modification P354](#)
- More transparent reporting for Schedule 7 Pre Balancing Gate Closure Trades
- System Management Action Flagging for Locational Frequency Response
- System Flagging Thresholds
- System Management Action Flagging Accuracy Reports

We are actively considering how to progress these topics and will ensure that any potential changes, along with other consequential changes resulting from modifications to GB industry codes, stakeholder suggestions and upcoming Regulatory changes will be actioned either in ad-hoc statement updates or future annual reviews.

## **Appendix A - Revised ABSVD**

Please see separate document - [APPENDIX A-ABSVD](#)

## **Appendix B - Revised BSAD**

Please see separate document - [APPENDIX B-BSAD](#)

## **Appendix C - Revised Procurement Guidelines**

Please see separate document - [APPENDIX C-PG](#)

## **Appendix D - Revised SMAF**

Please see separate document - [APPENDIX D-SMAF](#)

## **Appendix E - Revised BPS**

Please see separate document - [APPENDIX E-BPS](#)

## **Appendix F - Response Proforma**

Please see separate document - [APPENDIX F - RESPONSE PROFORMA](#)