

Response received from ENGIE

National Grid invites responses to this consultation by **25 February 2016**. The responses to the specific consultation questions (below) or any other aspect of this consultation can be provided by completing the following proforma.

Please return the completed proforma to balancingservices@nationalgrid.com

Respondent:	Libby Glazebrook
Company Name:	ENGIE
Does this response contain confidential information? If yes, please specify.	No

ENGIE's comments on the 2016 C16 consultation relate to the data contained within the Balancing Services Adjustment Data (BSAD) submissions made by National Grid to the the Balancing Mechanism Reporting System (BMRS).

Transparency of pre-gate closure BSAD trades

1. National Grid enters into bilateral trades in advance of gate closure. If these are struck before 17:00 day ahead they are notified on the BMRS through a BSAD submission at 17:00 D-1. After this, any further trades are notified on the BMRS just after Gate Closure. These BSAD submissions are used in the calculation of the indicative cashout price published 15 minutes after the end of the Settlement Period.

2. These bilateral trades can be for large volumes and be in the hundreds of pounds per MWh so might impact on the cashout price. This places the counterparty to the trade in an advantageous position; in advance of publication of BSAD trades on the BMRS, only it knows of the trade and that it may influence both the direction of the system and also the cashout price; the rest of the market is unaware of this information. In the interests of market transparency, pre gate closure trades undertaken by the SO should be notified on the BMRS as soon as they are struck.

Non BM STOR

3. The Transmission Company is required to report an estimate of BSAD as soon as reasonably practicable after Gate Closure, in accordance with BSC section Q6.3.1(a)(ii). Because the Transmission Company typically dispatches non-BM STOR after Gate Closure and reports BSAD very shortly after Gate Closure, any Non-BM STOR use is typically reported in BSAD to Settlement Administration Agent the next day.

4. This information on the use of non BM STOR is then incorporated in the revised imbalance cashout price for the II Settlement Run which takes place 5 working days (WD) later. This means that the BMRA's indicative system price does not include non-BM STOR actions taken after Gate Closure.

5. The BSAD methodology statement therefore has no explicit route for the inclusion of non BM STOR volumes and prices to be incorporated in the indicative cashout price calculation published 15 minutes after the end of the settlement period.

6. Once Non BM STOR is included in BSAD it can have a notable impact on the cashout price (since P305 was implemented, once this information is include the price calculation, the imbalance cashout price has increased by up to £70/MWh between the indicative price and the price published in the II settlement run). On occasions it has also changed the system direction from long to short. To improve the accuracy of the indicative cashout price and provide better price signals for future settlement periods, ENGIE believes that this must be addressed and non BM STOR use included in the indicative cashout price.

7. There are some options for indicative cashout prices to include non BM STOR instructions. These are:

a) Delay the 'just after Gate Closure BSAD submission' to the end of the Settlement Period so that it can incorporate any non BM STOR instructions. Under this option, there would be a delay in notifying the market of BSAD trades struck by National Grid between the initial 17:00 D-1 BSAD submission and Gate Closure.

b) National Grid provides a further BSAD submission after Gate Closure that captures any further BSAD trades taken in the Balancing Mechanism.

c) National Grid could as suggested in paragraph 2 publish its pre gate closure BSAD trades as they are struck (benefitting market transparency) and delay the 'just after Gate Closure' submission so that it can incorporate estimates of non BM STOR instructions. The delay highlighted in (a) above would not then be an issue as the post Gate Closure submission would only contain BSAD trades taken after Gate Closure.

Demand Side Balancing Reserve (DSBR)

8. The BSAD Methodology Statement states that DSBR will be included in a post event resubmission of BSAD. The delay means that indicative cashout prices (published 15 minutes after the end of the settlement period) cannot reflect the use of this last resort balancing services and so do not capture in a timely fashion this scarcity signal.

9. ENGIE has raised a BSC modification that would place a requirement to provide DSBR dispatched volumes to central settlements in time for the indicative price calculation. Until this can be achieved, National Grid should publish how much DSBR has been instructed in each settlement period when it is called and BSC parties can make their own assessment of the impact. Currently, instructed volumes are only made public the day after DSBR is called. By then it is too late to respond to the information provided.

Response received from E.ON

National Grid invites responses to this consultation by **25 February 2016**. The responses to the specific consultation questions (below) or any other aspect of this consultation can be provided by completing the following proforma.

Please return the completed proforma to balancingservices@nationalgrid.com

Respondent:	Lin Gao
Company Name:	E.ON UK plc
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response (Y/N)	Rationale
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.	Y	
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.	Y	
3	Do you have any other comments in relation to the changes proposed to the ABSVD?	N	
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.	Y	
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.	Y	
6	Do you have any other comments in relation to the changes proposed to the BSAD?	N	
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.	Y	
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.	Y	
9	Do you have any other comments in relation to the changes proposed to the Procurement Guidelines?	N	

No	Question	Response (Y/N)	Rationale
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.	Y	
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.	Y	
12	Do you have any other comments in relation to the changes proposed to the SMAF?	N	
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.	Y	
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.	Y	
15	Do you have any other comments in relation to the changes proposed to the BPS?	N	

Response received from Elexon

National Grid invites responses to this consultation by **25 February 2016**. The responses to the specific consultation questions (below) or any other aspect of this consultation can be provided by completing the following proforma.

Please return the completed proforma to balancingservices@nationalgrid.com

Respondent:	Nicholas Rubin
Company Name:	ELEXON Ltd
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response (Y/N)	Rationale
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.	N/A	
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.	N/A	
3	Do you have any other comments in relation to the changes proposed to the ABSVD?	N/A	
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.	N/A	
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.	N/A	

No	Question	Response (Y/N)	Rationale
6	Do you have any other comments in relation to the changes proposed to the BSAD?	Y	<p>National Grid's consultation notes that whilst not on this occasion, it is considering future changes to the BSAD Methodology Statement that may require corresponding changes to the BSC.</p> <p>ELEXON, like National Grid, is preparing to deliver a considerable programme of system changes over the next 12 months. Because of the scale of this work programme and associated risks, we urge National Grid to work closely with ELEXON to help identify in a timely manner any interdependencies between future changes to the BSAD Methodology Statement and the BSC. As a rule, even if National Grid does not know the exact nature of change, it should liaise with ELEXON's Change Assessment team (bsc.change@elexon.co.uk) to highlight the risk and help identify the extent of any BSC change necessary.</p> <p>We also note that National Grid's consultation is running concurrent with issues raised with the BSC Panel by ENGIE about National Grid's reporting of BSAD to ELEXON. In particular, ENGIE has expressed concern that existing requirements and processes for reporting BSAD may not enable Indicative System Prices, calculated within 15 minutes of the end of a Settlement Period, to effectively reflect the costs of certain Balancing Services. ENGIE has proposed modifications to the BSC¹ that seek to clarify National Grid's requirements to report BSAD (and in particular DSBR and Non-BM STOR) to enable a more accurate calculation of Indicative System Prices. Given that the BSAD Methodology Statement specifies in more detail than the BSC what Balancing Services constitute BSAD and when National Grid reports these services, we envisage that the BSAD Methodology Statement will need changing in parallel with any approved changes to the BSC. For example, the BSAD Methodology Statement might need changing to make it clearer what Balancing Services National Grid reports at the times specified in BSC Section Q 6.3. Please note that we are already discussing these Modification Proposals with National Grid's Alex Haffner.</p> <p>Finally, consideration of the issue raised by ENGIE has increased interest in the detail of the BSAD Methodology Statement. We note that there may be other opportunities to improve the level of detail in the Statement to better define different Balancing Services and in particular specify how volumes and costs associated to these services should be calculated and reported. We would be happy to work with National Grid to share our thoughts. For example, it is unclear how National Grid determines the volume of Non-BM STOR to report. National Grid could make it explicit whether Non-BM STOR volumes are determined from the point at which the STOR provider starts ramping up (and therefore includes volumes for ramping) to the point the provider starts to ramp down? Or are Non-BM STOR volumes based on the point at which the provider reaches its MEL/exceeds SEL to the point when output falls below MEL or SEL?</p>

¹ BSC Modifications 'P333 - Inclusion of DSBR volumes into the cashout price in time for publication after the end of the Settlement Period', 'P334 - Inclusion of Non-BM STOR costs and volumes into the cashout price in time for publication after the end of the Settlement Period' and 'P335 - Inclusion of Non-BM STOR costs and volumes in the indicative cashout price'

No	Question	Response (Y/N)	Rationale
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.	N/A	
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.	N/A	
9	Do you have any other comments in relation to the changes proposed to the Procurement Guidelines?	N/A	
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.	N/A	
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.	N/A	

No	Question	Response (Y/N)	Rationale
12	Do you have any other comments in relation to the changes proposed to the SMAF?	Y	<p>National Grid proposes to remove a requirement to produce an annual report covering the accuracy of SMAF. The purpose of the report is to provide assurance to market participants that National Grid accurately SO flags BOAs and minimises corrections to BOAs SO flag status, which can cause ELEXON to recalculate System Prices. The report estimates the level of accuracy that National Grid SO flagged BOAs and the potential impact on System Prices from erroneously flagging BOAs.</p> <p>ELEXON has in the past contributed to National Grid's assessment of the impact of erroneously flagging on System Prices. However we note that National Grid has not published the report on its website since the 2012/13 report and so it is unclear whether SMAF performance has improved, stayed the same or worsened.</p> <p>In light of recent changes to Imbalance Pricing arrangements (that potentially increase the impact of errors on Parties), BSC Parties and ELEXON have increased their focus on the quality and timeliness of data reporting by National Grid. We believe that National Grid should resume its SMAF accuracy reporting to provide assurance to Parties that System Prices are calculated in a timely and accurate manner.</p> <p>Also, ELEXON periodically reviews certain aspects of the Imbalance Pricing arrangements on behalf of the BSC Panel. This is to provide assurance to the Panel and BSC Parties and to ensure ELEXON update System Price calculation parameters where appropriate. We believe that there may be a case for incorporating National Grid's SMAF Accuracy Report into this periodic review cycle. That is, its inclusion would enhance visibility and consideration of the report's findings and contribute toward providing assurance that System Prices are calculated in a timely and accurate manner.</p>
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.	N/A	
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.	N/A	
15	Do you have any other comments in relation to the changes proposed to the BPS?	N/A	

Response received from EDF

National Grid invites responses to this consultation by **25 February 2016**. The responses to the specific consultation questions (below) or any other aspect of this consultation can be provided by completing the following proforma.

Please return the completed proforma to balancingservices@nationalgrid.com

Respondent:	Mari Toda
Company Name:	EDF
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response (Y/N)	Rationale
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.	Yes	
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.	Yes	
3	Do you have any other comments in relation to the changes proposed to the ABSVD?	No	
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.	Yes	
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.	Yes	

No	Question	Response (Y/N)	Rationale
6	Do you have any other comments in relation to the changes proposed to the BSAD?	Yes	<ul style="list-style-type: none"> • BSC Modification Proposal P305 increases the sensitivity of imbalance prices to actions taken by NGET, and we strongly support initiatives for more timely reporting by NGET of all balancing actions it takes, including non-BM actions and DSBR, and inclusion of these actions in indicative imbalance prices immediately after each settlement period. • We acknowledge there are technical issues in achieving this, but expect NGET to give this more priority, reflecting the significance it has for market participants trying to decide the most effective approach for forward trading and balancing, and the general EU thrust for timely transparency. • We expect revisions to the BSAD Methodology Statement in future to achieve this. BSC Modification Proposals P333 and P335 (and related proposals which may be made) seek to address this issue, and we expect appropriate changes to the BSAD Methodology and execution, with or before delivery of these proposals
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.	Mostly yes, with the exception of ID 3.7.	<ul style="list-style-type: none"> • ID 3.7 states: Insertion of text "... DSBR (after the event) and SBR (published on BMRS)" • But the actual change on the PG is "DSBR (as required) and SBR (as required)".
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.	Mostly yes, with the exception of ID 3.7.	<p>In relation to ID 3.7:</p> <ul style="list-style-type: none"> • We believe the results of the tender should be published 'as required, but no later than 1 month after the tender' and 'the quantities and price of DSBR instructed will be available to the market immediately after the DSBR provider is instructed'. • The accompanying information on Table 2, page 35 seems to suggest that National Grid will publish the precise quantity of DSBR (despatched and) delivered. However, we understood that National Grid was unable to provide the actual delivered quantity. Could National Grid confirm whether it is providing the actual quantity delivered? • National Grid should also specify where exactly (not just "our website") the information is published.
9	Do you have any other comments in relation to the changes proposed to the Procurement Guidelines?	Yes	<ul style="list-style-type: none"> • On p.28, with reference to DSBR, it says "annual tender supplemented by ad hoc tenders as required". • Similarly, for SBR, it says "as required to be effective between November and February of each winter season". • National Grid should clarify that both are interim services to be discontinued after the implementation of the Capacity Market. • Both products are to be used between November and February – not just SBR – so the description should be consistent.

No	Question	Response (Y/N)	Rationale
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.	Yes	
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.	Mostly yes, with the exception of ID 4.5.	<p>In relation to ID 4.5:</p> <ul style="list-style-type: none"> • We find the requirement for National Grid to produce a report each year regarding the accuracy of the flagging useful so do not agree the requirement should be removed. • Therefore, we do not agree with the proposal to delete the text “In order to provide continued confidence to the industry, National Grid will report annually, as a minimum, on the accuracy of the flagging methodology.”
12	Do you have any other comments in relation to the changes proposed to the SMAF?	No	
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.	Yes	
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.	Yes	
15	Do you have any other comments in relation to the changes proposed to the BPS?	No	