

Appendix B - Response Proforma

National Grid invites responses to this consultation by **8th March 2018**. 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:	Rick Parfett
Company Name:	The Association for Decentralised Energy (ADE)
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 methodology 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	

No	Question	Response (Y/N)	Rationale
3	Do you have any other comments in relation to the changes proposed to the ABSVD?	Y	<p>The ADE agrees with the principle that the defect in current arrangements for notifying ABSVD should be corrected for all users. Removing spill revenue, while ultimately beneficial to competition, is likely to cause financial harms to a number of non-BM Balancing Services providers. It is therefore crucial that this short-term removal of revenues is aligned with a process that allows full market access for non-BM providers. We therefore would recommend that the proposed changes to ABSVD only be made as part of a holistic approach, including full market access under P344.</p> <p>The changes to ABSVD should be aligned with the implementation date of P354, which we believe should be set at 1 April 2020. Several responses to the first P354 Assessment Procedure Consultation highlighted the need for a 2 year timeframe to implement the proposed changes.</p> <p>If the implementation date for P354 and the ABSVD changes is set at 1 April 2019, it is essential that those parties that have tendered and received STOR contracts based on spill payments prior to the implementation of P354 continue to receive spill payments for the duration of their agreement. This will allow for the orderly run-off of existing contracts. National Grid have agreed to this approach in theory, pending final legal advice. If the legal advice recommends that this approach is not possible, or is too administratively burdensome to undertake, it is essential that the implementation date be set at 1 April 2020. This would align it with the TC's changes to the Standard Terms and Conditions of affected Balancing Services contracts.</p> <p>While the above approach (i.e. existing STOR contracts receiving spill payments for the duration of the agreement), is essential if the implementation date is set at 1 April 2019, it will create a market where contracts are running on two different bases. This risks increasing the complexity of the market and may impact competition, as different providers seek to price different variables into their bids. National Grid should take this complexity into account when assessing which implementation date is most suitable.</p>