

Annual Industry Consultation

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

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)

All the C16 Statements listed above have been updated with housekeeping amendments to reflect some internal organisational changes (from 1st October 2015) and to update the National Grid website link.

In addition, further changes have been proposed to:

- the Procurement Guidelines document (i) to clarify that the Commercial Ancillary Services can be provided by Authorised Electricity Operators¹ and not only by generators as currently implied in the document and (ii) to include DSB and SBR in the "Information Provision Detail" section along with the other tendered services.
- the SMAF methodology to remove the requirements for NGET to provide the annual report on the accuracy of the flagging methodology.

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 further consideration.

Responses are required by **25th February 2016**. 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 **3rd March 2016**. 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/>

¹ As per NGET Electricity Transmission Licence (v8.0, November 2015) an Authorised Electricity Operator "means any person (other than the licensee in its capacity as operator of the licensee's transmission system or the national electricity transmission system) who is authorised to generate, participate in the transmission of, distribute, or supply electricity or participate in the operation of an interconnector and for the purposes of standard conditions C7 (Prohibition on discriminating between users) to C9 (Functions of the Authority) inclusive shall include any person who has made an application to be so authorised which application has not been refused and any person transferring electricity to or from the national electricity transmission system across any interconnector (or who has made an application for use of an interconnector which has not been refused)".

If you have any questions about this document please contact:

Francesca Scucces
Commercial Analyst
National Grid

Tel: 01926 653632

Mob: 07817 127110

Email: balancingservices@nationalgrid.com

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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 the 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, 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)

All the C16 Statements listed above have been updated with housekeeping amendments to reflect some internal organisational changes (from 1st October 2015) and to update the National Grid website link.

On 1st October 2015 a new operating model within the internal organisation of the System Operator team went live changing some of the existing team names and structure. The amendments made in the C16 Statements reflect the above changes updating the contact information details: Head of *Commercial Frameworks* – Electricity is now Head of *Market Change* – Electricity.

Also the National Grid website link has been replaced with the latest up to date webpage link.

2 Proposed Changes to the ABSVD

A few housekeeping amendments were needed to reflect the changes in the internal organisational structure that went live on 1st October 2015 and to update the National Grid website link.

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	Update NG website link	Page 2-3, Page 6	Deletion of the old National Grid website link and insertion of the up to date link
1.4	Update contact	Page 3, Page 6	Deletion of text “Commercial Frameworks” and insertion of text “Market Change”

ID	Purpose of Change	Reference	Change
	details		

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

A few housekeeping amendments were needed to reflect the changes in the internal organisational structure that went live on 1st October 2015 and to update the National Grid website link.

As part of the interim review carried out to reflect changes needed from 5 November 2015, there was a suggestion from a respondent that “timely publication of BSAD information” should be considered as part of the next annual review. This issue relates to how these NGET balancing actions are reflected in the cash-out calculation post-event via updated BSAD submissions and also to the time at which forward contracts are submitted (e.g. if after the 17:00 deadline as set out in Section Q6.3.1(a)(i) the BSC).

We have investigated this issue and it appears that the introduction of a new NGET system may address concerns in this area although this will not be ready to be implemented for a number of months. At this stage we do not believe that amending the BSAD Methodology will resolve the issue. However we note that, upon introduction of this new system, changes may be appropriate in relation to the BSAD Methodology and, potentially, to the BSC (Section Q, para 6.3).

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	Update NG website link	Page 4	Deletion of the old National Grid website link and insertion of the up to date link
2.4	Update contact details	Page 4	Deletion of text “Commercial Frameworks” and insertion of text “Market Change”

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

In addition to the housekeeping amendments needed to reflect the changes in the internal organisational structure that went live on 1st October 2015, and to update the National Grid website link, the following changes to the Procurement Guidelines document are proposed:

- to clarify that the Commercial Ancillary Services can be provided by Authorised Electricity Operators and not only by generators as currently implied in the document. The existing wording (PART C, Section 1) states “*Commercial Ancillary Services. The following services, required from some generators and provided if agreement is reached [...]*”, however it would seem more appropriate to replace the term “generators” with “AEOs” as the latter is also previously used in the Procurement Guideline under the definition of “Ancillary Services” (PART A, Section 1).
- to include DSBR and SBR in the “Information Provision Detail” section along with the other tendered services.

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	Update NG website link	Page 3, Page 30	Deletion of the old National Grid website link and insertion of the up to date link
3.4	Update contact details	Page 4, Page 7, Page 25, Page 29 and Page 30	Deletion of text “Commercial Frameworks” and insertion of text “Market Change”
3.5	Include AEOs as providers of Balancing Services	Page 14 – PART C, Sec 1	Deletion of the text “generators” and insertion of the text “AEOs”
3.6	Text formatting	Page 22 – PART C, Sec 2.4	Formatting of text “Direct Arbitrage between different balancing instruments in order to yield a lower overall balancing cost. In order to comply with the

ID	Purpose of Change	Reference	Change
			Transmission Licence, this would only be valid if an immediate cost saving can be obtained by directly replacing one balancing instrument to fulfil a specific requirement with another which replaces the same requirement. An example of such a direct arbitrage could be to sell a 12-month contract and replace it with 2 consecutive 6-month contracts.”
3.7	Include DSBR and SBR in the “Information Provision Detail” section	Page 29-30 – PART E, Sec 3	Insertion of text “... DSBR (after the event) and SBR (published on BMRS)”

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

In addition to the housekeeping amendments needed to reflect the changes in the internal organisational structure that went live on 1st October 2015, and to update the National Grid website link, it is proposed that the SMAF methodology is updated to remove the provision of the annual report on the accuracy of the flagging methodology.

Within the SMAF (PART C, Section 1) there is a requirement for NGET to produce a report each year regarding the accuracy of the flagging. This was brought in when the SO Flags were first introduced to give the market comfort that NGET were able to accurately carry out the flagging process. Now that this has been in place for a number of years and is well established, this requirement is requested to be dropped.

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

ID	Purpose of Change	Reference	Change
4.3	Text formatting	Page 3	Text formatted
4.4	Update contact details	Page 4	Deletion of text “Commercial Frameworks” and insertion of text “Market Change”
4.5	Drop the requirement	Page 13 – PART C, Sec 1	Deletion of 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.”

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

A few housekeeping amendments were needed to reflect the changes in the internal organisational structure that went live on 1st October 2015 and to update the National Grid website link.

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	Update NG website link	Page 3, Page 7	Deletion of the old National Grid website link and insertion of the up to date link
5.4	Update contact details	Page 3	Deletion of text “Commercial Frameworks” and insertion of text “Market Change”

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 balancingervices@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 **25th February 2016**. 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 1st April 2016.

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/>

Appendix A - Revised ABSVD

Please see separate document.

Appendix B - Revised BSAD

Please see separate document.

Appendix C - Revised Procurement Guidelines

Please see separate document.

Appendix D - Revised SMAF

Please see separate document.

Appendix E - Revised BPS

Please see separate document.

Appendix F - Response Proforma

Please see separate document.