

To all Interested Parties

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26th October 2018

Open Letter - ESO Assessment of Costs and Benefits Associated with GC0068 and P297

In its role as the Electricity System Operator (ESO) National Grid is committed to providing transparency to the industry and ensuring that value for consumers is realised through developments to our systems and the industry codes that underpin them. In 2013 National Grid raised modification proposals to the Grid Code ([GC0068 - Grid Code New and Revised Unit Data and Instructions](#)) and the Balancing and Settlement Code ([P297 - Receipt and Publication of New and Revised Dynamic Data Items](#)) that expected to take advantage of functionality provided by the Electricity Balancing System (EBS). Although the Scheduling component of EBS has now been implemented it is not certain when the functionality required to fulfil these two modifications will be delivered.

As the implementation of GC0068 is linked to the full go live of EBS, P297 has had a series of implementation dates that have been revised due to our changing expectations of EBS delivery. Engagement with the BSC panel in September and October 2018 has highlighted that there is considerable uncertainty within industry due to these revisions to the implementation date. To mitigate this we agreed that it would be best to remove these requirements from the BSC until we are more certain of the implementation timescales. We have brought forward a modification ([P373 – Reversal of P297](#)) that proposes to remove the original P297 requirements from the BSC. This is currently undergoing industry consultation with BSC panel voting taking place on the 8th November.

Although we agree that this is the best course of action in the short term, the ESO believe that it is still worth considering whether taking forward elements of the functionality envisaged in GC0068 and P297 outside of EBS would be beneficial. Within the original modification reports there was considerable focus on the efficiencies that these changes would bring to the market arrangements without a full consideration of the costs and benefits of implementation. Therefore, to support these original conclusions we plan to carry out a piece of analysis to identify the costs and benefits of GC0068 and P297 by the end of 2018 (see Appendix 1). Following this the ESO will work with all stakeholders including the BSC and Grid Code Panels and Ofgem to ensure that if benefits are identified appropriate change is brought forward to ensure that work is not taken forward where there is no obvious consumer benefit.

Ultimately our intent is to ensure that communication between the ESO and market participants is as effective as possible in order that consumer benefits are delivered and that transparency of these actions is provided to Elexon.

We do understand the industry frustration regarding go live of the full EBS system but believe that this approach provides a way forward that is beneficial to all parties.

If you would like to discuss any element of this in more detail or provide specific feedback on the deliverables of GC0068 and P297, please contact myself or Jon Wisdom (jon.wisdom@nationalgrid.com) in the first instance.

Yours faithfully

Cathy McClay
Head of Future Markets
System Operator
National Grid

Cc: Mark Bygraves, Elexon
Grendon Thompson, Ofgem

Appendix 1

Milestone	Date
Update Grid Code Panel on P297 discussions and potential GC0068 impacts	17 th October (completed)
Open letter to stakeholders to set out the CBA process	w/c 22 nd October
Targeted engagement with key stakeholders including Independent Generators Group, Flexible Generators Group, other identified interested parties	22 nd October – 2 nd November
Wider consultation with stakeholders on potential areas of benefit	5 th – 19 th November
Update on progress at BSC & Grid Code Panels – present initial feedback from evidence gathering	8 th & 21 st November
Publication of CBA	w/c 17 th December
Update on results of CBA at BSC & Grid Code Panels	13 th & 19 th December
New modifications submitted if appropriate	January 2019

