

# TERRE & Wider Access

## An update for market participants



### Introduction

Project TERRE and Wider Access will facilitate access to new markets and reduce barriers to entry for all providers and technology types to existing markets. With this update we will clarify some of the differences and interactions between these projects, answer key stakeholder questions and set out next steps.

#### Project TERRE

One aim of European Network Codes' is to create a Cross-Border Balancing market. Project TERRE creates a Central European Platform that allows providers to offer flexibility to TSOs across Europe.

Existing or new GB Balancing Market (BM) providers, generation or demand, will be able to submit a minimum of 1MW of energy in 15 minute blocks with an activation time of 30 minutes.

NGESO will forward this information to the Central European Platform, which will provide an optimised solution (including a marginal clearing price) based on all the participating TSOs' balancing needs. NGESO will then instruct successful units to deliver the energy, subject to system constraints.

#### Wider Access

The aim of Wider Access is to make the Balancing Mechanism market more accessible to non-traditional providers and aggregators. This will open new revenue streams and provide NGESO with a greater range of options for managing operability challenges. Barriers to entry will be removed by:

1. Allowing aggregated BM Units (BMUs) to submit data at an aggregated level
2. Introducing the concept of a Virtual Lead Party (VLP) that will be able to register BMUs as small as 1MW
3. Enhancing IT interface between NGESO and market participants so data submission is more efficient and cost-effective for smaller and aggregated units.

### How are Wider Access and project TERRE linked?

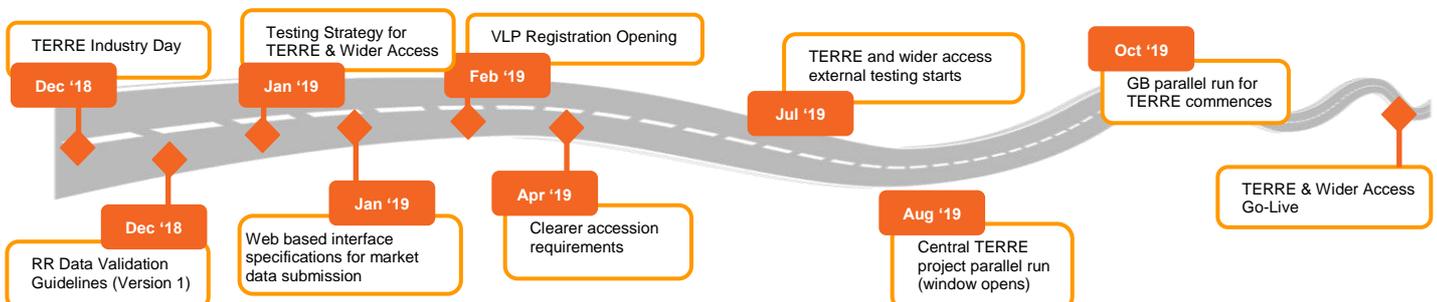
A provider will be able to register as a VLP which is a new type of market participant. VLPs will be able to create Secondary BMUs for either individual or aggregated units within a Grid Supply Point (GSP) Group. A VLP can provide Balancing Services without being a fully licensed supplier and therefore not responsible for TNUoS or BSUoS charges. Suppliers remain the Balance responsible party for the meters for each sub-unit.

A VLP facilitates participation in both the Balancing Mechanism and Project TERRE, with access through the same interface. There will however be some key differences involved in participating in each, one of which is that the BM is settled on a pay-as-bid basis whereas TERRE is a pay-as-clear auction format.

BMU Type	Virtual Leads Party BMUs (Central Volume Allocation)
Category	Create Secondary BMUs
SO Contract	Sign new agreement (proposed by CMP 295)
Obligations	Contract sets out CUSC & Grid Code obligations
BMU Activity Status	Each registered unit an active BMU

Figure 1 – Contractual arrangements for VLP BMUs

### Our Key Milestones



## What are the benefits?

The benefits of TERRE and Wider Access for the ESO and the market include:

1. Consumer benefits of increased participation in balancing markets. Several studies have identified economic benefits to increased participation in both the BM and TERRE.
2. Maintaining operability whilst facing challenges with a changing energy mix by having an increased pool of reserve options and flexibility to call on.
3. Removing barriers to entry – ensuring equal treatment and access for all technology types and business models.

## How are we facilitating Wider Access to the BM and TERRE?

These market changes are being facilitated to allow greater participation of distribution connected flexibility in the BM and European markets. This will deliver the value for the end consumer through encouraging the efficient functioning of those markets. It presents significant challenges in terms of changing codes, contracts and operational processes and systems, which we are working closely on with a number of partners and market participants, including Elexon who have a key role to play in facilitating TERRE & wider access. To read more about these changes please visit our Wider Access Roadmap:

<https://www.nationalgrideso.com/insights/future-balancing-services>

## When can I start participating?

You will be able to register Secondary BMUs as a VLP from February 2019. Project TERRE and access to the BM via this route is expected to go-live from December 2019. Any unit already registered as a BMU will not need to re-register as a Secondary BMUs to participate in TERRE.

## What's changing for me?

BM providers	<b>Provider types</b> <ul style="list-style-type: none"> <li>Participants that currently access the Balancing Mechanism via current code mechanisms</li> <li>This includes licenced Suppliers with aggregated Additional BMUs</li> </ul>	<b>New TERRE product</b> <ul style="list-style-type: none"> <li>Energy Product, 15 minute duration, full activation time of 30 minutes</li> <li>Pan European market</li> <li>Each Provider submits available energy &amp; price</li> <li>TSO in each area assesses and passes through to pan-European platform LIBRA to determine most economic solution</li> <li>Pay as cleared (i.e. marginal accepted price)</li> </ul>
	<b>Key Developments</b> <ul style="list-style-type: none"> <li>New provisions in Grid Code and BSC relating to Project TERRE implementation</li> <li>BM Grid Code data requirements can now be sent at an aggregated level for Additional BMUs</li> </ul>	
	<b>Project Delivery Vehicle</b> <ul style="list-style-type: none"> <li>Project TERRE modifications Grid Code GC0097 (implemented Sept 2018)</li> <li>Balancing and Settlement Code P344 (implementation due Feb 2019)</li> <li>Project TERRE implementation due Dec 2019</li> </ul>	
Provider currently outside BM (small or aggregated)	<b>Provider types</b> <ul style="list-style-type: none"> <li>Small and aggregated providers with no current access</li> </ul>	<b>New Market Participant</b> <ul style="list-style-type: none"> <li>Registration of a Virtual Lead Party under BSC, CUSC and consequently Grid Code</li> <li>Creation of Secondary BMU(s)</li> <li>Can be single site or aggregated to a GSP Group Area</li> <li>Responsible for delivery/non-delivery of TERRE &amp; BOAs only. Main balancing responsibility for the meters sits with the registered Supplier</li> <li>New TERRE product as laid out above applies</li> </ul>
	<b>Changes in Barrier To Entry</b> <ul style="list-style-type: none"> <li>Creation of a new type of market participant under GB codes (Virtual Lead Party) with a minimum</li> <li>Secondary BMU size from 1 MW (aggregated and single site)</li> <li>Participation in both Balancing Mechanism &amp; TERRE</li> </ul>	
	<b>Project Delivery Vehicle</b> <ul style="list-style-type: none"> <li>Project TERRE modifications Grid Code GC0097 (implemented Sept 2018)</li> <li>Balancing and Settlement Code P344 (implementation due Feb 2019)</li> <li>CUSC modifications CMP 295/6/7 still progressing</li> <li>Project TERRE implementation due Dec 2019</li> </ul>	

## What's coming next?

On December 11<sup>th</sup> 2018, a joint event hosted by NGENSO and Elexon, who play an important role in this work, will focus on Project TERRE and Wider Access for VLPs. This event covers the end to end process from a provider's point of view (including registration and data submission with details of testing). Further details and how to register for this event can be found at:

<https://www.elexon.co.uk/event/terre-what-does-it-mean-for-you/>.

In January 2019, key design specifications for the web based interface will be shared.

In February 2019, VLPs will be able to begin registering Secondary BMUs.

## Frequently Asked Questions

### Will aggregated Secondary BMUs be able to offer ancillary services?

We are currently reviewing how aggregated BMUs interact with ancillary services contracts. Our ambition is to enable these units to participate in both markets. A number of system and contractual changes are required to facilitate this.

### Can aggregated Secondary BMUs created by a Supplier currently access the BM?

Yes. There are aggregated units live on the system and being dispatched by the Control Room.

### Do VLPs have to become a Supplier first before they can create BMUs?

No – a VLP is a new separate type of BSC participant.

### Will there be a single platform for access to the BM and TERRE?

We intend to use the same interface mechanism for both TERRE and BM submissions. We are also currently exploring ways to reduce the need for traditional communications systems (EDL/EDT) for participants by using web-based alternatives.

### When will BMUs be able to start qualifying for TERRE (and BM for Secondary BMUs)?

You will be able to begin registering for TERRE (and the BM) with Elexon in February 2019. We anticipate that parties will be able to start the process of prequalification soon after this.

### Will VLPs be responsible for paying BSUoS or TNUoS?

VLPs will not pay BSUoS or TNUoS as they will not be Balance Responsible Parties. The responsibility for the energy supply will remain with the Supplier.

### How much credit cover will we need to pay and in what form?

There will be a reduced set of charges for VLP Secondary BMUs.

### How does a Secondary BMU get set up?

Register a VLP capacity under the BSC and then register as a BMU under BCSCP15.

### What are the size and locational parameters for Secondary BMUs?

Parameters within the Grid Code – can't be larger than a GSP group (DNO area).