

20th February 2019

Open letter: ESO approach following conclusion of the GC0068/P297 Cost Benefit Analysis and Ofgem decision on P373

Dear stakeholders,

Following the publication of our [Cost Benefit Analysis \(CBA\)](#) on the 9th January, we are writing to inform you of our next steps in regard to the changes that were due to be implemented under the Grid Code, ([GC0068 - Grid Code New and Revised Unit Data and Instructions](#)) Balancing and Settlement Code ([P297 - Receipt and Publication of New and Revised Dynamic Data Items](#)) and the publication of Ofgem's decision letter on [P373 \(Reversal of P297\)](#).

GC0068 and P297 were raised in 2013 to take advantage of some of the expected functionality of the new Electricity Balancing System (EBS). Although the Scheduling component of EBS has now been implemented it is not certain when the additional functionality required to fulfil these two modifications will be delivered. To remove industry uncertainty regarding the delivery of these modifications we raised a BSC change (P373) which sought to remove the original P297 requirements from the BSC and we committed to carry out a CBA that would assist Ofgem in coming to a decision on this modification.

Changes proposed as part of the original modifications are described in Appendix 1. At a high level, the changes in GC0068 relate to changes in Dynamic Data sets being received plus Grid Code housekeeping changes. P297 relates to passing these revised Dynamic Data items introduced under GC0068, plus another data item amended previously, to Elexon. The specific Dynamic Data elements in question are as follows:

1. **Profiled Balancing Mechanism Unit (BMU) Stable Import and Stable Export Limits (SEL and SIL).** Under the changes proposed SEL and SIL would be time-varying MW profiles rather than being submitted as single static MW values.
2. **Run-Up Rates (Import and Export) and Run-Down Rate (Import and Export).** The changes proposed would allow for a greater number of BMU ramp rates and a change in data resolution to 0.02MW per min
3. **Last Time to Cancel Synchronisation (LTCS).** This currently exists within the Grid Code but is not passed to Elexon as part of the Dynamic Data set for publication on BMRS.

The intention of the CBA was to explore the potential of taking these changes forward through our existing systems and the consumer benefits of doing so. As well as carrying out our own modelling we wrote to all stakeholders on the 6th November 2018 with a call for evidence asking for their view of the benefits associated with these changes. We received four responses with mixed support and opposition to elements of the changes. The details of these can be found in the CBA document referenced above.

Our CBA concluded that there were consumer benefits in implementing Profiled SEL and SIL. A majority of the stakeholders that responded supported this. We therefore committed to raising changes to the Grid Code and the BSC to implement these changes by November 2020. We found no clear benefits of implementing Run-Up/Run-Down rates and LTCS. We also received no quantifiable evidence from stakeholders to support taking them forward and indicated that we would not do so at this time.

However, since the publication of the CBA we have received feedback that there may be an opportunity to identify consumer benefits by exploring further with industry how the other data items might be assessed to support their development. We consider that the best approach is to raise a BSC issue group that would quantify benefits associated with changes to Run-up/Run-Down rates in the Grid Code and the BSC and the publication of LTCS on BMRS. If this does identify quantifiable benefits it would support modification proposals to move quickly through the process. This would be open to attendance by Grid Code stakeholders as well as those with interests in the BSC changes.

We are therefore proposing the following course of action:

- We will raise modification proposals to implement Profiled SEL and SIL in the Grid Code and enable publication of this data on BMRS. We will aim to ensure that both of these proposals, subject to industry prioritisation and governance, are available for an Ofgem decision by the end of 2019 at the latest.
- We will raise a BSC issues group to determine the benefits associated with Run-up/Run-down rates and LTCS. If sufficient quantifiable benefits are identified, we will raise modification proposals to implement these changes as soon as practicably possible in the Grid Code and the BSC.

Our view of an indicative timeline is provided in Appendix 2. We are committed to progressing these proposals as quickly as possible, however, we recognise the scale of current industry change and therefore that other changes may be prioritised above these. This may influence the predicted timelines.

If you have any questions on this approach, then please contact Simon Sheridan (simon.sheridan@nationalgrid.com) in the first instance.

Kind Regards

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Appendix 1 – Further detail on functionality

GC0068

Below is a summary of changes outlined under GC0068 which comprise the Dynamic Data functionality changes outlined in the letter alongside the Grid Code housekeeping changes.

Dynamic Data set functionality changes

SIL/SEL

The Stable Import Limit (SIL) and Stable Export Limit (SEL) are currently both submitted as single static MW values. GC0068 allows time varying profiles to be submitted.

In Grid Code, under BC2.5.3.1, it is stated that a submission of Dynamic Parameters from a BM Participant will take effect from time of receipt by National Grid. This statement was valid whilst the Dynamic Parameters consisted only of static point values. However, it would no longer apply to SEL and SIL when submissions of time-varying profiles. GC0068 also removes the statement and replaces it with similar statements, within the introductions to Dynamic Parameters in BC2.A.X.2 and BC2.A.X.3, explicitly indicating the SEL and SIL as exceptions in the case of new EBS interfaces.

Run-Up Rates (Import and Export) and Run-Down Rate (Import and Export) Currently up to three Run-Up / Run-Down rates can be submitted at a minimum of 0.2MW/min. GC0068 allows up to ten Run-Up / Run-Down rates can be submitted at a minimum of 0.02MW/min.

Housekeeping changes

Notification to Deviate from Zero

Currently the Grid Code provides no information on the arrangements that should apply when a BM Unit is deviating from zero following being bid off. Since the introduction of NETA in 2001, custom and practice has been established to achieve this, but it is undocumented in the Grid Code. Under GC0068 a new section in BC2 is added, BC2.5.2.6, to detail the arrangements for the deviation of a BM Unit from zero that has been operating at zero as a result of Bid-Offer Acceptances. This clarification is for reference in the case of dispute and for the benefit of new entrants.

Removal of Day Ahead Dynamic Parameters

GC0068 removes Day Ahead Dynamic Parameters, BC1.4.2(e), from the Grid Code Day Ahead Dynamic Parameters are no longer used by the ESO and their submission potentially represents an overhead to market participants. Note that the Dynamic Parameters used in the current Operational Day are those submitted in accordance with BC2.5.3.1.

Transfer of Day Ahead Dynamic Parameters Grid Code Sections

As the main use of Dynamic Parameters is post gate closure, particularly with the removal of Day Ahead Dynamic Parameters from the Grid Code, GC0068 transfers the Dynamic Parameter details from BC1 (Appendix 1.5) to the Appendix of BC2.

Revision of Tap Change description

GC0068 revises the description of **Tap Changes**, to include details from the Operational Guidance Note for Simultaneous Tap Changes. Also, the definition of **Simultaneous Tap Change** is updated to reflect the arrangements for Simultaneous Tap Change instructions that are detailed in the Grid Code associated document.

EDL/EDT*

Automatic Logging Device and Electronic Data Communication Facilities are both used in the Grid Code but currently as undefined terms. GC0068 introduces definitions for these generic terms, and two further interface-specific definitions each indicated by a suffix to the term.

'Automatic Logging Device (EDL)' is used to represent the existing interface for issuing instructions and 'Electronic Data Communication Facilities (EDL & EDT)' are used for the existing interfaces for submitting data.

'Automatic Logging Device (EDL*)' is used to represent a new interface for issuing instructions and 'Electronic Data Communication Facilities (EDT*)' for a new interface for submitting data.

The introduction of these terms is to facilitate a five year transition period following the adoption of new systems. GC0068 does not detail what the new EDL* and EDT* are, but does allow for Changes to Dynamic Parameter Attributes.

To facilitate the transition period, parallel sections detailing the attributes of certain Dynamic Parameters, depending on whether the existing interface (EDL) or the new interface (EDT*) is being used, are added to the Grid Code.

P297

Under P297 the following data sets would be passed from the ESO to Elexon for publication on the Balancing Mechanism Reporting Service (BMRS).

NEW Data Item: Last Time to Cancel Synchronisation (LTCS).

This is currently live in the Grid Code but not in the BSC.

Revised Data Item: Run-Up Rates (Import and Export) and Run-Down Rate (Import and Export)

This would pass through any data received under GC0068 ramp rate changes.

Revised Data Items: Stable Export Limits and Stable Import Limits

This would pass through any data received under GC0068 SEL/SIL changes.

Appendix 2 – Potential Timeline for Modification and Issue Development (subject to industry prioritisation and development)

| Milestone | Date |
|---|--------------------------------|
| Update to February BSC Panel | 14 th February 2019 |
| Expected Ofgem decision on P373 | 21 st February 2019 |
| Update to Grid Code Panel | 28 th February 2019 |
| Raise BSC Issue Group | March 2019 |
| Raise Grid Code Modification Proposal (SIL/SEL) | March 2019 |
| Raise BSC Modification Proposal (SIL/SEL) | April 2019 |
| Grid Code and BSC proposals conclude (SIL/SEL) | June 2019 |
| BSC Issue Group concludes | August 2019 |
| Ofgem Decision (SIL/SEL) | August 2019 |
| Raise BSC and Grid Code proposals (Run-up/Run down and LTCS) (IF REQUIRED) | September 2019 |
| BSC and Grid Code proposals conclude (Run-up/Run down and LTCS) (IF REQUIRED) | November 2019 |
| Ofgem Decision (Run-up/Run down and LTCS) (IF REQUIRED) | January 2020 |