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Modification proposal:	**Balancing and Settlement Code (BSC) P297: Receipt and Publication of New and Revised Dynamic Data items (P297)**		
Decision:	The Authority[1] directs that this proposal be made[2]		
Target audience:	National Grid Electricity Transmission Plc (NGET), Parties to the BSC and other interested parties		
Date of publication:	28 April 2014	Implementation Date:	05 November 2015

Background to the modification proposal

In the first quarter of the Financial Year 2015 National Grid Electricity Transmission's (NGET) Balancing Mechanism (BM) System is being replaced with the Electricity Balancing System (EBS).[3] The BM System receives data from, and issues instructions to, market participants and publishes the results to the Balancing Mechanism Reporting Agent (BMRA) and Settlement Administration Agent (SAA).[4] In preparation for the EBS go-live date the EBS group[5] has been progressing the required changes to the Dynamic Data Set,[6] which includes revision of two existing data items and the addition of one new data item.

NGET aims for market participants to be able to start using the new web-technology interfaces[7] from around six months after EBS go-live.

NGET uses the Dynamic Data Set to determine which Bids and Offers to accept in the Balancing Mechanism. The Dynamic Data Set currently consists of ten data items defined in the Grid Code. The data is published on the Balancing Mechanism Reporting Service (BMRS) to help market participants understand why particular Bids and Offers have been accepted. Market participants can choose to receive the information via a 'high-grade' service for a charge (in accordance with BSC Section D 'BSC Cost Recovery and Participation Charges'), where the information is sent to them directly via a TIBCO[8] feed. Alternatively, they can make use of the BMRS Website,[9] which is freely available to anyone. It is important that the Dynamic Data Set detailed in the BSC and published on the BMRS is the same as that submitted to, and used by, NGET.

The modification proposal

P297 ('the proposal') proposes to amend the BSC to reflect changes that are being made to the Dynamic Parameters[10] in the Grid Code[11] by introducing the following changes to the Dynamic Data Set in the BSC:

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[1] The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority.
[2] This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.
[3] A replacement for the BM System, to improve functionality and resilience, originally consulted on by National Grid in 2008: http://www2.nationalgrid.com/uk/industry-information/electricity-codes/balancing-framework/electricity-balancing-system/.
[4] More information regarding the SAA is available: http://www.elexon.co.uk/knowledgebase/trading-settlement/
[5] http://www.nationalgrid.com/uk/Electricity/Codes/gridcode/workinggroups/ElectricityBalancingSystemGroup/
[6] The Dynamic Data Set comprises a set of data items defined in the Grid Code. For each relevant BM Unit, the Lead Party needs to ensure that those data items forming part of the Dynamic Data Set are submitted to the Transmission Company (NGET) in accordance with the provisions of the Grid Code.
[7] For market participant data submissions this will be known as "EDT*".
[8] Software which provides BSC Parties a mechanism for automated publication of Balancing Mechanism Reporting Agent (BMRA) data to Parties' sites.
[9] http://www.bmreports.com/
[10] The data described as Dynamic Parameters are set out in National Grid's Balancing Code 1.A.1.5 - http://www.nationalgrid.com/NR/rdonlyres/79FE9275-D1FA-47F7-BF2C-E39662106062/58738/20_BALANCING_CODE_1_I5R2.pdf

- two revised data items

  - Run-Up Rates (Import and Export) and Run-Down Rate (Import and Export); and
  - Stable Export Limits and Stable Import Limits; and

- one new data item:

  - Last Time to Cancel Synchronisation (LTCS).

P297 also proposes a change to the file format of TIBCO messages and the file format of the Dynamic Data used by NGET and ELEXON.[12]

The details of the proposed new data items and the change to the file formats are set out in detail in the Final Modification Report (FMR) for P297.

BSC Panel[13] recommendation

The BSC Panel unanimously agreed with the workgroup's unanimous view that P297 would better facilitate Applicable BSC Objective (c) and minority view that P297 would better facilitate Applicable BSC Objectives (b) and (d). The BSC Panel recommended that P297 should be approved.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 20 March 2014. We have considered and taken into account the responses to ELEXON's consultation which are attached to the FMR. The Authority has concluded that:

1.   Implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the BSC, as described below;[14] and
2.   Directing that the modification be made is consistent with the Authority's principal objective and statutory duties.[15]

Reasons for the Authority's decision

We recognise the fundamental issue that this modification seeks to address, namely, to best facilitate the enhancements that the new EBS offers whilst at the same time allowing BSC parties time to adapt to the new format. We set out below our reasons against those applicable BSC Objectives which we consider are impacted by the modification. We consider there to be no impact on applicable BSC Objectives a) and e).

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[11] The Authority approved Grid Code modification CG0068 (New and Revised Unit Data and Instructions) on 3 March 2014. This modification has a staged implementation approach:
 http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Grid-code/Modifications/GC0068/
[12] The role and powers, functions and responsibilities of ELEXON are set out in Section C of the BSC.
[13] The BSC Panel is established and constituted pursuant to and in accordance with Section B of the BSC.
[14] As set out in Standard Condition C3(3) of NGET's Transmission Licence, see:
 http://epr.ofgem.gov.uk/index.php?pk=folder380751
[15] The Authority's statutory duties are wider than matters which the Panel must take into consideration and in relation to the electricity sector are detailed mainly in the Electricity Act 1989.

Objective b) 'The efficient, economic and co-ordinated operation of the National Electricity Transmission System'.

We agree with the minority of the BSC workgroup that this proposal will aid the efficient, economic and co-ordinated operation of the National Electricity Transmission System. The proposed changes better facilitate this objective by, for example, allowing Generators to more accurately model their run-up profiles, without having to change their parameters at short notice. It also allows them to submit, in advance, the variation of their Stable Export Limit with time, rather than the current situation of having to change the static value with immediate effect. This allows NGET more time and better quality data on which to base their balancing decisions. For this reason we consider that the proposal better facilitates this objective.

Objective c) 'Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity'.

We agree with the workgroup's conclusions that providing BMRS users with the values of SIL[16] and SEL[17] removes the need for them to attempt to calculate this from 'raw' data which will ensure more accurate information is available to parties. We also agree that the proposed solution will aid transparency around which Bids and Offers NGET has accepted into the balancing mechanism. Providing the market with more and higher quality data will support competitive market behaviour by allowing parties to make more informed decisions. This increased transparency will thereby promote effective competition.

Objective d) 'Promoting efficiency in the implementation of the balancing and settlement arrangements'

We agree with the minority of the BSC workgroup that there is a beneficial effect on this objective. We accept that efficiency is increased by ensuring that the BSC is consistent with the Grid Code and that the BSC systems are capable of processing and publishing the format and content of the new and revised data items. Whilst we recognise there is a cost involved in making the proposed changes we consider that the longer term benefits of efficiency in the implementation of the balancing and settlement arrangements can be expected to outweigh the one-off cost of implementation.

Decision notice

In accordance with Standard Condition C3 of NGET's Transmission Licence, the Authority hereby directs that modification proposal BSC P297: Receipt and Publication of New and Revised Dynamic Data items be made.

Emma Kelso, Associate Partner, Wholesale Markets
Signed on behalf of the Authority and authorised for that purpose

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[16] The Stable Import Limit is a negative MW value, expressing the minimum stable import operating level for BM Unit i.
[17] The Stable Export Limit is a positive MW value, expressing the minimum stable export operating level for BM Unit i