

Assessment Procedure Consultation Responses

P354 'Use of ABSVD for non-BM Balancing Services at the metered (MPAN) level'

This Assessment Procedure Consultation was issued on 16 November 2017, with responses invited by 15 December 2017.



Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
The Association for Decentralised Energy (ADE)	0/0	Trade Association
Centrica	8/0	Generator, Supplier, Interconnector User
Drax Power LTD	1/0	Generator
EDF Energy	6/0	Generator, Supplier, ECVNA, MVRNA
Engie	2/0	Generator, Supplier
Flexitricity Limited	0/1	Non BM ancillary services provider
IMServ Europe	0/1	Supplier Agent, HHDA
National Grid	1/0	Transmission Company
npower Ltd	1/0	Generator, Supplier, Supplier Agent, Third Party Aggregator
Ørsted Power Sales UK Limited	11/0	Generator, Supplier, Non Physical Trader, Interconnector User
RWE Supply and Trading GmbH	1/1	Generator, Non Physical Trader, Interconnector User, ECVNA, MVRNA
ScottishPower	1/0	Generator, Supplier, ECVNA, MVRNA
SmartestEnergy	1/0	Supplier
SSE plc	6/0	Generator, Supplier, Interconnector User
TMA Data Management Ltd	0/1	Supplier Agent, HHDC, HHDA, NHHDC, NHHDA, MOA
UK Power Reserve	1/0	Generator

P354
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Responses

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Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
Uniper	1/0	Generator, Non Physical Trader, Interconnector User

Question 1: Do you agree with the Workgroup's initial majority view that P354 does better facilitate the Applicable BSC Objectives than the current baseline, and so should be approved?

Summary

Yes	No	Neutral/No Comment	Other
10	6	1	0

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	No	<p>The ADE agrees that with the principle that the defect in the current arrangements for notifying ABSVD, which results in an additional payment for imbalance energy created, should be corrected for all users. P354 will only achieve this principle, however, if the BSC Section Q.6.4.5 opt-out for BM providers is closed. If the opt-out is not closed, it risks distorting competition between BM and non-BM providers, tilting the playing field in a different direction rather than levelling it. This opt-out is the subject of Question 14; the decision in response to stakeholder feedback on this question will affect whether the ADE agrees that P354 better facilitates the Applicable BSC Objectives than the current baseline.</p> <p>It is also important to note that the implementation of P354 will cause financial harm to a number of non-BM Balancing Services providers. Therefore it is crucial that the short-term removal of revenues is aligned with a process that allowed full market access for these parties. Provision of full market access should be ensured as a matter of urgency in order to create a level playing field and increase efficiency of procurement.</p> <p>Unless these changes are all addressed concurrently, we do not agree that P354 better facilitates the Applicable BSC Objectives than the current baseline.</p>
Centrica	Yes	<p>We believe that P354 helps to create a level playing field when taking into account the expectation that other live Modifications, in particular P355, will widen access to the Balancing Mechanism. We agree with the Workgroup majority view for each of the Applicable BSC Objectives as described in section 7 of the consultation.</p> <p>We do have some concerns about the practical</p>

Respondent	Response	Rationale
		implementation of the proposed solution and set these out in this response.
Drax Power LTD	Yes	<p>P354 better facilitates BSC Objectives a,b,c and d.</p> <p>Objective (a): The Transmission Licence C16 Statements requires National Grid to procure and use Balancing Services without discriminating between classes of users. The current procurement of non-BM services does not fully take account of all the costs of the use of these non-BM services. This creates discrimination between BM and non BM classes to the detriment of BM providers.</p> <p>Objectives (b) and (c): The TC does not consider the cost of the spill payment when contracting with non-BM services. When the full customer cost is considered (i.e. including the spill payment in non-BM energy cost) the TC is potentially allocating contracts and despatch volume in an inefficient manor that damages competition between BM and non-BM provides and results in additional customer costs.</p> <p>This Modification will remove the spill revenue from non-BM providers allowing all providers to compete for the provision of these services on an equal basis. This will facilitate competition between different types of provider and provide a better deal for the end consumer.</p> <p>Objective (d): The Settlement process was carefully designed so as to isolate the accurate delivery of Balancing Services from any changes to a parties' energy imbalance. This process has been side-stepped by the growth of non-BM Balancing Services without the application of ABSVD.</p>
EDF Energy	No	<p>As the proposal stands, it would create a distortion in settlement between Suppliers as BM Unit Lead Parties, and Suppliers or Trading Parties as subsidiary parties to Metered Volume Reallocations (MVRNs), a widely used feature of BSC arrangements. An MVRN transfers metered volume except balancing volume from a Lead Party BM Unit to a Subsidiary Party. The proposal does not associate a non-BM ABSVD balancing volume with a Lead Party at BM Unit level, so would transfer out-turn metered volumes to the Subsidiary Party regardless, including volumes resulting from non-BM ABSVD delivery. Separately, the proposal creates a non-BM ABSVD volume at Party account level and adds it to Lead Party balancing volume (regardless</p>

Respondent	Response	Rationale
		<p>of MVRNs). Taking 100% MVRN and upward positive non-BM ABSVD energy as an example, the net result would be non-BM ABSVD volume causing an imbalance shortfall on the energy account of the Lead Party, and corresponding spill on the energy account of the Subsidiary Party. Now there is a single price for imbalance, it may be possible to resolve this anomaly bilaterally between lead and subsidiary parties, but parties should not have to re-open existing wholesale commercial arrangements to accommodate a clear anomaly that would exist in the BSC.</p> <p>If non-ABSVD volumes were allocated at BM Unit level, which would be a more sensible approach, this anomaly would not arise. The associated ABSVD volumes would be retained with the lead party in the MVRN process without giving rise to imbalance for lead and subsidiary parties (provided volumes are delivered), as for BM ABSVD and Bid-Offer volumes, giving the desired effect.</p> <p>Subsequent comments assume this anomaly in the proposal will be resolved, in which case the proposal should better meet BSC objectives overall, as long as non-ABSVD volumes remain relatively small.</p> <p>P354 should be able to better meet BSC Objective (b) concerning efficient system operation, by removing a potential distortion in payment for non-BM balancing services under which customers as a whole could be paying more than once for the same upward balancing service (or receiving payment more than once for the same downward balancing service).</p> <p>The proposal could better meet BSC Objective (c) concerning competition, by reducing the potential incidence of beneficial payments to non-BM balancing providers from suppliers, effectively funded by other customers, over and above payments available to BM providers, so removing a potential distortion in competition between BM and non-BM participants.</p> <p>There would be additional central administrative costs which act against BSC objective (d) concerning efficient operation of the balancing and settlement arrangements.</p> <p>It should better meet BSC objective (e), by adjusting suppliers' imbalances as Balance Responsible Parties, as required by the European</p>

Respondent	Response	Rationale
		<p>Electricity Balancing Guideline.</p> <p>There would be small consequential impacts on BSC objectives (f) (EMR) and (g) (Transmission Losses Principle), but these are probably not material to a decision on P354. (i) The costs and benefits for different demand and generation balancing providers may be changed, and BSUoS-RCRC amounts may be slightly reduced. (ii) If suppliers don't know the location of balancing services being provided from within their portfolio, they will be less well equipped to manage imbalances arising from locational transmission losses.</p>
Engie	Yes	<p>We believe that this modification improves competition by ensuring that imbalance energy created following an instruction to non-BM providers of balancing services is removed from the associated energy imbalance account. In doing so, it will also ensure that the current procurement of non-BM services fully takes account of all the costs of the use of these non-BM services. This will place BM and non-BM on an identical basis when competing for SO services. It will also improve competition between these classes of providers ultimately leading to a lower cost to consumers.</p> <p>We believe the modifications meets the objectives in the following way:-</p> <p>Objective (a): Transmission Licence C16 Statements require the Transmission Company (TC) to procure and use Balancing Services without discriminating between classes of users. The current procurement of non-BM services does not fully take account of all the costs of the use of these non-BM services and creates discrimination between BM and non-BM classes to the detriment of BM providers</p> <p>Objectives (b) and (c): The TC does not consider the cost of the spill payment when contracting with non-BM services. When the full customer cost is considered (i.e. including the spill payment in non-BM energy cost) the TC is potentially allocating contracts and despatching volume in an inefficient manner, as such damaging competition between BM and non-BM providers, resulting in additional customer costs</p> <p>Objective (d): P354 proposal allows the efficient implementation of the EU Balancing Guidelines ensuring that imbalance adjustment happen to the</p>

Respondent	Response	Rationale
		<p>correct parties.</p> <p>Objectives (e): EU Balancing Guideline requires imbalance adjustment to be performed for all by the end of 2020 at the latest. P354 facilities implementation of this requirement.</p> <p>The attached Appendix to our submission details the materiality of the issue and includes detailed information on the monthly cost of spill energy relating to non-BM calls and the volume of non-BM instructed. ENGIE estimates that over the period November 15 to October 17, the cost of spill payments received by suppliers related to the SO use of non-BM services is around £38m and is now running at around £2m/month. The average cost of spill energy during non BM STOR calls now stands at £70/MWh (October 17) and the volume used has increased six fold since November 15.</p>
Flexitricity Limited	No	The proposal is contrary to BSC Objective (c) as it removes from specific parties a payment that remains available to other parties.
IMServ Europe	Yes	-
National Grid	Yes	<p>Our primary driver in supporting this modification is in relation to applicable objective E. We believe that this modification would enable implementation of Article 49 of the European Balancing Guideline in relation to performing imbalance adjustment for all Balancing Services providers.</p> <p>In terms of objective C we recognise the potential benefits of P354 outlined by the proposer in relation to market efficiency and competition. However, we also recognise that equal treatment should be around equal access and we have some concerns that there is currently not a level playing field between Balancing Services providers. We believe that this modification will only improve competition if there are sufficient routes to market for non-BM providers. This is why we are working to develop solutions for wider access to TERRE and the Balancing Mechanism through BSC modification P344.</p> <p>In terms of objectives A and B, Condition C16 of National Grid's transmission Licence requires it to "co-ordinate and direct the flow of electricity onto and over the National Electricity Transmission System in an efficient, economic and co-ordinated manner." National Grid believes that neutralising</p>

Respondent	Response	Rationale
		<p>imbalances relating to non-BM Balancing Services providers will ensure that the tendered costs for services will better reflect the costs of service provision. This should in term lead to more efficient procurement of Balancing Services which should be more economic for the end consumer. However, as stated above there is a need to ensure that sufficient routes to market are created for providers outside the BM to avoid a reduction in liquidity in the balancing services markets.</p>
npower Ltd	No	<p>With regards to objective b) efficient, economic and coordinated operation of the National Electricity System – no, we do not believe this solution improves the current baseline and are concerned that overall system costs will rise on the basis of higher activation bids being accepted (offsetting the assumed £17m benefit to consumers that this modification suggests) and the risk that other services provided by BM units (such as black start, mandatory services) may compensate or be used to increase revenues).</p>
Ørsted Power Sales UK Limited	Yes and No	<p>In principle, we support the intention of the modification to put BM and non-BM providers on the equal footing via the same ABSVD adjustment. The modification should address the defect in ABSVD methodology to remove the additional cash out revenue gained by non-BM providers via suppliers and improve competition. Having the correct ABSVD data reporting in place, it will be beneficial to objective (c).</p> <p>We would like to highlight that, unlike the proposal suggests, suppliers are not necessarily benefitting from the current non-BM unadjusted ABSVD arrangement. Suppliers do not receive MSID level of non-BM ABSVD volume data and cannot bill customers for the entire amount of consumption. The non-BM ABSVD volumes will stay in suppliers' energy account and cause a 'long' imbalance for cash out. This cash out payment is shared with customers and somehow compensates suppliers for the unbillable energy volume due to non-BM services. As such, non-BM service providers currently receive triple payments:</p> <ol style="list-style-type: none"> 1. Non-BM service payment from National Grid 2. Cash out share from suppliers 3. Saving from unbillable amount from suppliers

Respondent	Response	Rationale
		<p>We understand that P354 is intended to remove the cash out payment from suppliers, which in our view is sensible. However, we are concerned that the workgroup's proposed modification solution does not resolve the third cash flow problem listed above, if the HH disaggregated ABSVD volume adjustment data at MSID level is not transparent to the relevant suppliers for billing.</p> <p>Effective competition would allow suppliers to recover their reasonable costs of supply, including the energy volume they have purchased from the wholesale market for their customers. If suppliers cannot bill their customers for the volume contributable to non-BM service (due to MSID level ABSVD data not sent to them) and their subsequent 'long' imbalance position is removed by P354, the relevant energy volume will evaporate from suppliers' accounts. At the same time, customers who provide non-BM services will still receive double payments from National Grid for non-BM services and suppliers as a form of saving because suppliers cannot bill for the entire consumption volume.</p> <p>We believe the P354 solution should address the entire defect that exists in non-BM ABSVD (i.e. cash flow problems 2 & 3), rather than just a part of it. If suppliers are not able to bill their customers for the correct amount, it will discourage them from supplying to these customers and will be detrimental to competition.</p>
RWE Supply and Trading GmbH	Yes	<p>It is essential that there is greater transparency of National Grid energy balancing actions. The modification will ensure that there are efficient incentives on balance responsible parties and non-BM balancing service providers.</p>
ScottishPower	Yes	<p>We believe that P354 will overall better meet the Applicable BSC Objectives than the current baseline.</p> <p>We agree that P354 will better facilitate the non-discriminatory procurement of Balancing Services (Objective (a)).</p> <p>By removing the spill payment from non-BM Balancing Service providers, P354 will level the playing field in the provision of Balancing Services better facilitating competition, Objective (c).</p> <p>P354 will enable imbalance adjustment to be performed for all balancing services providers in accordance with the Electricity Balancing Guideline,</p>

Respondent	Response	Rationale
		<p>thus better facilitating Objective (e).</p> <p>The Proposal is neutral against the remaining BSC Objectives.</p>
SmartestEnergy	No	<p>We agree that non-BM units should not effectively be paid twice. However, we cannot agree to the current proposal especially if suppliers are not informed about changes to their position. Ideally, this should be given at the same time as the instruction from grid but at the very least in time for the SF run. Without these changes we feel that the efficiency and competitive aspects of the BSC are compromised.</p> <p>However, our overall view is that the issue of a “double payment” is not a BSC issue as it is caused by contractual issues between NGT and aggregators outside of the BSC, as aggregators are not BSC Parties.</p> <p>As per our answer to Q5, we believe that the solution should be that NGT make a correction for the spill under the auspices of their contracts for the ancillary services. This also resolves the problem of suppliers needing to see the data which has been used to correct their position (and having to change their systems to cater for something which has nothing to do with them) and the aggregators concerns that suppliers would be given commercial information.</p>
SSE plc	Yes	<p>P354 will enable ABSVD for non-BM Balancing Services to be applied at a sub-BM Unit level, thus facilitating changes contemplated to the ABSVD methodology to allow for inclusion of non-BM products within the calculation by GBSO.</p> <p>In enabling ABSVD adjustments to take place against Suppliers accounts (and thereby removing the “double reward” for non-BM providers arising from spill revenue), the solution helps to ensure a more level playing field for BM and non-BM service providers when competing to provide balancing services to GBSO. The solution will ensure that risks and rewards are more appropriately allocated, allowing the true costs of providing services to be reflected in commercial bids. GBSO will subsequently be in a better position to understand full service costs when dispatching services, thereby better enabling to balance the system in the most economic and efficient way.</p>

Respondent	Response	Rationale
		SSE support the conclusions of the Workgroup that the P354 changes (in conjunction with proposed changes to the C16 ABSVD Methodology) will better facilitate the Applicable Objectives a), b), c), d) and e), for the reasons set out by the Workgroup in the Assessment Consultation.
TMA Data Management Ltd	Yes	-
UK Power Reserve	No	The Workgroup's initial majority view does not achieve cost/benefit to the consumer.
Uniper	Yes	P354 will be beneficial under BSC Objectives (a) (b), (c), (d) and (e). Most importantly it will remove the existing discrimination between users and distortion to competition of allowing non-BM providers of balancing services to benefit from spill revenue, allowing all providers to compete on an equal basis in future. The current distortion also means that National Grid are presently not always contracting the option that is actually the most economic choice. In addition, P354 will further objectives (d) and (e) by facilitating a requirement of the EBGL.

Question 2: Do you agree with the Workgroup that the draft legal text in Attachment A delivers the intention of P354?

Summary

Yes	No	Neutral/No Comment	Other
11	3	3	0

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	Yes	The ADE agrees that the draft legal text in Attachment A delivers the intention of P354.
Centrica	Yes	We believe it delivers the intention of P354.
Drax Power LTD	Yes	The legal text accurately and coherently delivers the intention of P354.
EDF Energy	No	See comments on interaction of ABSVD with MVRNs in question 1.
Engie	Yes	It gives effect to the modification.
Flexitricity Limited	No	BSC Section Q 6.4.5 allows BM providers to benefit from the payments that this modification seeks to withdraw from non-BM providers. Instead of removing an advantage which one part of the industry has over others (as the proposer claims) it instead creates market distortion. Furthermore, P354 does not take account of balancing services for which non-BM participants do not receive energy payments (such as frequency response).
IMServ Europe	N/A	No view.
National Grid	Yes	The proposed drafting appears to deliver the intent of P354.
npower Ltd	No	We do not believe that the intention of P354 to provide more accurate allocation of imbalance costs will be delivered through the draft legal text in Attachment A, as these will also result in inaccurate pricing and procurement.
Ørsted Power Sales UK Limited	No comment	We have not reviewed the legal text.
RWE Supply and Trading GmbH	Yes	-
ScottishPower	Yes	We believe that the draft legal text delivers the intention of P354 in conjunction with the proposed

Respondent	Response	Rationale
		C16 ABSVD Methodology changes.
SmartestEnergy	No comment	-
SSE plc	Yes	-
TMA Data Management Ltd	Yes	-
UK Power Reserve	Yes	-
Uniper	Yes	-

Question 3: Do you agree with the Workgroup's recommended Implementation Date?

Summary

Yes	No	Neutral/No Comment	Other
10	5	2	0

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	No	<p>The ADE does not agree with recommended Implementation Date of this modification. National Grid has invited providers to tender for STOR contracts up to two years ahead in January, meaning that if the Modification were implemented in April 2019, National Grid would be left with a number of contracts that providers could not fulfil. We therefore believe that April 2020 is the first feasible date for implementation of this Modification, aligning it with National Grid's changes to the Standard Terms and Conditions of affected balancing services contracts.</p> <p>We would also highlight the importance of considering the modification's interaction with P344 'Project TERRE implementation into GB market arrangements' and P355 'Introduction of a BM Lite Balancing Mechanism' in a holistic manner.</p> <p>It is very important that National Grid's proposed changes to the ABSVD Methodology Statement relating to non-BM Balancing Services are implemented alongside P354 in order to provide a process around sub-site metering and to ensure the P354 solution will work for sub-metering approaches.</p>
Centrica	Yes	We support the proposed timing.
Drax Power LTD	Yes	1 April 2019 should be ample time for implementation and process change.
EDF Energy	Yes	Subject to early resolution of issues mentioned in response to question 1, so as to give at least a year's notice of implementation to parties and customers, 01 April 2019 should be acceptable. Balancing services contracted beyond that date should acknowledge the likelihood of changes (i.e. firm prices might not be advisable).
Engie	Yes	We believe that an implementation date of April

Respondent	Response	Rationale
		<p>2019 is appropriate with the C16 methodology being switched on for both STOR and Fast Reserve at this time.</p> <p>We agree that the “switch on” should only be applied for contracts that were tendered and accepted with full knowledge of this change so that parties will know at the point of tendering if this change will be applied to their contract if accepted. This would mean that any contracts that were tendered after Ofgem makes its decision and C16 is turned on would be able to take account of the change.</p> <p>We are aware that an alternative of April 19 for Fast Reserve and Autumn 2019 for STOR may be an option for C16 switch on but in both cases the BSC solution would need to be in place ahead of the earlier date. The cost to consumers of Spill energy now running at £2m/month so an early implementation is important to deliver consumer value.</p>
Flexitricity Limited	No	<p>The implementation date should be aligned with National Grid’s changes to its Standard Terms and Conditions of affected balancing services contracts. This should not be before April 2020, because before P354 is determined National Grid will procure STOR for up to two years ahead. If this change is implemented in April 2019, National Grid will have procured STOR contracts that are impossible to fulfil.</p>
IMServ Europe	Yes/No	<p>Until a red lined version of BSCP503 is available, I am unable to definitively state that the proposed Implementation Date is feasible for us as a HHDA; however, April 2019 should allow enough time to implement this change.</p>
National Grid	Yes/No	<p>From a National Grid systems perspective, the implementation date should be no earlier than 1st April 2019. This avoids the implementation date falling in the middle of a STOR season. It also aligns with C16 implementation dates and the National Grid requirement of 12 months minimum required to implement the modification from any decision date.</p> <p>However, we recognise that implementing in April 2019 may cause some potential issues for any providers who are awarded 2 year STOR contracts from April 2018. This may particularly cause issues for any providers who have not factored the</p>

Respondent	Response	Rationale
		potential P354 change into their tender price for the 2019-2020 part of their service.
npower Ltd	No	Given the level of change that will be required to contractual arrangements between suppliers and their customers to accommodate the proposed changes, an implementation date of less than 24 months will be insufficient to make the necessary contractual and systems changes. We note also the proposed option within the informal C16 statement consultation which consulted on implementation date of 1 April 2019 or 1 April 2020 – and we believe (and will respond accordingly) that the later of the 2 proposed implementation dates is more feasible.
Ørsted Power Sales UK Limited	Yes	-
RWE Supply and Trading GmbH	Yes	We agree with the implementation date provided that the modification is implemented in a way that minimises disruption in the ancillary services market. For example, it should apply for all new contracts in a specific tender round from a defined date. This will ensure that all balancing service providers are competing on a level playing field.
ScottishPower	Yes	We believe that due to the fact that P354 addresses competition issues it should be implemented as soon as practicable consistent with the need to develop processes and systems. Therefore we agree with the proposed implementation date of 1 April 2019.
SmartestEnergy	No	-
SSE plc	Yes	Provided that sufficient notice is provided to support required lead time (see Q4).
TMA Data Management Ltd	Yes	An implementation of 01/04/2019 if a decision is made at least 9 months before.
UK Power Reserve	No	The implementation date should be extended.
Uniper	Yes	We agree that this solution should be implemented as promptly as systems allow.

Question 4: How long (from the point of Authority approval) would you need to implement P354?

Responses

Respondent	Response
The Association for Decentralised Energy (ADE)	Member feedback indicates that it would take approximately six months to implement P354 in relation to STOR services. It is currently unclear how long would be required in relation to frequency response services; members indicate that National Grid would need to define what constitutes delivery for these services and to provide backing data for frequency events. Once these conditions have been achieved, it would take approximately nine months to implement P354 in relation to frequency response services. For Demand Turn-Up, details of the new interface and the timescales for that implementation are necessary; implementation would take around nine months from the point of these being provided.
Centrica	We believe that we could make the changes needed to implement P354 in time for the proposed Implementation Date. We would not support an earlier Implementation Date.
Drax Power LTD	N/A
EDF Energy	<p>Since no mandatory action is required from Suppliers, other than to support small changes to settlement reporting, we could implement change relatively quickly. Small changes to settlement reporting typically take 3-6 months. However, the potential impacts on imbalance forecasting and consequential impacts on future supply and offtake contracts would take time to develop, and at least 12 months is desirable.</p> <p>It is not clear yet how long our Half-Hourly Data Aggregators would require to support the activities required of them.</p>
Engie	9 months. We believe that although changes to contracts and working system will be required, around 9 to 12 months would be an appropriate time scale.
Flexitricity Limited	Confidential response received.
IMServ Europe	Again, without a definitive set of requirements, we can only provide an approximate estimate. We expect development to take 35 to 50 days effort and testing / training / documentation / project effort of 70 to 100 days effort, so a total implementation time of 105 to 150 days. Therefore a lead time of around 6 months would be required.
National Grid	<p>The preliminary analysis indicates that P354 can be implemented in 12 months following an Ofgem decision. However, this is subject to the outcomes of the internal work looking at system implementation, which is planned to be completed in spring 2018.</p> <p>An element of P354 implementation is within Balancing Service provider contracts. Therefore, although requirements will be applied</p>

Respondent	Response
	to contracts after the implementation date, there may be some existing contracts in place that do not have these requirements. This means that although the solution would be implemented insofar as the technical mechanisms are in place, this would not be fully implemented until each individual Balancing Services contract that this change is applicable to is amended.
npower Ltd	<p>As an absolute minimum, the time required to implement the required system changes to manage these new risks will take a minimum of 24 months to implement.. In our case, the implementation time will be impacted (and will impact) our existing, and ongoing investment in a new IT system to manage our settlement and trading accounts.</p> <p>Furthermore the implementation of changes should reflect the obligations surrounding existing contracts, which will require changes to both supply and any associated PPA terms. We would recommend that a transitional period is considered for existing contracts as a significant number of DG assets have secured balancing services contracts with BS prices influenced by a suite of income including the supplier's export PPA. The new generation of large scale battery projects (which may hold Capacity Market (CM) or Balancing Services (BS) contracts) may be particularly at risk financially as their exposure to supplier import costs for maintaining a required state of charge will prevail but as a consequence of the proposals PPA value from export will be lost.</p>
Ørsted Power Sales UK Limited	Depending on the transfer of ABSVD volume adjustment data to suppliers. We have not accessed system changes at the current stage.
RWE Supply and Trading GmbH	We do not have any views on this matter as there is no impact on our systems.
ScottishPower	We do not believe that we would need any significant amount of time to implement any changes required for P354.
SmartestEnergy	We would require at least one year to change our systems to adjust metered data.
SSE plc	6-9 months ideally. This is partly driven by system and business process change requirements; but primarily driven by the need to review and develop the necessary contractual framework to support efficient allocation of risks and subsequent management of inefficiently incurred costs.
TMA Data Management Ltd	<p>HHDAs will be required to process one new flow and generate three new data flows. It would be beneficial to create the new flows to be as similar if not identical to the Capacity Market Flows D0376/D0378/D0354/D0356, limiting the modification's impact.</p> <p>When P354 is accepted, a DTC CP and a BSC CP will be required. It is important to note that HHDAs will not be able to start</p>

Respondent	Response
	developing a solution for P354 until the associated MRA and BSCP changes have been raised and approved. In order to allow for development, testing and implementation we request 6 months lead time from the time the DTC/BSCP changes are approved.
UK Power Reserve	We forecast an approximate lead time of one year . This will allow time for contractual negotiations to take place.
Uniper	N/A

Question 5: Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P354 which would better facilitate the Applicable BSC Objectives compared to the Proposed Modification?

Summary

Yes	No	Neutral/No Comment	Other
9	5	3	0

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	No	<p>The ADE believes that an alternative Modification whose purpose was to fully implement the European Electricity Balancing Guidelines (EBGL) would facilitate the Applicable Objectives while also preventing the creation of any market distortion between BM and non-BM participants. If the decision is made to close the BSC Section Q.6.4.5 opt-out for BM providers, the ADE agrees that there are no other potential alternative Modifications within the scope of P354 which would better facilitate the Applicable BSC Objectives.</p> <p>An alternative modification with greater scope than P354, however, could include behind the meter generation which would deliver increased market access and competition.</p>
Centrica	Yes	We generally support the proposed approach. We would like to see further detail on the proposed methodology to ensure that it does create practical difficulties.
Drax Power LTD	Yes	This modification has identified an issue and proposes a robust solution that better facilitates the BSC Objectives.
EDF Energy	No	<p>Non-BM ABSVD should be reported at a minimum of BM Unit level. This would resolve issues with opposing imbalances for lead and subsidiary parties, described in response to question 1, where BSC objectives are considered.</p> <p>The registrant of an MSID through which non-BM balancing services are being offered to NGET should be able to independently identify such an MSID and verify its involvement in such balancing services, for example through a central register of participating MSIDs.</p>

Respondent	Response	Rationale
		A register of Non-BM MSIDs associate with balancing services, mapped to BM Units and non-BM parties, with BM Unit mapping accessible to Suppliers for meters registered to them, would support transparency and allow verification and transfer of relevant MSIDs. Such a register could be expanded for use by P344 and P355 which have similar issues of mapping individual MSIDs to balancing provider and separately to balance responsible entities.
Engie	No	We believe that an alternative that provides no spill volumes at a MPAN level to the supplier may be an option (see Q 11) and may be beneficial given the strength of concern expressed by various parties.
Flexitricity Limited	No	A modification to fully implement the European Electricity Balancing Guidelines is required, and would have achieved this change while at the same time avoiding creating a distortion in the market as set out above.
IMServ Europe	N/A	No view.
National Grid	Yes/No	In relation to question 14 of this response, we would like the removal of the opt-out of ABSVD for standard BMUs in BSC Section Q.6.4.5 to be included in the original proposal as we believe this may be non-compliant with Article 49 of the European Balancing Guideline. If this does not form part of the final original proposal we may consider raising an alternative in this area.
npower Ltd	Yes	Whilst we agree that no alternative modification proposals were put forward, we note that many of the questions seek to steer the solution towards a proposal that would minimise the impacts of the change to all market participants, apart from suppliers who; without sufficient information regarding their customers change in consumption or export would be left with the cost of procuring the displaced power or export without receiving anything in return. In this respect, we believe the proposal as it stands is flawed, as it is predicated on suppliers and their customers managing this risk and process outside of this BSC process.
Ørsted Power Sales UK Limited	Yes	-
RWE Supply and Trading GmbH	Yes	The proposed solution addresses the defect that has been identified.

Respondent	Response	Rationale
ScottishPower	Yes	-
SmartestEnergy	No	<p>NGT's informal consultation on this subject points out that Article 49 of the European Guideline for Balancing requires TSOs to "calculate an imbalance adjustment to be applied to the concerned balance responsible parties for each ABSVD informal activated balancing energy bid". NGT go on to say that "effectively this means that in GB the SO will need to ensure that imbalance is correctly attributed when Balancing Services are delivered. In the case of non-BM Balancing Services providers, this means that delivered balancing energy is neutralised against the relevant Supplier's account." We do not agree that this necessarily means that volumes need to be changed in the Supplier's account. The adjustment could be financial.</p> <p>Suppliers processes assume that the energy which passes through the meter is that on which they are settled. This is a fundamental feature of the BSC.</p> <p>In our view, a better solution would be to adjust the payments to embedded generators in the NGT sphere i.e. a secondary correcting cash transfer at SSP could be made where the BMU does not have its position corrected through ABSVD. If non-BM Units and their aggregators know that they will have to pay a secondary cashflow they will adjust their bids for STOR accordingly.</p>
SSE plc	Yes	-
TMA Data Management Ltd	Yes	-
UK Power Reserve	No comment	-
Uniper	Yes	-

Question 6: Do you agree that P354 does not meet the Self-Governance Criteria and so should not be progressed as a Self-Governance Modification?

Summary

Yes	No	Neutral/No Comment	Other
16	0	1	0

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	Yes	The ADE agrees that P354 does not meet the Self-Governance Criteria and should not be progressed as a Self-Governance Modification due to potential material effects on competition.
Centrica	Yes	We agree with the assessment in the consultation.
Drax Power LTD	Yes	The Modification impacts providers of Balancing Services and therefore doesn't satisfy the self-governance criteria, P354 should not be progressed as a Self-Governance Modification.
EDF Energy	Yes	P354 has material and different impacts on competing balancing providers, BSC Parties, non-BM parties and customers, and clearly does not meet the criteria for self-governance.
Engie	Yes	The modification has commercial implications for various parties and is thus not suitable for self-governance.
Flexitricity Limited	Yes	P354 does not meet the Self-Governance Criteria because it could have a material effect on competition, and because it seeks to discriminate between BM and non-BM balancing services providers.
IMServ Europe	N/A	No view.
National Grid	Yes	Given this modification proposes a significant amount of change for many Balancing Services providers and the potential for level playing field arguments as a result of this modification, we do not believe that P354 meets the Self-Governance Criteria (i.e. it should not be progressed as a Self-Governance Modification).
npower Ltd	Yes	This proposed modification has significant impact on competition and should therefore not be progressed as a self-governance modification.

Respondent	Response	Rationale
Ørsted Power Sales UK Limited	Yes	-
RWE Supply and Trading GmbH	Yes	This is a complex modification proposal that is not suitable for self-governance.
ScottishPower	Yes	-
SmartestEnergy	Yes	-
SSE plc	Yes	The modification, in conjunction with proposed C16 ABSVD methodology changes, will result in redistribution of revenues and costs, thereby impacting competition in the market.
TMA Data Management Ltd	Yes	-
UK Power Reserve	Yes	-
Uniper	Yes	-

Question 7: Will P354 impact your organisation?

Summary

Yes	No	Neutral/No Comment	Other
15	2	0	0

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	Yes	<p>P354 will impact many of the ADE's members, particularly non-BM balancing services providers. The Modification will require these providers to implement system changes in order to provide the required data. For frequency services, new systems will need to be developed to calculate delivery volumes. National Grid need to provide more details on how they will require providers to submit data in order to design and implement the systems needed. For providers who offer a variety of services from a number of sites, it is crucial that the provision of disaggregated data to National Grid be automated. Automation of this process will help to reduce administrative burdens and the likelihood of errors.</p> <p>The implementation process would be made considerably simpler if National Grid are able to provide backing data before the provider carries out the disaggregation process for each instruction. This will avoid the provider having to carry out the calculation without backing data and then to repeat the calculation once data has been received.</p> <p>If the Modification proceeds in a way that allows suppliers to identify non-BM participant sites, this will have a major impact upon member organisations. There is a significant risk that suppliers could either require customers to provide balancing services through the supplier or prevent them from providing balancing services through changes to their supply agreements. If the Modification is implemented in this way, it will have a deleterious effect upon competition.</p>
Centrica	Yes	<p>P354 will have a consequential impact on our income streams as a provider of balancing services (both BM and Non-BM). P354 will also impact us in our role as Supplier to customers providing non-BM Balancing Services. We will need to ensure that when implementing P354 we can continue to provide these customers with a high level of service.</p>

Respondent	Response	Rationale
		Before the P354 we will need to update our contracts and change some systems. We will need to check for any complexity P354 creates for billing and may need to implement changes to ensure that we can bill customers accurately for any relevant charges.
Drax Power LTD	Yes	We will be impacted as a market participant, though we have not identified specific activities that would be required upon the approval of P354.
EDF Energy	Yes	<p>Refinements to volume and imbalance forecasting to take account of revised ABSVD volumes.</p> <p>Revision of internal processes for supporting flexibility at customer level.</p> <p>Potential revision of supply and offtake contract terms to reflect changes to industry arrangements.</p>
Engie	Yes	Our BM generation business will be able to compete with services on the same terms as non-BM providers and our supply business will need to modify systems, processes and contracts to ensure appropriate settlement of the new arrangements with counterparties.
Flexitricity Limited	Yes	<p>As a non-BM balancing services provider Flexitricity will need to design and implement system changes to allow for the provision of the data this modification requires.</p> <p>This will also increase workload for operations and accounts staff, because as drafted, the modification requires that the disaggregation process be implemented twice for each instruction on each site for each balancing service for each settlement period. This is because the settlement timescales proposed require that we carry out the calculations without backing data from National Grid, and then again once the backing data has been received.</p> <p>For frequency services new systems will need to be developed to calculate 'delivery volumes' which are not currently part of the data exchanged between Flexitricity and National Grid. As frequency services do not currently include a utilisation payment, but providers must respond to every frequency event, if the standard contract terms for frequency services are not changed to include a utilisation payment, this modification will lead to sites incurring a cost for every frequency event, the number of which will not be known at the time of bidding. That risk</p>

Respondent	Response	Rationale
		<p>would cause most providers to leave the frequency services markets. Even if utilisation prices are introduced to frequency services, these changes will mean new processes and systems being developed to be able to react to these changes. Obviously introducing utilisation prices to a service which does not currently include them will create a period of market uncertainty while bidding for these services.</p> <p>Without a more detailed description of how National Grid intends non-BM balancing services providers to provide the required data it is impossible to know which kinds of systems Flexitricity will need to build for which services and how long that will take. The provision of disaggregated data to National Grid by providers must be automated, because for a company like Flexitricity, which provides many services through a large number of sites, a manual system would be too burdensome and error-prone.</p> <p>This modification will potentially identify non-BM participant sites to the suppliers who could then either force the customers to provide balancing services through the supplier, or force them out of supplying balancing services all together through changes in their supply agreements. There is therefore a major "soft power" issue in respect of competition.</p> <p>If this modification is implemented in April 2019 instead of April 2020, it would materially damage non-BM balancing services providers, as their contracts must realistically span past April 2019 for some services by the time this modification is approved. It is not acceptable for affected providers to stay outside of balancing services auctions while this modification is debated.</p>
IMServ Europe	Yes	As a HHDA party we would be expect this to impact us.
National Grid	Yes	<p>At present, National Grid does not have the MSIDs for all Non-BM ancillary service providers, nor does it have access to the settlements metering data. The settlements for the delivered ancillary services are performed at the contract level. Thus, for the purpose of settlements, National Grid receives an aggregated view of the operational metering data from the respective ancillary service providers. Therefore, National Grid will have to make significant changes to its computer systems and processes to implement P354. This would involve</p>

Respondent	Response	Rationale
		<p>building new system services which can interact with multiple external systems in a secured way, system changes to handle additional data volumes and reporting, data storage-archival and other non-functional requirements.</p> <p>Since multiple regulatory modifications (P344/Project TERRE and P354) and other ongoing initiatives (such as the Product Roadmap and European Network Codes) are expected to introduce changes to the Balancing Mechanism at the same time, National Grid is performing a holistic study looking at balancing solutions to maintain a consistent solution. The actual impacts, costs and implementation time will be driven by the, which is planned to be completed in spring 2018. However, the preliminary analysis indicates that P354 can be implemented in 12 months following an Ofgem decision.</p>
npower Ltd	Yes	<ul style="list-style-type: none"> • Changes to existing power supply and contractual arrangements. • Changes to existing power export PPA contractual arrangements • Changes to existing Demand Side Response contractual arrangements • Changes to systems for DSR aggregation platform • Changes to ongoing bidding strategies for TSO Balancing Services and Capacity Market. • Changes to settlement and billing systems to ensure accurate pass-through of associated ABSVD volumes at an individual customer level and managing settlement reconciliation and associated customer reconciliation regarding energy “sold on” to aggregators or “bought” as a result of existing PPA arrangements where information is available. • Changes to our HHDA system and associated processes. <p>We would also note that the proposal is flawed as it does not take into account, any “rebound effects” resulting from balancing services derived from load management (i.e. pure DSR). Whilst this proposal might provide an opportunity for the partial adjustment of any associated imbalances, it does not address (nor even recognise) the issue of rebound, whereby the customer may reduce their load as specified by an aggregator to satisfy a</p>

Respondent	Response	Rationale
		<p>balancing services event for a specific period of time, but that thereafter, the customer may be required run their equipment during a later settlement period to compensate their position (i.e. to correct thermal parameters or to produce more “widgets” if a production line was affected by the Balancing Services event; thereby affecting the supplier’s imbalance position, but for which there is also no equivalent rebalancing or adjustment. So as drafted, the supplier would continue to be exposed to additional costs.</p> <p>Suppliers will likely have to change their forecasting processes and future trading to take account of any future rebound impacts.</p>
Ørsted Power Sales UK Limited	Yes	The magnitude of impact will depend on the ABSVD MISD data provision to suppliers, and whether it will allow suppliers to recover their wholesale cost from their customers.
RWE Supply and Trading GmbH	Yes	We are a non BM Balancing Service Provider. We expect that p354 will impact on the commercial arrangements in relation to the provision on balancing services.
ScottishPower	No	We do not envisage P354 having a material impact on our systems and processes.
SmartestEnergy	Yes	We currently bill our customers using D36 data. Without the relevant information and changes to our systems we would end up paying customers for energy which was not being credited to us and which we could not reconcile.
SSE plc	Yes	<p>Systems and processes – main impacts associated with back-office IT systems and associated business processes (settlements validation and contract billing/administration); with additional impacts on pricing/quotation systems and processes.</p> <p>Contractual – review and development of contractual framework (and associated information exchange requirements) with customers to ensure an efficient allocation of risks and costs.</p>
TMA Data Management Ltd	Yes	Both our systems and procedures are impacted by P354.
UK Power Reserve	Yes	-
Uniper	No	Only indirectly.

Question 8: Will your organisation incur any costs in implementing P354?

Summary

Yes	No	Neutral/No Comment	Other
13	3	0	1

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	Yes	Many of the ADE's members will incur costs in implementing P354, however we are unable to provide further details due to confidentiality restrictions.
Centrica	Yes	There will be one-off costs to amend contracts and systems. If P354 creates additional complexity in managing customer accounts and ensuring accurate billing, then this will be an ongoing cost.
Drax Power LTD	No	-
EDF Energy	Yes	<p>Relatively small, as yet unquantified, one-off costs of refinements to internal processes as described in response to question 7.</p> <p>Unknown future ongoing costs of monitoring impacts of potential customer participation in non-BM (and P344/P355) balancing (dependent on future numbers).</p> <p>Unknown future ongoing costs of payments to HH Data Aggregators to cover additional activities they would be required to perform.</p>
Engie	Yes	See answer to Q7.
Flexitricity Limited	Yes	Confidential response received.
IMServ Europe	Yes	Development costs will be around £75,000. Ongoing costs will be minimal since we expect to be able to automate most of the daily activity.
National Grid	Yes	The capital cost involved in implementing P354 solution is the range of £600k to £1,200k. This includes the cost of effort spent during P354 consultations, project management, analysis and requirements elicitation, design, development and solution implementation. Note that this capital cost is subject to the outcome of internal systems studies and detailed analysis of the non-functional requirements.

Respondent	Response	Rationale
		In terms of the corresponding ABSVD and contracts solutions there would be a cost. This would be if backing data is required to be sent by National Grid to the service Provider in shorter timescales than is currently on which to base the Provider submission. If it is not possible to automate this, data may be less accurate than currently sent to providers and a highly manual process requiring additional resource (approximately 0.75 days a week FTE for STOR alone). Potential for automation will only be understood following the outcome of internal work looking at potential systems solutions likely to be known more in spring 2018.
npower Ltd	Yes	Yes, npower will be exposed to one off costs for system and process changes associated with potentially significant IT changes for settlements, billing, forecasting and pricing systems. We believe that we will need to employ additional resources within our data management and settlements teams to manage this activity, particularly if there is a lot of manual reconciliation required which may increase further as the scale of demand side activity increases in the coming years. This is of particular concern if data cycles do not coincide with contractual billing cycles required by the customer. Confidential response also provided.
Ørsted Power Sales UK Limited	Yes	We have not assessed our costs at the current stage.
RWE Supply and Trading GmbH	Yes	As a non BM Balancing Service Provider we may incur costs associated with changes to the commercial arrangements that underpin current service provision.
ScottishPower	No	We do not foresee any material costs arising from the implementation of P354.
SmartestEnergy	Other	This depends on the solution. If the data is provided we would incur quite a significant cost changing our systems. That's not to say that we do not want the information if a BSC solution is progressed.
SSE plc	Yes	Systems and process costs – circa £50k-£100k one-off costs; ongoing costs expected to be absorbed into BAU activity. Contractual costs – commercially confidential.
TMA Data Management Ltd	Yes	Our costs are likely to be Low to medium depending on the details of the DTC and BSCP changes related

Respondent	Response	Rationale
		to P354.
UK Power Reserve	Yes	We expect there to be additional ongoing administration costs as a result of implementing P354. These will be most felt by smaller parties.
Uniper	No	-

Question 9: Do you agree with the proposed approach (described in Attachment B) to allocating delivered volumes at a Boundary Point between the associated Import and Export MSID (the 'MSID Pair')? Are there any scenarios where allocating MSID Pair Delivered Volumes to Import MSIDs and Export MSIDs would not work?

Summary

Yes	No	Neutral/No Comment	Other
14	2	1	0

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	Yes	<p>The ADE agrees with the proposed approach in general.</p> <p>There is a risk, however, of the approach not working in certain scenarios, such as when a site has more than one importing MSID. In this case, without knowing the switching arrangement on site or having access to the boundary meter data it would be impossible to identify which MSID pair should be assigned the instruction.</p> <p>The balancing services provider is responsible for pairing the import and export MSIDs together, which becomes impossible without access to meters or the technical data from the meters. On some occasions, the aggregator would be forced to request information from the supplier's Meter Operator agent. This would result in a supplier being notified of a customer's participation in balancing services without the customer's consent. Even when there is data, it will be difficult to ensure that this pairing is correct in every instance. If the information pairing export and import MSIDs is stored in ECOS, this may solve this issue by allowing another party to check that the pairings assigned by the balancing services provider are correct. Another possible solution would be for the pairing to be done for the balancing services provider at the point of registration.</p> <p>The ADE would further note that P354 may be dependent on verification mechanisms that are not currently in place, such as codes of conduct and random site audits. These mechanisms would ensure that aggregators conduct disaggregation in an honest and transparent manner. The length of settlement timescales means that a dishonest</p>

Respondent	Response	Rationale
		aggregator could adjust disaggregation to favour certain customers over others. Some form of verification process may therefore be necessary.
Centrica	Yes - in simple cases – but see comment on scenarios where this might not work.	Import and Export MISDs do not need to be registered to the same Supplier. Quite often they are not registered to the same Supplier. The proposal seems to fail to address this in the allocation of volume. The proposals says that “TC will now provide a delivered volume for each MSID pair”. It is unclear how this would then be split back out between Supplier accounts.
Drax Power LTD	Yes	We have not identified any circumstances where allocating MSID Pair Delivered Volumes to Import MSIDs and Export MSIDs would fail.
EDF Energy	Yes	This seems a pragmatic approach, which might be refined at a later date if found wanting. Other methods might be possible with more precise information on how a balancing volume is delivered (e.g. combinations of on-site generation and demand reduction).
Engie	Yes	We believe that this meets the requirement of the modification/defect.
Flexitricity Limited	Yes, with caveats	<p>This solution relies on the balancing services provider ‘pairing’ the import and export MPANs together if the site providing the service has more than one incomer. This is not information the aggregator has access to. In some cases the only way for the aggregator to determine it would be to request information from the MOA, who is an agent of the supplier, and as stated below it is unacceptable for the supplier to be notified of the customer’s participation in balancing services without their consent. If another party has access to the appropriate ‘pairing’ it would be useful if this could be done for the balancing services provider at the point of registration.</p> <p>It is essential that aggregators conduct “honest” disaggregation, since they are essentially in control of this step. Because settlement timescales are long, an unscrupulous aggregator could create a disaggregation adjustment which favoured a customer which the aggregator expected to retain over one which the aggregator expected to lose. P354 is therefore reliant on codes of conduct and random audit, neither of which are prescribed within P354.</p>

Respondent	Response	Rationale
		One possible anomaly at single incomer sites is where there is large generation that shuts off during a settlement period but a STOR call later starts, where the STOR call would not have caused the site to export. This would lead to the export being assigned to the STOR call, when it was actually due to other activity on the site. Because this exemption is relatively rare, it is probably acceptable.
IMServ Europe	Yes	-
National Grid	Yes	We are satisfied from discussions both as part of P354 and the informal C16 ABSVD workgroup that the proposed approach is the best solution for enabling imbalance adjustment to be performed for non-BM Balancing Services providers.
npower Ltd	No	<p>We remain very concerned that the allocation rules which will determine the volume of delivered volumes per MSID pair will start outside of the scope of P354. If the purpose of the scheme is to ensure greater efficiency, then we are highly concerned that neither this P354 proposal nor the current informal C16 consultations will set out the rules and requirements for the contractual changes that will be required to manage the data flows between the balancing service provider and National Grid (in order for National Grid to send the data to ELEXON, or enable the scrutiny of the delivered volumes, either across multiple delivery sites and potentially across multiple boundary sites. We believe that balancing services providers (ourselves included) can provide that information as standard (as it would be instructed volumes) and can and should be made part of the contractual details. We believe this information should be available promptly and shortly after the event.</p> <p>We are very concerned that the proposals out lined in BR5 specifies that the TC shall send the MSID pair delivered volumes for each Settlement Period by the 45th day after the date that the non-BM Balancing Service was provided, to allow the calculation of non-BM Unit ABSVD by the SVAA in the first reconciliation volume allocation run.</p> <p>We (and other suppliers) operate billing cycles (generally monthly) and were the balancing event to occur within the first week of a month, assuming the data is not provided until the 45th day thereafter, any adjustments that would need to be made to the invoicing of energy and services would</p>

Respondent	Response	Rationale
		<p>potentially have already occurred. This will be exacerbated in the event of a PPA associated with an export meter, given that (at present) our contractual terms and positions confirm that we purchase the volumes of energy exported as registered on the export meter. If as a result of an</p> <p>balancing services action, part of that exported power covered by a PPA is deemed to have been provided as a balancing service, and therefore removed from our settlement account, we as supplier would have lost of the value of the power we would have been obliged (under the PPA) to purchase based on the data from the operational meter.</p> <p>This is why it is critical that the supplier is informed of the associated balancing services undertaken and at which MSID – given otherwise, suppliers will be liable to purchase power which is then automatically removed from their account through the adjustment.</p>
Ørsted Power Sales UK Limited	Yes	-
RWE Supply and Trading GmbH	Yes	This seems to be a pragmatic solution in the absence of any explicit allocation rules.
ScottishPower	Yes	We support the approach to allocating delivered BM volumes at the boundary point and are not aware of any scenarios where this may not work.
SmartestEnergy	No	Please see answer to Q5.
SSE plc	Yes	We have not identified any scenarios that would not work.
TMA Data Management Ltd	N/A	-
UK Power Reserve	Yes	There are no direct technical faults with the proposed approach.
Uniper	Yes	The approach proposed in Appendix B seems sound.

Question 10: Do you think that Suppliers should be provided with MSID ABSVD volumes? If so, should it be Half Hourly or aggregated up (to week, month etc.)?

Summary

Yes	No	Neutral/No Comment	Other
10	2	3	2

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	No	<p>The ADE does not agree that Suppliers should be provided with information on ABSVD volumes at any greater granularity than at Supplier account level, as this could damage competition and release commercially sensitive information to competitors.</p> <p>Since suppliers will be corrected from the impact of DSR activations that involve their customers, we do not believe there is any benefit to requiring their customers to inform them about their unrelated commercial arrangements.</p> <p>We are concerned that providing information at a greater level of granularity would give, for no identified benefit, sensitive commercial information to the supplier, who can then decide to approach the DSR consumer. This would create a market information imbalance between aggregators and suppliers. Identifying consumers eager and able to enrol in DSR programs has a commercial value in itself: it is time consuming and requires expertise that would in this proposal be given to a competitor for no benefit.</p> <p>Further, it is essential for free competition that the supplier is not given the opportunity for a 'soft' veto of the customer participating in balancing services through another supplier or through an aggregator. A 'soft' veto might include requiring a contract term which limits the customer's participation in balancing services or requiring the customer to participate in balancing services through the supplier. As DSR is always a 'secondary' activity for business customers, a customer's supplier could quickly create 'exclusive dealing' arrangements with customers. Exclusive dealing is a well-recognised barrier to entry and would effectively stifle the expansion and growth of a competitive DSR market.</p>

Respondent	Response	Rationale
Centrica	Yes	<p>We believe that Suppliers will need MSID ABSVD volumes for a number of reasons.</p> <p>If Suppliers need the MSID ABSVD volumes in order to bill Customers accurately (this can include passing on benefits as well as charges) then this information should be made available. Data should be provided Half Hourly.</p> <p>We also believe that the relevant Supplier will need visibility of the MSID level ABSVD in order to reconcile the MPAN reads to Account Credited Energy. It is a standard process to make this reconciliation and only crediting the volume at account level, with a delay, will complicate the reconciliation and allocations process significantly.</p> <p>Similarly, visibility of this data will be needed to ensure that the Supplier does not pay for energy (as reported on the D-flows) which is not subsequently credited to their account. There seems to be a significant disconnect in the methodology between SAA volumes and the standard SVA processes.</p> <p>Ideally, we would like to support the principle that Customers should be able to give permission for this data to be provided.</p>
Drax Power LTD	Yes	<p>MSID ABSVD volumes should be made available to the supplier, this will allow the suppliers to bill efficiently.</p>
EDF Energy	Yes	<p>The more accurately a supplier understands the energy profile and activities of a customer, the more accurately its supply costs can be estimated. More accurate estimates of supply costs reduce the margins needed to cover uncertainties, and should reduce the sharing of costs due to uncertainty between all customers.</p> <p>As a minimum, volume should be provided at half-hourly BM Unit level. This is necessary (a) to allow ABSVD volume to be considered in Metered Volume Reallocation Notifications (MVRN) to subsidiary parties, (b) to support supplier forecasting and reporting at a zonal level (c) to allocate any identified costs associated with uncertainty in ABSVD to zones in which the uncertainty arises.</p> <p>If ABSVD is not provided at half-hourly BM Unit level, unadjusted meter volumes will be transferred by MVRN to subsidiary parties regardless of ABSVD. If ABSVD is only adjusted at party account level,</p>

Respondent	Response	Rationale
		<p>lead and subsidiary parties will get opposing imbalances due to it.</p> <p>Ideally, suppliers should have full visibility of the actions being instructed and delivered by their customers. This would support more accurate forecasting, and avoid potential cross-subsidy of uncertainty risks between customers providing services, and those not providing services. While volumes are small, such subsidies may be acceptable, but may not be if volumes increase.</p> <p>Currently, deviations by individual customers from the expectation on which tariff rates are set are all treated as imbalance, for which the supplier may receive spill payment (which for demand reduction can be considered compensation for energy bought in advance) or pay for shortfall (which for demand increase can be considered payment for energy not bought in advance). These imbalance payments may represent a profit or loss to the Supplier dependent on its forecasting, and forward and imbalance prices.</p> <p>With P354 as proposed in the assessment report, there would be a subset of customers, those providing balancing services, for whom there are no equivalent imbalance payments, ie. a different balance of costs and benefits for the supplier compared with other customers. If the supplier doesn't know which customer volumes are subject to imbalance payments and which are not, there will necessarily be cross-subsidies. Because there is more non-BM provision of upward balancing energy than downward energy, and it tends to be utilised at times of higher imbalance price, the cross-subsidy is likely to be from customers with spontaneous spill to customers with non-BM upward balancing energy.</p> <p>Note that STOR standard terms require providers not to be in breach of supply agreements, and most supply agreements will require the customer to inform the supplier if it is contracted, or does in future contract, to provide balancing services to NGET or anyone else. However, without transparency there is no way to know if agreements are being complied with, with a result that any costs of consequential uncertainty would be shared across customers more widely.</p> <p>A compromise we supported for similar issues under</p>

Respondent	Response	Rationale
		P344 would be for Elexon (or another independent agent) to maintain a register of (MSID, Date, BSP/Non-BM Provider/Contract Id, Supplier, HHDA, BMU) for non-BM providers. It would need regular/daily updating to reflect MRA meter registration/agent appointment changes. NGET, Elexon and SVAA could use it as a common point of reference for relevant MSIDs. Suppliers and BSPs could use it to check or verify relevant MSIDs registered to them. SVAA/HHDA (or SAA?) could use it to match MSID to BMU.
Engie	Yes	The granularity of data (if provided to suppliers) should be on a half hour basis.
Flexitricity Limited	No	The supplier should not be able to identify the customer providing the balancing service without the customer's consent. It is anti-competitive as suppliers may prefer the customer to provide balancing services through the supplier rather than by themselves or through another party. The supplier would be privy to information which other members of the market do not have, and would have the power to force a change of contract to prevent the customer from providing balancing services through anyone but themselves, or at all. It was stated in one of the C16 workgroup meetings that if this modification is approved, some suppliers intend to change their supply contracts to prevent their customers from providing balancing services. This shows how much power suppliers hold, and the real damage to the non-BM balancing services market their knowledge of this data would cause.
IMServ Europe	N/A	No view.
National Grid	Yes/No	-
npower Ltd	Yes	<p>Without this information at half hourly granularity, suppliers will not be able to identify which of their customers contracts will be need to be amended to take account of the volumes of balancing power, in order to differentiate between when unexpected volatility is a result of balancing actions instructed by a third party or through more volatile consumption patterns.</p> <p>We, as a supplier offer multiple products / tariffs, which differ in the way risk premia are calculated and where imbalance costs and payments are identified (and where applicable, passed on to the customer). If we as a supplier had a customer that</p>

Respondent	Response	Rationale
		<p>was on a standard “bundled” contract, whereby all consumption and price risk is borne by the supplier (managed via risk premia calculations) then we will be unaware and therefore unable to pass through the associated costs of any imbalance adjustments. Where these occur, it will result in socialised costs being borne by other customers, as we will not be able to efficiently allocate them.</p> <p>We would also note that there may be unintended consequences that result from the increased operational process. For example it might have the unintended impact of limiting suppliers’ future participation in the PPAs market and / or increase the costs to embedded generation, which will be passed through to suppliers (and ultimately the wider market).</p> <p>In order to be able to operate a PPA and ensure the change to metered data is reflected this might impose significant operational burden on small generators if they become required to keep a Supplier informed of activity in the Balancing Services market.</p> <p>We believe that Suppliers should be provided with ABSVD volumes by MSID. This will be in order to provide evidence to generators of the ABSVD value that will reduce the payment under their PPAs. As above many generators will not have capability to transfer on a daily basis the BS generation volumes and would incur significant operational costs in so doing.</p> <p>Given the competition concerns raised by workgroup members from the aggregator community with regards to potential future abuse by suppliers, we would note the proposals as set out in the latest recast version of the electricity directive Article 17.3, which specifically addresses concerns of market abuse perpetrated by suppliers.</p> <p>The latest version of the recast Electricity Directive (issued 30th November) by the Estonian presidency states, Art 17, section 3 states:</p> <p>Article 17 Demand response through aggregation</p> <p>3. Member States shall ensure that their relevant regulatory framework contains at least the following elements:</p> <p>(a) the right for each market participant engaged in aggregation, including independent aggregators, to</p>

Respondent	Response	Rationale
		<p>enter electricity markets without consent from other market participants;</p> <p>(b) non-discriminatory and transparent rules clearly assigning roles and responsibilities to all electricity undertakings engaged in aggregation or affected by the participation of demand response through aggregation;</p> <p>(c) non-discriminatory and transparent rules and procedures for data exchange between market participants engaged in aggregation and other electricity undertakings that ensure easy access to data on equal and non-discriminatory terms while fully protecting commercial data;</p> <p>(da) market participants engaged in aggregation shall be financially responsible for the imbalances they cause in the electricity system. To this extent they shall be balance responsible parties or shall delegate their balance responsibility in accordance with Art 4 of the electricity Regulation;</p> <p>(db) Member States may require undertakings, including independent aggregators to pay compensation to other market participants or their balancing responsible party if they directly induce imbalances to these market participants including situations where a parameter correction is introduced without creating a barrier for market entry of aggregators or a barrier for flexibility. In such cases the compensation payment shall be strictly limited to cover the resulting costs. The calculation method for such compensation may take account of the benefits induced by the independent aggregators to other market participants and be subject to approval by the national regulatory authority;</p> <p>(dc) final customers who have a contract with independent aggregators shall not face undue payments, penalties or other undue contractual restriction from their suppliers;</p> <p>(e) a conflict resolution mechanism between market participants engaged in aggregation and other market participants, including responsibility for imbalance.</p> <p>We believe the text, as currently proposed clearly sets out the need for non-discriminatory and transparent rules for data exchange between market participants(c) and would both remove the</p>

Respondent	Response	Rationale
		<p>concerns highlighted by aggregators that customers would be protected from contractual restrictions or payments (3.dc) and sets out the need for a conflict resolution mechanism (e).</p> <p>We believe there can and will be practical protections (potentially introducing a firewall between the data / settlements team and the power sales and or DSR teams, in order to prevent any perceived competition issues) which should assuage aggregators' concerns. Given the likely 2 year transposition period following the adoption of the revised directive, we believe this should also be considered in terms of the implementation date.</p>
Ørsted Power Sales UK Limited	Yes without aggregation	Suppliers must be able to receive ABSVD MSID volume to bill their customers correctly on a half hourly basis. Non-BM providers are relatively large customers, most of them if not all are on half hourly price contracts. MSID level of ABSVD data will help suppliers to understand the original consumption position of their customers and bill them correctly at agreed half hour prices. Any further aggregation will make it impossible for suppliers to bill on a half hour basis and limit product offerings to these customers in the long run (i.e. suppliers will be reluctant to provide half hour price products to such customers, because they cannot bill them every half hourly).
RWE Supply and Trading GmbH	Yes/No	We do not have a view on this matter. However it is logical that a supplier would seek information on balancing service activities undertaken by consumers. This may be through the supplier's contract with its customers.
ScottishPower	Yes	We believe that the concerns from Aggregators over the confidentiality of their relationship with BM service providers is exaggerated and that Suppliers must retain the ability to fully reconcile their settlement volumes to the lowest level of detail (by MSID and Settlement Period).
SmartestEnergy	Yes	This should be half hourly.
SSE plc	Yes	<p>As a minimum Suppliers should be provided with aggregated data in order to understand the account level impact on their imbalance position. Ideally, aggregation should be at half-hourly granularity (as imbalance liabilities are allocated at half-hourly granularity), but aggregated at portfolio/account level or per GSP Group.</p> <p>SSE would prefer to receive disaggregated Half-</p>

Respondent	Response	Rationale
		hourly MSID data, as this would provide a more efficient and transparent means of managing customer accounts, as well as allowing for a more thorough verification of our settlement data and resultant liabilities; however we recognise that this may be difficult and/or inappropriate given the competition concerns raised by flexibility service providers and associated actors in the market.
TMA Data Management Ltd	N/A	-
UK Power Reserve	Yes	Yes. This must be provided at MPAN level and must be Half Hourly.
Uniper	No preference	We have no particular preference.

Question 11: Do you agree with the Workgroup that the provision of MSID ABSVD volumes to Suppliers should be subject to customer (i.e. non-BM Balancing Services provider) consent? If so, do you agree with the Workgroup that the customer should be required to 'opt-in' (where data is not provided to Suppliers unless the customer has indicated to the TC that it is allowed)?

Summary

Yes	No	Neutral/No Comment	Other
7	5	3	2

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	Yes	<p>As stated in response to Question 10, the ADE does not believe that Suppliers should be provided with MSID ABSVD volumes due to potentially damaging effects upon competition.</p> <p>If the Workgroup decides that provision of MSID ABSVD volumes to Suppliers is unavoidable, this provision should be subject to customer consent on an opt-in basis. Providing this information without customer consent or on an opt-out basis is likely to exacerbate the threats to competition described above.</p>
Centrica	Yes – in principle	Yes, in principle, the customer should be able to give their consent to the provision of MSID ABSVD volumes to Suppliers. However, our operational teams believe that MISD ABSVD volumes will be essential to manage customer accounts efficiently.
Drax Power LTD	Yes	To ensure data integrity, volume data (MSID ABSVD) should be made available to the relevant supplier. There should be no requirement for customer consent.
EDF Energy	No	Customers should not expect to transact wholesale energy with other market participants without their supplier, who has ultimate responsibility for balancing their energy requirements and paying industry charges, either being aware or, if not aware, being held harmless to such transactions by central arrangements. If a supplier is not aware of transactions between some of its customers and other parties (NGET in this case) cross-subsidies will be created between those customers performing such transactions, and other customers. While volumes are relatively small, this may not be

Respondent	Response	Rationale
		<p>material, but as volumes become more significant it will become more important.</p> <p>If a supplier doesn't know which customers' demand reduction or generation is contributing to settlement spill and which is not, a rational response would be to remove any explicit 'spill' payments (imbalance price minus market, or a contract reference, price?) made to individual customers. Customers would certainly have to agree to confirm with the supplier that they are not providing balancing services covered by ABSVD in order to preserve such payments. Without independent verification, the default assumption by a Supplier might be that its customers are providing balancing services.</p> <p>If suppliers were to become merely suppliers of residual energy with no knowledge of individual customers' transactions with other parties except at national level, the cost of resulting uncertainties would be shared among all customers.</p>
Engie	Yes	<p>We believe that the customer providing energy to the SO should be responsible for the consequences of its actions. As such the supplier should not be subject to imbalance when the customer provides balancing services to the SO. This requires the contractual relationship between the supplier and the customer to take account of the lower than expected use at the customer's site (in the case of demand reduction) when the customer provides balancing services to the SO. This would normally be by an exchange of information between the customer and the supplier. It may be pragmatic to automate this information provision by optionally allowing the customer to request that this information is provided to the supplier as suggested by the modification. This needs to be carefully assessed to ensure that the supplier does not unreasonably request consent from customers to disclose this information. We would thus support an alternative that deals with this information provision between the customer and the supplier on a purely contractual route.</p>
Flexitricity Limited	Yes	<p>Yes, for customers who wish their supplier to know, there should be a way to easily facilitate this, but it should only be with the customer's consent for the reasons stated in the response to question 10.</p> <p>Additionally, identifying sites that can provide balancing services is a difficult task that aggregators</p>

Respondent	Response	Rationale
		<p>have worked hard to gain the experience and knowledge to do. If the supplier is notified every time one of their customers signs up to provide balancing services, the supplier could easily use this system to identify flexible customers through the sensitive market information they receive through this data stream, basically using the aggregator as a free flexible customer identification tool.</p> <p>The danger of suppliers changing their standard terms to force their customers who are providing balancing services to 'consent' to having their data passed on is real, as many suppliers in the workgroup have stated that it is their intention. Therefore a balance must be struck between protecting customers from supplier overreach and letting customers who truly want their supplier to have the data to do this easily.</p>
IMServ Europe	N/A	No view.
National Grid	Yes/No	-
npower Ltd	No	<p>Of the three options provided (on page 18 of the consultation) we firmly believe that option ii) MSID ABSVD should be reported to all Suppliers is the only solution which will prevent market distortion and ensure that any imbalance adjustments are efficiently and accurately applied to the right participant.</p> <p>We are very concerned that the draft legal text (Annex A) contains the proposed amendment / addition (3.9); shown below, which explicitly states that the HHDA does not disclose the identity of the metering systems relating to those sites which are providing balancing services - this would suggest that the decision has already been taken, irrespective of the comments received as part of this consultation process.</p> <p>"Insert new paragraph 3.9 to read as follows:</p> <p>3.9 Provision of data relating to Eligible Metering Systems</p> <p>3.9.1 Each Supplier shall ensure that each of its Half Hourly Data Aggregators who received a request from the SVAA in accordance with BSCP503 provides Allocated Supplier's Metering System Metered Consumption (ASMMCHZaNLKj) data determined pursuant to paragraph 3.5.9 for the Eligible Metering Systems for which they are</p>

Respondent	Response	Rationale
		<p>responsible to the SVAA for the purposes of the determination of Non BM Unit ABSVD in accordance with paragraph 7.3.</p> <p>3.9.2 Each Supplier shall ensure that its Half Hourly Data Aggregators does not disclose to the Supplier the identity of those Metering Systems for which the SVAA has requested data pursuant to paragraph 3.9.1. For the avoidance of doubt, Half Hourly Data Aggregators may disclose to the Supplier the number of Metering Systems for which the SVAA has requested data pursuant to paragraph 3.9.1.”</p> <p>We do not believe that is should be subject to customers’ consent, given there could be a clear commercial benefit for the customer of not disclosing that information, and we absolutely disagree that the balancing services provider should be the entity that confirms this to the NG, given the opportunity for commercial benefit to the balancing services provider and (potentially the customer) for the information not to be provided. If customer consent is required, our clear preference would be for National Grid to request that information from the customer, rather than leave it to the third party aggregator to make a confirmation on behalf of the customer.</p> <p>As per our answer to question 10, the customer and (dependent upon the contractual relationship between the customer and third party aggregator) it may be in both the balancing services provider and the customer’s commercial interest to not inform their supplier, so that the resulting imbalance adjustments are borne solely by the supplier, rather than being passed back to the customer (to manage with their aggregator). For example, if a balancing service provider were to activate an export generator with whom we had previously agreed a simple spill based PPA, we would be obliged to pay the agreed contractual price for that power (based on the generation recorded at the export meter) – but under the terms of the P354 proposal, our imbalance position would be adjusted so that the power (that we would have purchased) would no longer be our property.</p> <p>This is profoundly unfair and will likely undermine trust within the market for these services, particularly if there is no contractual arrangement specified between the customer and the balancing</p>

Respondent	Response	Rationale
		<p>services provider for the pass through of any associated costs or benefits.</p> <p>Likewise, where a customer reduces their demand, following a call from their balancing services provider, the supplier will have already sourced (and paid) for that power. In allowing the imbalance adjustment to be made, this proposal would in effect provide the power to the market at the cost to the supplier, the “free rider issue”, with ultimately the costs being socialised across the supplier’s other customers. The stated aim of this modification is the reduce the assumed customer harm (through the alleged higher costs resulting from the procurement of balancing services based on expectations of payment for both utilisation and spill) – we see the socialised costs as same issue, but this time impacting suppliers only. We do not consider swapping one socialised cost with another to be an improvement on the status quo.</p> <p>As was made clear during the workgroup, a customer and supplier may have an existing contract in place, whereby any spill payments are passed through, either wholly or in part, to the customer. If there is no direct route through which the supplier can be informed that the expected spill will in fact be adjusted out from the supplier’s account, the supplier will be liable for paying the spill payment, without having received the benefit of that spilled power.</p> <p>We (and many other suppliers) already request that where a customer is providing balancing services, that we be informed to ensure that we can price up the contractual arrangements in a transparent and accurate fashion. Without knowing whether a customer’s site volatility is due to changes in production (that may need to be factored in longer term) or are simply short term changes, will impact the contractual terms offered.</p> <p>By preventing suppliers from being informed (after the event) of the balancing services provided, the perpetuation of information asymmetry will continue and inefficient pricing strategies delivered.</p> <p>The modification as proposed will enable the separate management of data from the balancing service provider to be managed out of the scope of this proposal and the implicit expectation that any changes to the contractual relations between</p>

Respondent	Response	Rationale
		<p>supplier and customer would also be managed outside of the BSC process. However, the difference is that the supplier may not know that there is even a process to be managed, as individual changes in consumption at individual sites across individual settlement periods may not on an individual level make much of a difference, however at an aggregated level and in future are more and more volume is provided via non BM Units, this situation may become commercially very significant.</p> <p>Furthermore, if the eventual decision is taken that the information can only be provided where consent has been given (and this is deemed to be provided by the balancing services provider) then there must be a means of governance and compliance with the need to ensure the customer is aware of the potential consequences of withholding consent, particularly if their existing contractual arrangements stipulate that this information should be provided already, in order to activate (potentially) existing take or pay clauses etc or pass through of imbalance benefits.</p>
Ørsted Power Sales UK Limited	Neutral	It will be more cost efficient for MSID ABSVD data to be provided to suppliers centrally. Although we do not oppose customers providing consent for this data to be provided, we cannot see any suppliers who would not need to receive this data. Suppliers will require provision of this data either centrally or from its customers as part of supply terms & conditions.
RWE Supply and Trading GmbH	Yes/No	We do not have a view on this matter. However it is logical that a supplier would seek information on balancing service activities undertaken by consumers. This may be through the supplier's contract with its customers.
ScottishPower	No	Please see our response to Question 10.
SmartestEnergy	No	-
SSE plc	Yes	<p>As stated in question 10, SSE would prefer to receive disaggregated MSID ABSVD volumes for all customers on a mandatory basis, whilst recognising the potential difficulties in facilitating this within the BSC solution.</p> <p>Notwithstanding this, we agree with the Workgroup that allowing an option for the customer to elect to provide the Supplier with MSID level data through the BSC would be helpful. Such data may</p>

Respondent	Response	Rationale
		<p>subsequently be relied upon to fulfil contractual conditions that are likely to arise between Suppliers and customers that provide ABSVD qualifying services.</p> <p>SSE would prefer to adopt an opt-out approach to the provision of data (i.e. all customers assumed to consent to provide MSID level data unless explicitly notifying otherwise), as this is likely to be more efficient than an opt-in process. However, we recognise that this may fail to address the competition concerns of service providers and associated actors. An opt-in process would therefore be preferable to no process for the reasons stated above.</p>
TMA Data Management Ltd	N/A	-
UK Power Reserve	No	The option to opt-in could create a significant issue. We are unsure how the modification will work in practice if customer consent becomes a factor This may simply lead to a continuation of the status quo.
Uniper	Yes	Transparency of actions to the whole market is generally preferable; however should any providers prefer not to share this data, an opt-in arrangement, requiring explicit consent for that to take place, is preferable.

Question 12: Do you believe there are competition issues associated with reporting options in this consultation document? For example, would Suppliers alter their terms of supply if this proposal is implemented?

Summary

Yes	No	Neutral/No Comment	Other
6	4	4	3

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	Yes	<p>As stated in response to Question 10, the ADE believes that there are serious competition issues associated with option ii) (MSID ABSVD should be reported to all suppliers) and option iii) (MSID ABSVD should only be reported to affected Suppliers where the TC has indicated that the non-BM Balancing Services provider has (on behalf of the customer) given consent).</p> <p>If option iii) is implemented, there is a significant risk that Suppliers would alter their terms of supply to require customers to give consent to disclosure of MSID ABSVD volumes. There is a need to balance the competing concerns of protecting customers and market competition with allowing customers who wish the supplier to access the data to be able to do so. If option iii) is chosen, there is likely to be a need for regulation to prevent risks to competition while enabling data flows in cases where customers have given consent.</p>
Centrica	No	<p>We do not believe that there are any competition issues. We would expect customers who can provide non-BM Balancing Services to be doing so and actively engaged in seeking the best route to market.</p> <p>We believe that Suppliers will need access to MSID ABSVD volumes to manage their own and customer accounts effectively. Therefore, Suppliers may need to amend contracts to request the customer's permission to access the necessary data and/or request any other data that becomes essential as a consequential result of P354.</p>
Drax Power LTD	No	N/A
EDF Energy	Yes/No	It's not obvious that alteration of the terms of supply to support more cost-reflective

Respondent	Response	Rationale
		charging/export payment and avoid cross-subsidies should be a competition concern. Such changes might be targeted at giving more cost-reflective prices to customers according to their situation. Imbalance payments currently provide a hedge against deviations by customers from expected flows. If deviations caused by delivery of balancing services are no longer compensated by imbalance, some change to supply terms and calculation of prices in future is likely. If suppliers cannot distinguish customers deviating from expectation due to balancing (which will not cause imbalance) from those deviating for other reasons (which will cause imbalance), it will be more difficult to create cost-reflective prices for the different groups.
Engie	No	No we do not believe that given the level of competition in the energy market there are any competition issue associated with this modification.
Flexitricity Limited	Yes	<p>Yes. As stated in the responses to Questions 10 and 11, suppliers have stated that it is their intention to change their terms of supply to either prevent their customers from providing balancing services altogether, or force them to 'consent' to having their data shared.</p> <p>This would cause obvious competition issues, as suppliers also have the ability to offer NBM services, and thus this process could identify customers to them with data that other NBM service providers are not privy to. It also gives suppliers the option to effectively shut down the entire non-BM balancing services market by changing their supply agreements with customers to exclude them from providing balancing services through anyone but the supplier, or at all.</p>
IMServ Europe	N/A	No view.
National Grid	Yes/No	-
npower Ltd	Yes	<p>Dependent upon the eventual magnitude of the imbalance risk, we would expect suppliers would eventually have to amend their terms of their agreement where this is possible. It is also important to note that many existing, long term contractual may be in place that do not account for the possibility of increased volatility, due to the provision of balancing services.</p> <p>In so far as individual contractual terms are constructed, based upon the information provided</p>

Respondent	Response	Rationale
		<p>at the time of the agreement, it may not be possible to amend contracts midterm, in which case suppliers will be holding the risk and cost of the imbalance adjustments, which they will not be able to manage.</p> <p>For future contracts, if there is a known history or potential for a customer to provide balancing services, then the supplier would in future need to take that into consideration to ensure that an accurate and appropriate transfer of costs and benefits resulting from any balancing actions are passed to the participant that has caused them.</p> <p>We reiterate the risk to the current PPA market that suppliers may choose to exit the PPA market if the risk is seen as too high, this would unlikely be in the generator's interest.</p> <p>If suppliers do remain in the PPA market, in order to be able to operate a PPA and ensure the change to metered data is reflected (and the supplier position kept whole) this will likely impose significant operational burden on small generators if they become required to keep a Supplier informed of activity in the Balancing Services market. Many smaller generators may not have or be able to transfer on a daily basis the associated balancing services generation volumes (and or would incur significant operational costs for doing so), in which case we would be concerned that the impacts would not be the same for all market participants and that this proposal could result in available capacity would no longer seek to provide balancing services given additional operational processes required (noting that if suppliers were provided with this information, the additional administrative burdens could be avoided.</p> <p>We note the lack of smaller generators involved in this process and we remain concerned that they may not be aware of this change. We conclude PPAs with many smaller non-BM generators and would be happy to introduce them to the group to make them aware of the proposals to ensure that their views (as well as the views of mainly large, thermal generating companies are represented.</p> <p>We would also note that the proposals could disproportionately impact certain technologies, which are providing balancing services, for example new assets of various tech types (but including</p>

Respondent	Response	Rationale
		batteries etc) which have secured Balancing Services contracts will be based on a suite of income, including the PPA. So there should be a more appropriate transition period (EFR contracts at 4yrs etc) before PPA value is lost altogether (noting the commercial risk, as for batteries, the cost to charge would remain but value from discharge may be lost altogether as several schemes are based on availability payment only).
Ørsted Power Sales UK Limited	Yes	<p>Our preference is Option (ii), which will provide equal information access to all market participants. As a minimum, MSID level of ABSVD volume data should be provided to the relevant suppliers for billing.</p> <p>Option (iii) is also acceptable, however, it will be much less efficient than Option (ii). It is likely that suppliers will make it mandatory in their T&C for customers to provide this consent for billing purpose.</p> <p>Option (i) causes serious competition concerns as it will prevent suppliers from billing customers properly. Suppliers will have to find ways to ensure that they can bill customers at the correct amount (i.e. through T&C). If this is not possible, suppliers will be forced into making strategic decisions on whether it is sustainable to continue supply to these types of customers.</p>
RWE Supply and Trading GmbH	Yes/No	We do not have a view on this matter. It is logical that a supplier would seek information on balancing service activities undertaken by consumers. This may be through the supplier's contract with its customers.
ScottishPower	No	We believe that there should be full transparency in the provision of Balancing Services in order to promote price disclosure in the interests of competition. This enables both those providing aggregation services to compete to secure service providers and participants on the Balancing Services markets from all technologies to understand price formation.
SmartestEnergy	Yes/No	Suppliers may well strengthen their terms of supply if this proposal is implemented but this is not something that we would want to have to rely on. The competition issues are largely irrelevant.
SSE plc	Yes	SSE recognise that non-BM service providers and associated actors in the market believe that

Respondent	Response	Rationale
		<p>reporting of highly granular data to Suppliers may give rise to competition concerns, as they believe that their competitive advantage is in identifying and putting to work a portfolio of plant and apparatus that can provide a useful balancing service to GBSO.</p> <p>Theoretically therefore a risk may arise that Suppliers attempt to foreclose the market through some form of predatory pricing. In practice, it seems highly improbable that Suppliers would risk this behaviour given wider Competition Law requirements and potential remedies available to Regulatory Authorities.</p> <p>Limiting reporting of such data therefore is one means of addressing the competitive risk identified, but at a cost as it may result in a less efficient end to end process and customer experience. There may be other means of addressing the issue through effective monitoring and reporting of behaviour, giving a sharper focus on potential Competition Law breaches.</p> <p>As the solution stands, the proposals changes Suppliers exposure to imbalance price (in most cases currently a positive price and therefore a spill revenue) and therefore different approaches to risk management will be required to ensure an efficient allocation of risks and costs between Suppliers and customers providing applicable flexibility services to GBSO. This is likely to result in changes to contractual terms and conditions to ensure that risks can be mitigated and inefficiently/inappropriately incurred costs can be recovered from either party to the contract.</p>
TMA Data Management Ltd	N/A	-
UK Power Reserve	Yes	Yes. We envisage significant competition issues, as suppliers would be able to utilise and abuse their knowledge of the market. Suppliers will be able to use the information to target the customers of aggregators, and effectively steal them away using soft power.
Uniper	Not known	We are not in a position to comment on Suppliers' actions.

Question 13: Will it be an issue for Suppliers if their position is not corrected until the First Reconciliation Run (R1)?

Summary

Yes	No	Neutral/No Comment	Other
8	2	3	4

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	N/A	The ADE has no comment.
Centrica	Yes	The majority of customer invoicing is undertaken at SF. If the Supplier position is not corrected until R1, this will lead to the need for persistent billing corrections.
Drax Power LTD	Yes	Suppliers need to understand their imbalance and should be provided with the most accurate information as soon as possible.
EDF Energy	Yes	Step changes in settlement data long after the event create uncertainty and are undesirable for accurate forecasting and cashflow/credit management. While volumes are relatively small this may not be too much of an issue, but inclusion at an earlier settlement run should be a target for the future.
Engie	No	We believe that whilst an earlier timescale would be preferable R1 would be suitable.
Flexitricity Limited	No	While suppliers may consider this to be an issue, it is as much an issue if the corrections applied turn out to be wrong. Therefore the correction should not be issued until backing data are received by non-BM providers from National Grid. Without these backing data, all corrections are guesstimates.
IMServ Europe	N/A	No view.
National Grid	Yes/No	-
npower Ltd	Yes	For the majority of customers likely to be providing balancing services, they will be billed on a monthly basis and if any adjustments; (assuming we are able to reconcile the data to a specific import / export meter) are only provided by R1 (potentially up to 2 months after the settlement period occurred) the supplier will already have issued its

Respondent	Response	Rationale
		<p>invoice in respect of the energy supply and or PPA agreement. Amendments to account for the imbalance adjustment must be made promptly, and in line with requirements for data to meet the initial allocation (SF) run, 29 days after the settlement day. Within the consultation it states that the TC may is unlikely to have the data to send through</p> <p>to BSC Systems for their Initial Settlement Run (SF), due to existing commercial arrangements with non-BM Balancing Services Providers. We would suggest that requiring the provision of accurate data 5 WD after the balancing services have been provided should be incorporated into all contracts (new and existing) for non-BM balancing service providers.</p> <p>Confidential response also received.</p>
Ørsted Power Sales UK Limited	Yes	Large customers are billed on a monthly basis, which is broadly in line with the SF Run. Any volume adjustment after the SF Run will mean a retrospective change to customers' bills, which is not ideal. We prefer the adjustment to be made by the SF Run if the industry cost of change is reasonable.
RWE Supply and Trading GmbH	Yes/No	We do not have any views on this matter.
ScottishPower	Yes/No	It is Suppliers' interests to be able to reconcile their true imbalance position at the earliest opportunity in order to adjust their contracted position and minimise system imbalances. In turn, this should lead to lower costs in balancing the system.
SmartestEnergy	Yes	-
SSE plc	Yes	Whilst correction at R1 does not provide a significant technical issue to overcome, it is likely to increase the probability of having to rebill customers for any necessary adjustments to positions at a later stage than might otherwise be ideal (to the extent that changed contractual provisions require this). This is likely to impact the customer experience and perception of the efficiency of the overall process.
TMA Data Management Ltd	N/A	-
UK Power Reserve	Yes	We anticipate that there will be credit cover issues for smaller parties.
Uniper	Not known	We are not in a position to answer this question.

Question 14: Should the opt-out provisions under BSC Section Q.6.4.5 for BM Unit ABSVD be retained? Would this distort competition between BM and non-BM Balancing Services providers?

Summary

Yes	No	Neutral/No Comment	Other
1	10	4	2

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	No	The ADE believes that the opt-out provisions under BSC Section Q.6.4.5 for BM Unit ABSVD should not be maintained. Maintaining these provisions could distort competition because Balancing Services providers that use the BM route would have a significant advantage over non-BM providers. If the Modification is approved without the opt-out provision being removed, non-BM parties will be unable to access the BM and will not receive spill payments, while BM providers will be able to provide services in and outside the BM and opt to receive spill payments for the latter. Suppliers should not be able to opt out of having BM-Unit level ABSVD applied to their account unless BM optionality is removed.
Centrica	No	The opt-out should not be retained. We want to see a level playing field.
Drax Power LTD	No	Allowing parties to opt-out would distort competition between BM and non-BM service providers.
EDF Energy	Yes/No	<p>The opt-out is effectively over-ridden for some services by terms in the NGET Licence Condition C16 ABSVD statement, which require certain services to be included, and others not, with optionality only for some services. This is an existing cross-governance inconsistency.</p> <p>The C16 ABSVD statement should declare explicitly which services must be included, which must not, and which have an option for the relevant BSC Party. There should be no discrimination between BM and non-BM provision. Managing supplier options would be complex for Non-BM provision, for which volumes will move between suppliers as customers move.</p> <p>It can be argued that volumes associated with all services should be included, and the opt-out should</p>

Respondent	Response	Rationale
		not be included in the BSC. However, governance and change processes for the C16 statements are not as comprehensive as for the BSC, so there may be advantage in retaining some flexibility within the BSC where C16 ABSVD allows it.
Engie	No	Imbalance adjustment for BM providers happens via the BOA process (for STOR and FR) as such we don't believe that it is strictly necessary to align BM and non-BM opt outs in this area, that being said we have no objections to this occurring as part of this modification.
Flexitricity Limited	No	<p>If these opt-out provisions are maintained this modification would cause a worse market inequity than the one it purports to address.</p> <p>As it stands demand side participation is not possible in the BM for any parties other than suppliers, so these parties can only provide balancing services to National Grid outside the BM. Because they are outside the BM in some cases they receive a spill payment that BM providers can also opt to receive through BSC Section Q.6.4.5.</p> <p>If this opt-out isn't removed, there is still the option for BM providers to provide STOR through non-BM instructions (this is permitted for BM plant under the STOR Standard Contract Terms clause 3.1.1(b)). This would mean those providers would be able to utilise the BSC Section Q 6.4.5 opt-out to continue to receive spill, while other non-BM STOR providers would have their position adjusted, creating further market inequity.</p> <p>If this modification is approved without the opt-out provision being removed, then demand side providers are still barred from the BM, and they won't receive spill. While BM providers can provide services in both the BM and outside the BM and can opt to receive spill payments for these actions outside the BM if they chose. This would create an obvious market distortion in the favour of BM providers beyond the advantage they already have of being able to access the BM.</p> <p>Even though this modification does not intend to make GB compliant with the EB GL, removing the opt-out provisions would be a welcome step towards compliance.</p>
IMServ Europe	N/A	No view.

Respondent	Response	Rationale
National Grid	No	We believe that consistency around opt-out provisions for having ABSVD applied is important to ensure a level playing field between Balancing Service providers. Therefore we would support the removal of the opt out for BM Unit ABSVD in BSC Section Q.6.4.5. In our view, removal of this opt out is also required for compliance with the European Guideline on Balancing Article 49 which dictates that imbalance adjustment should be performed for all Balancing Services.
npower Ltd	Yes/No	<p>From a purely level playing field perspective, one might argue that the opt out provisions should be removed so that there is no practical difference between the approach for BM or non-BM balancing services providers.</p> <p>However, as the impact would be felt within the supplier's energy consumption account, both are poor options from our perspective; if we are unable to accurately allocate the imbalance adjustment for balancing services provided at an MSID level.</p>
Ørsted Power Sales UK Limited	Yes	We believe that both BM and non-BM service providers should be treated equally.
RWE Supply and Trading GmbH	No	We are concerned that arrangements that are specific to non BM service provision could distort the wider balancing market. The same rules should be applied to all balancing services providers.
ScottishPower	No	Retaining an opt-out would perpetuate the existing distortion to competition which P354 seeks to address.
SmartestEnergy	Yes/No	Yes, the opt-out provisions under BSC Section Q.6.4.5 for BM Unit ABSVD should be retained. Would this distort competition between BM and non-BM Balancing Services providers? No
SSE plc	Yes/No	<p>Theoretically, in order to level the playing field, the provisions ought to be tightened to ensure that BM Balancing Service providers are not being "double rewarded" for providing a balancing service, simply by being able to opt-out of including services within ABSVD adjustments.</p> <p>There is insufficient information presented to conclude whether this is the case or otherwise for BM Balancing Service providers.</p>

Respondent	Response	Rationale
TMA Data Management Ltd	N/A	-
UK Power Reserve	No	The opt-out positions should not be maintained. They give the opportunity for certain BM parties to benefit, which can then lead to distortion.
Uniper	No	In the interests of equality and transparency this opt-out provision should be removed.

Question 15: Do you agree with the Workgroup that the draft redlined changes to BSCP11 in Attachment B deliver the intention of P354?

Summary

Yes	No	Neutral/No Comment	Other
12	1	4	0

Responses

Respondent	Response	Rationale
The Association for Decentralised Energy (ADE)	Yes	The draft redlined changes deliver the intention of P354.
Centrica	Yes	-
Drax Power LTD	Yes	N/A
EDF Energy	Yes/No	Not examined.
Engie	Yes	They achieve the intent of the modification.
Flexitricity Limited	Yes	The changes deliver the intention of P354.
IMServ Europe	Yes	-
National Grid	Yes	The proposed drafting appears to deliver the intent of P354.
npower Ltd	No	<p>Within the redlined text it states (in relation to 1.8 Claims relating to the application of Non BM Unit ABSVD):</p> <p><i>"It is recognised that the confidentiality requirements relating to Non BM Unit ABSVD may make it difficult for BSC Parties to know whether Non BM Unit ABSVD applied to their Energy Account was calculated correctly. Where a BSC Party is concerned that there may be an issue in relation to Non BM Unit ABSVD which would or might reasonably be expected to give rise to a Trading Dispute, they may notify BSCCo. Where BSCCo becomes aware (through this route, or otherwise) of any matters in relation to Non BM Unit ABSVD which would or might reasonably be expected to give rise to a Trading Dispute, the Disputes Secretary will investigate the alleged Settlement Error and will either:</i></p> <ul style="list-style-type: none"> - Complete the BSCP11/01 Trading Dispute form on behalf of the Party; or

Respondent	Response	Rationale
		<p>- Inform the Party that there is no Settlement Error to resolve.”</p> <p>We are highly concerned that such an amendment presupposes the outcome of this consultation and assumes that suppliers would not be able to receive confirmation that their site is providing balancing services. This does not provide us with confidence that the ELEXON panel and working group have followed an appropriate process.</p> <p>We are also concerned at the lack of detail in terms of how they should notify BSCCO, timescales for doing so and the likely SLA on behalf of the BSSCO to confirm that either a trading dispute has been issued or that there is no settlement error to resolve. Without explicit detail how will the BSSCO be able to make any determination regarding the whether the issue may give rise to a trading dispute or not.</p>
Ørsted Power Sales UK Limited	No comment	We have not reviewed the redlined changes.
RWE Supply and Trading GmbH	Yes	-
ScottishPower	Yes	From a brief review, we believe the draft BSCP11 changes deliver the intention of P354.
SmartestEnergy	No comment	-
SSE plc	Yes	-
TMA Data Management Ltd	Yes	-
UK Power Reserve	No comment	-
Uniper	Yes	-

Question 16: Do you have any further comments on P354?

Summary

Yes	No
9	8

Responses

Respondent	Response	Comments
The Association for Decentralised Energy (ADE)	No	-
Centrica	Yes	We are keen to see a level playing field for the provision of balancing services and we therefore support timely implementation of modifications intended to open BM access to more providers (e.g. P355 with corresponding access for demand side response).
Drax Power LTD	No	-
EDF Energy	Yes	<p>1. The provision of balancing energy by non-BSC parties without direct involvement of the BSC parties who are ultimately held responsible for their flows creates fundamental difficulties for consistent balancing, imbalance and customer settlement. The difficulties should not be under-estimated.</p> <p>2. Trading Parties notify firm volumes in advance, against which their own balancing actions and imbalance can be measured. Non-BSC parties/end customers do not generally make the same commitments for their energy flows, and Trading Parties and suppliers in particular must manage the uncertainties created. Uncertainties generally carry a cost, various forms of implicit insurance against unfavourable outcomes. Competition drives suppliers to try to minimise costs, and since different groups of end-customers can be associated with different uncertainties, competition will drive differences between different groups, reducing economically inefficient cross-subsidies between them.</p> <p>3. In principle, parties with an underlying imbalance which is resolved by balancing actions initiated by the System Operator and/or opposing imbalances of other parties should settle with each other at the balancing/imbalance price, avoiding cross-subsidies caused by sharing of amounts among all parties on</p>

Respondent	Response	Comments
		<p>market share.</p> <p>4. Currently, non-BM volumes are not explicitly considered in determining underlying imbalance, and suppliers hosting non-BM volumes may obtain or pay additional amounts in settlement as a result of apparent spill or shortfall created by balancing actions within their portfolios. Some of the additional amounts may ultimately be obtained or paid by all parties under the BSC, in addition to funding of the non-BM action via the System Operator, and suppliers may give (or take) some of the additional amounts to (from) the non-BM providers.</p> <p>5. In particular, a supplier experiencing spill, or shortfall reduction, as a result of non-BM upward balancing energy actions, may currently (but not necessarily) receive benefit under the BSC, ultimately funded by other BSC Parties, which may give it a net benefit taking into consideration net changes in costs and revenues, and it may pay some or all of this net benefit directly to the non-BM provider, rather than it being shared among BSC parties or customers more generally to offset their payment towards that benefit.</p> <p>6. The benefit received by the non-BM provider over and above that received from NGET gives it an artificial advantage over BM providers, ultimately at the expense of customers in general.</p> <p>7. P354 would address part of the issue, by estimating the balancing volume provided from within a Supplier's portfolio and adjusting its imbalance position accordingly. This would eliminate the distortions arising in the BSC, and reduce opportunities or incentives for Suppliers to pay non-BM providers for the same energy in addition to payments they receive from NGET. But if a Supplier does not have visibility of the adjustments made in respect of its individual customers, it cannot distinguish those customers providing balancing services (who should not obtain credit for resulting spill, since they are being paid by NGET) from those varying their flows spontaneously (who should ultimately obtain credit for spill, if only shared), and cannot allocate costs and benefits accurately between customers. ABSVD volumes which reduce a suppliers spill would be shared among all customers, not just those whose volumes</p>

Respondent	Response	Comments
		<p>contribute to ABSVD.</p> <p>8. If non-BM participation becomes more significant, potential lack of information on which customers are providing balancing to NGET (actions which don't contribute to imbalance), and appropriate allocations of costs, will become more significant.</p> <p>9. National Grid should ensure that accurate monitoring and recording is in place to verify and validate instructed and delivered volumes. It should be acceptable to use operational metering for this, and in some cases may be the only practical way of monitoring delivery. It should not be acceptable to have no verification of delivered volumes other than by the provider.</p> <p>10. In future, consideration might be given to using NGET's expectation of delivery of non-BM actions (as for Bid-Offer Acceptances and future TERRE transactions) for prompt use in BSAD and imbalance price calculations, with out-turn delivery used for subsequent imbalance calculations. Another existing difference between BM balancing and non-BM balancing is that for BM actions an MVRN transfers imbalance arising from non-delivery to the subsidiary party, whereas for non-BM ABSVD the out-turn delivered volume is usually treated as if it were the expected/instructed volume in the BSC, with imbalance arising from non-delivery handled bilaterally with NGET.</p> <p>11. What will happen if Non-BM providers do not provide MSID Pair data in the timescales and in the format expected?</p> <p>12. Page 16: The discussion of 'sites', 'groups', 'delivery sites', 'aggregator sites' and their relationship with MSIDs and MSID Pairs is confusing. I assume 'aggregator sites' may be made up of separate individual physical 'sites' (delivery sites), each of which might have one or occasionally more (in the case of a BSC complex site) circuits to the public system, each circuit having an import MSID or import/export MSID pair.</p>
Engie	Yes	<p>Transmission Licence C16 Statements require the Transmission Company to procure and use Balancing Services without discriminating between classes of users. The current procurement of non-BM services does not take account of the additional customer cost of the use of non-BM services and creates discrimination between BM and non-BM</p>

Respondent	Response	Comments
		<p>classes to the detriment of BM providers and customers.</p> <p>The attached Appendix to our submission details the materiality of the issue and includes detailed information on the monthly cost of spill energy relating to non-BM calls and the volume of non-BM instructed. ENGIE estimates that over the period November 15 to October 17, the cost of spill payments received by suppliers related to the SO use of non-BM services is around £38m. The average cost of spill energy during non BM STOR calls now stands at £70/MWh (October 17) and the volume of non-BM BM STOR instructed has risen significantly with a six fold increase over the last two years.</p>
Flexitricity Limited	Yes	<p>The Proposer's estimate of £103/MWh as the average imbalance revenue for NBM STOR is incorrect. The data are publicly available on the BMRS website (NBM STOR volumes by period, and system prices by period), and the true figure is £85/MWh according to that source. In reality it will be lower due to the reporting error recently identified in the pricing data National Grid pass to Elexon for Non BM STOR as described in Elexon circular EL02729.</p> <p>The only justifiable reason for this adjustment (as BM providers still have the Section Q 6.4.5 ABSVD opt-out available to them) is EB GL compliance, which is out of scope of this mod.</p> <p>It is imperative that if this modification is approved, that the BSC Section Q 6.4.5 opt-out is removed, otherwise this modification will create a more significant advantage for BM balancing services providers over non-BM providers than the existing advantages they already receive.</p>
IMServ Europe	Yes	<p>#1 Under BR4.1 it is suggested that should an MSID Party change, a request would be immediately sent to the HHDA for disaggregated data, by assumption (given this level of detail has not been provided), is it expected that the HHDA would then immediately respond by providing this data, or would the HHDA only provide data at the point the next Settlement run becomes due?</p> <p>#2 I want to check my understanding of the circumstances in which the HHDA would reject a request from SVAA. Under BR4.3 the HHDA is required to submit data where registered as HHDA</p>

Respondent	Response	Comments
		<p>in SMRS – this implies the HHDA can only reject requests where not registered in SMRS? This in turn could probably only occur as a result of timing issues?</p> <p>#3 BR4.5 I think more detail is required here. Should there be a genuine reason why the HHDA cannot provide data, what would the default activity be? The Party required to take action needs to know this.</p> <p>#4 Currently, where the HHDA fails to receive data from the HHDC, the HHDA would estimate missing data (using different rules for Import and Export MSIDs), would it be correct to submit this estimated data to SVAA as MSID ABSVD volumes? If not, how is the HHDA expected to handle these situations?</p> <p>#5 It is again very disappointing that the documentation detailing the requirements of one of the key Parties in this process has not yet been produced (i.e. BSCP503). I would expect therefore there be a further round of consultations once this documentation is ready for review, or are Elexon going to assume HHDA's can provide this service? Also, the fact that the HHDA requirements / impacts are missing from most of the documentation seems to be remiss, without reading all of the documentation, it is not apparent that the HHDA Agent is impacted at all.</p> <p>As a result, I have had to make several assumptions on what we as HHDA are actually being asked to support.</p> <p>#6 Is it intended that this be a mandatory or optional service the HHDA could offer?</p> <p>#7 I appreciate the need for confidentiality between Parties and note that the HHDA should not inform Suppliers of specific MPANs involved in this process but can indicate the numbers involved. Given that HHDA's are likely to charge Suppliers for this service; this does mean Suppliers will have to accept quoted volumes at face value, which does lead to a reduction in the transparency of any billing arrangement between the two parties. Will this be acceptable to all Parties?</p>
National Grid	No	-
npower Ltd	Yes	The claim that "P354 will result in level playing field" is insincere at best – whilst non-BM providers have

Respondent	Response	Comments
		<p>benefitted from a 'parallel payment' for power (NGC £/MWh Utilisation payment + a supplier PPA £/MWh payment), the conventional thermal generation also receives significant 'parallel' income for single assets e.g. a large, conventional STOR unit may also receive Black Start payments (and have been known to bilaterally renegotiate these rates as STOR value have fluctuated in order to keep the £ revenues pot whole) + within day BM activity payments.</p> <p>It should be noted that the working group no longer adequately represents 'the industry': containing a disproportionate number of delegates from the old thermal generation divisions.</p>
Ørsted Power Sales UK Limited	No	-
RWE Supply and Trading GmbH	Yes	P354 should apply to prospective new balancing services contracts and should not apply to contracts already in place.
ScottishPower	No	-
SmartestEnergy	No	-
SSE plc	Yes	<p>It is likely that Supplier Agents will wish to charge for supporting the provision of disaggregated data to SVAA, as contemplated by the solution described. Suppliers will pick up this charge in the first instance, thereby creating a cross-subsidy. Should provisions exist to recover a fixed proportion of these costs from service providers registered to the service and reallocate to Suppliers to compensate for (at least some) of the costs?</p> <p>On a related point to the above, will additional performance assurance standards (beyond those already established by the PAF) exist to underpin the quality and timeliness of data provided by Supplier Agents and will any liquidated damages be applied to Suppliers for failure to meet standards?</p>
TMA Data Management Ltd	No	-
UK Power Reserve	Yes	Confidential response received.
Uniper	No	-

Appendix A

The three charts below are based on ENGIE analysis of data following the implementation of P305 (up to 14th November 17) these show the estimated cost, volume and prices (£/MWh) associated with spill energy for non-BM STOR units. An estimate of the spill energy price associated with the use of non-BM Fast Reserve (FR) unit is also given based on typical running patterns.



