

ELEXON'S RESPONSE TO THE PROJECT TERRE CONSULTATION

1. Introduction

On 30 June 2017, European Project TERRE, which is creating a European platform for the exchange of Replacement Reserve (RR), issued a public consultation on various aspects of the project. This consultation can be found on the European Network of Transmission System Operators for Electricity (ENTSO-E) website [here](#).

As Project TERRE has significant impacts on at least the BSC and Grid Code (and is the subject of BSC Modification [P344](#) and Grid Code Modification [GC0097](#)) ELEXON has responded to the consultation as follows.

Format of this document

Responses to the consultation had to be in a set format loaded into a web interface on the ENTSO-E website.

This document was used to develop the ELEXON response in the format required and represents the submission made. We did not answer all the consultation questions. Only the questions to which ELEXON made a response are listed below.

Steve Wilkin, 15 August 2017

2. Consultation Questions to which ELEXON responded and the ELEXON Response

Q 0: Please give us your general views on the TERRE project, and on this consultation document

ELEXON Response:

Firstly we wish to explain our role and interest in this consultation.

ELEXON Limited delivers the electricity balancing settlement, imbalance settlement and related data publication services that are critical to the successful operation of Great Britain's (GB's) current electricity trading arrangements under the national GB Balancing and Settlement Code. We are not a TSO, but we undertake operations that, in some other EU Member States, are undertaken by TSOs. Indeed we believe that GB is the only current TERRE participant area in which a non-TSO will need to play a key role in ensuring our country's overall readiness for TERRE Go-Live, although it is likely that other candidate participants would be in a similar position, e.g. in the Czech Republic, if the Czech TSO also joined TERRE in future.

The views expressed in this consultation response are those of ELEXON Limited alone, and do not seek to represent those of the Parties to the GB Balancing and Settlement Code which we administer.

The TERRE project working packages include TSO-BSP/BRP settlement and TERRE data publication. Subject to our NRA's approval, ELEXON will be incorporating these TERRE aspects into our existing arrangements at the local (GB) level and ELEXON is already preparing and designing arrangements to do so. So in our view it is imperative that Project TERRE and ELEXON closely coordinate at all times on all changes that TERRE is considering making to the TSO-BSP/BRP settlement and data publication aspects. This will enable ELEXON to incorporate them in a timely and consistent fashion with TERRE so that, for example, BSPs and BRPs are paid/charged appropriately as soon as our TSO, National Grid, participates in the live operation of TERRE. If this coordination and liaison does not happen, then it will be much more difficult to implement TERRE on time in GB.

It may be worth taking account of how the XBID (intraday) project is coordinating with Local Implementation Projects (LIPs) and seeing what parallels/lessons can be used by the TERRE Project.

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We are also interested in whether there will need to be another TERRE consultation later, once the Electricity Balancing Guideline has come into force, in order to legally confirm the TERRE design in accordance with the Guideline?

Q 1.1 Do you have specific comments regarding Chapter 1 content? (Please indicate sub-chapter reference when possible)

ELEXON Response:

ELEXON agrees with the scope of the TERRE Project proposed in Table 1 (page 8) of the consultation. There is a requirement in Article 52 of the Electricity Balancing Guideline that all TSOs make a proposal for the harmonisation of imbalance settlement and we agree that Project TERRE should not pre-empt that work. To do so might require the TERRE arrangements to be amended later, with avoidable cost implications both for Project TERRE and our own national balancing and settlement arrangements.

However, we have a question on the rows in Table 1 marked for "future harmonisation". Under what governance is it intended that each of these topics is harmonised in future? Are they all part of the TERRE project or is it part of a wider harmonisation under the Electricity Balancing Guideline? If under the TERRE project, when would such harmonisation be proposed and consulted upon? This is important to us in case it requires design changes to our local arrangements for TERRE. If it does impact our local arrangements in any way, we would typically ask for 18 months' notice of any such change, so that we can follow our GB legally-mandated process of assessment, design, NRA approval and implementation.

As we are already part-way through our assessment process for the TERRE changes required, we don't need the full 18 months' notice for the initial TERRE implementation, but we do need the Project TERRE design to be complete and finalised by October 2017 at the latest in order to have our own design completed, approved and implemented to be ready for parallel running in early 2019.

We note that in the first bullet point on page 8 (of section 1.3) that TERRE will "monitor regional implementation". We are uncertain what this means. Will it include monitoring of the local implementation projects such as ours, which are essential for GB to participate in TERRE? And, if so, what form will the monitoring take? Again, we note that in order for our local implementation project to be ready, we need close coordination with Project TERRE from now on, in particular the detailed design needs to be confirmed and finalised, so we can assess the impacts on our own implementation.

Q 2.1 Do you have specific comments on the LIBRA platform description?

ELEXON Response:

On page 12 of the consultation (section 2.1), we note that individual TSOs may request copies of the data that is sent to the ENTSO-E Transparency Platform. We believe that GB stakeholders will expect GB-related data to be published on the GB electricity transparency platform (BMRS) administered by ELEXON, so we will ask our TSO (National Grid) to request GB-relevant data (including TERRE bids submitted by GB BSPs) from TERRE automatically, i.e. on an ongoing basis.

It is also important to know the time at which such data will become available to National Grid and ELEXON from TERRE, as ELEXON has legal deadlines by which we must publish indicative imbalance prices and supporting data, etc. on BMRS. For example, we aim to publish our imbalance prices (which will be calculated including GB TERRE acceptances) within 30 minutes of the end of each of our 30 minute Settlement Periods, and we are legally required to publish them within 45 minutes. In our answer to Question 4.1 we note that TERRE publication within 30 minutes of the end of the hour-long TERRE Delivery Period may lead to issues with our national legal requirements

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on the time of publication as the TERRE data may not be available in time. It would be unfortunate if delayed publication on the central platform also meant delays in the publication of data on local platforms for both the raw TERRE data and data derived from it, e.g. imbalance prices.

This is potentially avoidable if all TERRE data is sent to the individual TSO as soon as it has been created by LIBRA, e.g. TERRE Product bids and acceptances and Clearing Price(s) can be sent before the start of the Delivery Period. Simultaneous automatic data transfer to the ENTSO-E central Transparency platform for immediate publication and to individual TSOs who request it will also help address the Electricity Balancing Guideline requirement (Article 12(2)) that there is no actual or potential competitive advantage and avoid delaying publication on local transparency platforms.

Q 2.6 Do you agree with the proposed interconnection controllability through TERRE?

ELEXON Response:

We note the proposal (section 2.2.5, on page 24 of the consultation) that some uplifts will be given to BSPs and that these will be pay-as-bid. ELEXON is tasked with calculating the GB imbalance price and is likely to be tasked with TSO-BSP settlement of GB TERRE Product acceptances. So far, in our local (GB) implementation of this, we had assumed that all TERRE acceptances would be settled at the relevant TERRE clearing price. Now that some may be settled at their bid price, we need to distinguish between acceptances settled at the clearing price; and those settled pay-as-bid. Therefore we need LIBRA to provide a suitable means to distinguish between TERRE acceptances paid at clearing price and those paid at their own bid price as part of its data output; and we need to know what form this distinction will take so that we can design our own local settlement systems accordingly.

Please let us know how you will identify to us which activated TERRE bids/BSPs are to be paid at the clearing price and which will receive their bid price. As noted in our answer to Question 1.1, we will need to know this design detail by October 2017 to be able to include it in our initial design and meet the TERRE parallel running timetable.

Q2.12 What is your point of view on the TSO-TSO XB commercial scheduling step?

ELEXON Response:

We are not clear on what section 2.4 of the consultation intends. Does it mean that, initially, the LIBRA algorithm will be run once each hour? And that the results will be produced for a complete hour but that each of the four 15 minute periods in that hour will have their own clearing prices and block acceptances?

And, if this is correct, we need to know in good time (typically 18 months in advance – see our answer to Question 8.1), from what exact date the LIBRA algorithm will be run more frequently than hourly to ensure that our local GB settlement systems are ready for this change. Or if the move to 15 minute frequency is progressed in more than one step, e.g. at first hourly, then half-hourly, then quarter-hourly, we need to know in good time beforehand (before each change) when each change will take place.

Q2.15 Do you have any further comments on the information given in this section? (Please indicate sub-chapter reference when possible)

ELEXON Response:

Section 2.6.2 (page 32) of the consultation states that the fall-back procedures are not yet fully documented. As noted in our answer to Question 1.1, we will need to know this design detail by October 2017 to be able to include it in our initial design and meet the TERRE parallel running timetable.

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Also if fall-back procedures are activated, should we expect TERRE results data to be changed in any way, e.g. times at which the results become available; and whether the data contains different items from normal? (Both answers are important for the design of our own settlement and publication systems, which will use TERRE results.)

Q 3.2 Do you have any specific comments regarding the criteria used to characterize the current local BSP-TSO and BRP-TSO settlement procedures?

ELEXON Response:

We note the descriptions of the current situations in the various TERRE Member States set out in Table 11 on pages 45 to 49 of the consultation. For the avoidance of doubt, we wish to clarify some of the items in the National Grid column and note that ELEXON administers settlement (for all BRPs and many BSPs) in GB.

Frequency of settlement in GB: Invoicing and settlement is, for most BRPs and for BSPs active in our GB Balancing Mechanism, done on a daily basis. Payments are made daily approximately a month in arrears. Only if the amount owing is small (currently less than £500 (British Pounds)) are invoicing and payments done less frequently.

Imbalance volume definition: in GB it is the difference between the metered volume and contracted volume for that BRP (i.e. the difference between the sum of metered volumes and the sum of commercial trade schedules for that BRP).

Q 3.3 Do you see a possible competitive advantage arising from delivering either the trapeze or block offer?

ELEXON Response:

If concerns about competitive advantage drive TERRE to implement a harmonised Balancing Energy Deviation Price (BEDP), we need to know as soon as possible and what the harmonised BEDP will be. Otherwise we will continue to implement without harmonisation of BEDP for our initial implementation of TERRE into our GB settlement arrangements. As noted in our answer to Question 1.1, we will need to know this design detail by October 2017 to be able to include it in our initial design and meet the TERRE parallel running timetable.

Q 3.6 Apart from the elements stated in Chapter 3, do you think other TSO-BSP and TSO-BRP elements should be harmonized? If yes which ones?

ELEXON Response:

Harmonisation of imbalance settlement will be required under the EB GL Article 52 within 3 years as part of a wider project. It seems inefficient to require earlier harmonisation under TERRE that might be undone by the later pan-European harmonisation of imbalance settlement project.

However, we need to know if TERRE will propose to harmonise any aspects as soon as possible, e.g. Balancing Energy Deviation Price (BEDP), as harmonisation is likely to impact the local implementation arrangements we are already making to accommodate TERRE in GB.

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Q 3.7 Following the information provided in Chapter 3, can you indicate your top three harmonization priorities?

ELEXON Response:

Our response is the same as to Question 3.6:

Harmonisation of imbalance settlement will be required under the EB GL Article 52 within 3 years as part of a wider project. It seems inefficient to require earlier harmonisation under TERRE that might be undone by the later pan-European harmonisation of imbalance settlement project.

However, we need to know if TERRE will propose to harmonise any aspects as soon as possible, e.g. Balancing Energy Deviation Price (BEDP), as harmonisation is likely to impact the local implementation arrangements we are already making to accommodate TERRE in GB.

Q 4.1 Do you foresee any potential competitive advantage arising due to the timing and the nature of the information published?

ELEXON Response:

Provided that all the information from TERRE is published on the ENTSO-E Transparency Platform in good time, we see no issues with local platforms such as our BMRS platform (mandated for GB electricity data) publishing the same TERRE data immediately afterwards. However, we see that there could be an issue for GB with the proposed time of publication on the ENTSO-E Transparency Platform.

We are legally required to calculate and publish indicative imbalance prices, and indicative GB Balancing Mechanism accepted volumes within 45 minutes of the end of each half-hourly (GB) Settlement Period (and actually aim to publish within 30 minutes).

In order to calculate realistic indicative GB imbalance prices, we will need to know at least: the TERRE acceptance volumes, clearing prices and uplifts (as referred to in section 2.2.5 of the consultation) applicable to British BSPs.

So we will need this data for the first half hour of the hour-long TERRE delivery period preferably by the end of the delivery period, and certainly no later than 15 minutes later than the end of the delivery period. This is quicker than proposed in the TERRE consultation because of the hour-long initial TERRE delivery period. If it is not possible to have such data earlier from TERRE, we will raise this issue with our National Regulatory Authority (Ofgem) to note that the indicative imbalance prices we are required publish may not be a good indication of the final imbalance prices if the TERRE data has not arrived by the time we are required to publish.

Q 4.2 Do you have any specific comments regarding Chapter 4 content? (Please indicate sub-chapter reference when possible)

ELEXON Response:

At first reading, Chapter 4 of the consultation appears to us to imply that publication of TERRE data that is published on the ENTSO-E transparency platform is not permitted to be published on local/national platforms as well, such as the GB electricity data platform which we operate (BMRS).

For example, section 4.1.1 of the consultation states "TERRE TSOs are keen to use the existing ENTSO-E transparency platform by replacing the current published data by...". The word "replacing" can be read to imply no other publication would be permitted. Similarly section 4.1.2 states: "The elements that are not belonging to the

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common list of data can be published on a local level", implies to us that anything that is on the common list cannot be published on a local level.

If this is a correct interpretation of the current TERRE proposals, then we would strongly disagree with such a prohibition. We would fundamentally disagree for several reasons:

- 1) the Transparency Regulation¹ Article 4(5) explicitly permits local publication in parallel with the required publication on the ENTSO-E Transparency Platform; and
- 2), the Electricity Balancing Guideline Article 12(5) explicitly requires "at least" publication on the ENTSO-E Transparency Platform, implying that other platforms can also publish the data.

We are currently mandated to publish on our platform the breakdown of individual GB balancing energy activations that have contributed to the calculation of the GB imbalance price. If we were not allowed to publish the individual GB TERRE acceptances that have contributed to the calculation of the GB imbalance price, then market participants would no longer be able to understand how, in detail, the GB imbalance price has been calculated. And in our view this would be a retrograde step.

We note that, according to a statement in 4.1.1, that bids should be anonymised. This is also against our current GB arrangements where balancing energy bids are transparent and not anonymised. We will seek a view from our NRA, Ofgem, on this point.

Q 5.1 Do you have any comments regarding Chapter 5 content? (Please indicate sub-chapter reference when possible)

ELEXON Response:

We repeat our request for close cooperation and information sharing between the TERRE project and our local (GB) implementation project on the detailed design of the TERRE data inputs, outputs and timings, otherwise there is a risk that our local GB implementation will not be ready in time to interface with TERRE.

For the avoidance of doubt, we are not interested in the detailed design of the LIBRA algorithm itself except where that would impact our implementation of TSO-BSP/BRP settlements and data publication, e.g. the recent proposal to pay some TERRE acceptances at pay-as-bid rather than at clearing price. We are also concerned that we know of any changes in the TERRE design that may impact us as soon as possible.

Q 6.1 Do you have any comments regarding Chapter 6 content? (Please indicate sub-chapter reference when possible)

ELEXON Response:

If you wish to know more about our local implementation of TERRE, we refer you to the following two websites: <https://www.elexon.co.uk/mod-proposal/p344/>; and <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Grid-code/Modifications/GC0097/>, covering settlement with TERRE (by ELEXON) and system operation with TERRE (by National Grid) respectively.

¹ Commission Regulation (EU) No 543/2013

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Q 7.1 Do you have any comments regarding Chapter 7 content? (Please indicate sub-chapter reference when possible)

ELEXON Response:

The scope of the parallel run is unclear to us. We can see that it includes BSPs, but not whether it includes post-event settlement with BSPs or with BRPs. ELEXON is expected to undertake these activities in GB, so we anticipate being part of any parallel runs that include this. As a minimum we would expect to be party to onward data transfers from TERRE via our TSO, National Grid, to test our systems. This will be essential to the successful implementation of TERRE in GB.

Is the intent for all Member State TSOs to go-live with TERRE simultaneously? If not, will there be further parallel runs for those Member States that did not join in the first wave? We suggest that this is necessary.

Our implementation timescales are extremely tight even at this stage. Again we repeat that the detailed design of interfaces for TERRE settlement and data publication purposes should be determined and shared with us as soon as possible. We request that this is then not changed nearer to planned TERRE go-live as we will then require an additional local regulatory approval process for our local implementation of TERRE, which is likely to delay implementation in GB.

Q 8.1 Do you have comments regarding chapter 8 content? (Please indicate sub-chapter reference when possible)

ELEXON Response:

Again we repeat, as we have throughout this consultation response as it is so important for a timely and efficiently planned implementation of TERRE in GB, that the detailed design of interfaces for TERRE settlement and data publication purposes are determined and shared with us as soon as possible and are not changed nearer to planned TERRE go-live. Changes after the regulatory approval of our initial design will then require an additional local regulatory approval process for each subsequent change to our local implementation of TERRE.

This also applies to changes introduced in the future after initial implementation – normally we require approximately 18 months to design, consult upon, and obtain regulatory approval for changes to our systems and to implement them. So to be sure of continued, seamless GB participation in TERRE after initial go-live we would be seeking 18 months' notice of any system changes from the TERRE project.

END