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Leonardo Costa  
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23 January 2020

Dear Mr Costa,

**Requested clarification on the Authority's conditional approval of the Transmission System Operator's<sup>1</sup> proposal for the Terms and Conditions related to Balancing**

On 8 October 2019, the Authority approved the TSO's proposal for the terms and conditions related to balancing, subject to the fulfilment of certain conditions (Attachment A). The Authority's conditions specified the completion of code modification proposals, including the following under the Balancing and Settlement Code (BSC):

- [P371 'Levelling the playing field - Inclusion of Spin-Gen, Non-BM Fast Reserve and Non-Tendered Fast Reserve actions into the calculation of the Imbalance Price and extension of the cash-out price arrangements to Fast Reserve'](#) – (Approved for implementation on **25 June 2020**)
- [P374 'Aligning the BSC with the EBGL change process and derogation approach'](#) – (Implemented on **21 November 2019**)
- [P392 'Amending the BSC change process to incorporate the delegation of NGESO's powers and obligations under the EBGL<sup>2</sup> to change EBGL Article 18 terms and conditions'](#) – (Targeted Implementation Date **5 Working Days (WDs)** following Authority decision)

**Background to BSC Modification P392**

National Grid ESO will delegate some of its tasks in relation to Article 4 and Article 10(6) of the EBGL to ELEXON as the Balancing and Settlement Code Company (BSCCo) and the BSC Panel. National Grid ESO has not yet issued these delegations, but is due to do so imminently. The delegations are important to ensure a clear and efficient BSC change process for market participants.

P392 was raised by National Grid ESO on 2 October 2019, to amend the BSC change process to incorporate the tasks it will delegate to the BSCCo and BSC Panel, to change EBGL Article 18 terms and conditions.

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<sup>1</sup> TSO – for which in the Great British electricity market is National Grid Electricity System Operator (ESO)

<sup>2</sup> [European Electricity Balancing Guideline – Commission Regulation \(EU\) 2017/2195](#)

In order that the Workgroup can continue to develop the process and fully assess change process situational examples for compliance with the EBGL, ELEXON requested a two month extension to the P392 Assessment Procedure at the January 2020 BSC Panel meeting. The Panel did not approve the extension as the Panel was not clear with respect to whether the 4 April 2020 date set out in the Authority's letter dated 8 October 2019 was a deadline by which all conditions need to be completed.

### **BSC Panel Questions to the Authority**

Therefore, this letter, sent on behalf of the BSC Panel, seeks some further clarification on the fulfilment of the conditions requested by the Authority in its letter dated 8 October 2019. The Panel respectfully requests:

- Clarification on whether 4 April 2020 is in itself a condition (or for example an anticipated date for completion of the conditions);
- Where, if the 4 April 2020 date does constitute a condition:
  - Whether the date itself has now moved to the Implementation date for P371 of 25 June 2020, given the Authority's subsequent approval of that Modification;
  - What are the implications of the date not being met;
  - Whether the Authority will consider an extension to the 4 April 2020 date; and
  - The Authority treats P392 as an Urgent Modification.

Whilst a response at the earliest opportunity would be appreciated, the BSC Panel would like the Authority to provide written clarification on these questions by Wednesday 5 February 2020. This date will ensure the Panel has clarity on P392 progression for its February 2020 Panel meeting.

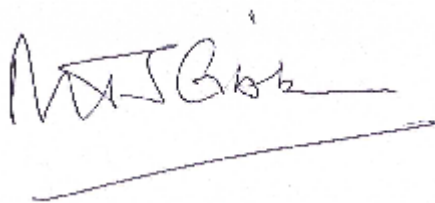
### **Request for treatment of P392 as an Urgent Modification where 4 April 2020 is determined to be a condition in itself**

The development of the P392 solution will not meet the approved progression timetable to enable implementation of the solution by 4 April 2020. If 4 April 2020 is a condition which must be met, the Panel considers the progression of P392 a 'current issue' that may impact the ability of National Grid ESO to comply with the Authority's letter dated 8 October 2019.

The proposed Urgent timetable for P392 can be viewed in Attachment B.

If you wish to discuss the contents of this letter further, please contact Elliott Harper at [elliott.harper@elexon.co.uk](mailto:elliott.harper@elexon.co.uk) or on 0207 380 4302.

Yours sincerely,



Michael Gibbons  
BSC Panel Chair