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## Issue 94 Workgroup 1 Summary

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### Summary

#### 1 Welcome and Meeting Objectives

The Chair welcomed attendees and presented the following meeting objectives to Workgroup Members:

- Consideration of the background to Issue 94
- Overview of ESO impact assessment of existing barriers to entry
- Overview of existing initiatives to reduce barriers to entry
- Workgroup discussion on barriers to entry
- Next steps

#### 2 Overview of ESO impact assessment of barriers to entry

- 2.1 National Grid Electricity System Operator (NGESO) explained that [Issue 94](#) had been raised to look at reducing barriers to the entry to the Balancing Mechanism (BM) which are not being addressed by current code modifications, to help increase participation to meet net zero targets and to foster competition.
- 2.2 NGESO have conducted an [internal] impact assessment across a range of internal areas, including codes, control room, IT and Settlement. This identified European Network Codes and existing Control Room BM systems as key barriers.
- 2.3 European Network Codes – ACER's two EBGL decisions on [18 June 2020](#) (which were copied into GB law post-Brexit) stated that bids relating to standard products (e.g. MARI, TERRE) have a minimum threshold of 1MW and can only be offered in 1MW increments. Specific products (for GB only e.g. STOR, Fast Reserve) do not have to meet the same criteria.
- 2.4 Control Room BM systems – NGESO's BM systems for despatch were built to operate with traditional power stations and therefore have a hard coded integer limitation. This cannot be easily amended.

#### 3 Related BSC Modifications

Elxon provided an overview of the following BSC Modifications to signpost Workgroup Members to related BSC changes and their respective status:

Title	Status
<a href="#">P362 'Introducing BSC arrangements to facilitate an electricity market sandbox'</a>	Implemented
<a href="#">P375 'Settlement of Secondary BM Units using metering behind the site Boundary Point'</a>	Approved
<a href="#">P376 'Utilising a Baselining Methodology to set Physical Notifications'</a>	In progress
<a href="#">P379 'Multiple Suppliers through Meter Splitting'</a>	Withdrawn
<a href="#">P412 'Ensuring non-BM Balancing Services providers pay for non-delivery imbalances at a price that reflects the real-time value of energy'</a>	In progress
<a href="#">P415 'Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties'</a>	In progress

#### 4 Overview of entry requirements into the BM – E2E process

NGESO explained the current end-to-end BM registration process and the interactions between NGESO's Registration and Contracts/Compliance teams.

## **5 Balancing Review Transformation Programme**

- 5.1 NGESO explained the Balancing Review Transformation Programme is due to be delivered in 2025 and this would look at allowing decimal bids (i.e. sub 1MW) in BM systems. The Workgroup asked NGESO for early engagement with industry on this programme and to learn from the lessons of previous programmes.
- 5.2 The Workgroup were asked to consider their views on decimal bids. A majority of Workgroup Members believe that 1 decimal place would be appropriate, i.e. 100 kW. However, a Workgroup Member suggested that to future-proof the solution, more decimal places could be considered. There was broad agreement of this principle, but it was noted that there would need to be cost/benefit analysis undertaken to determine the value of this.

## **6 Workgroup discussion on barriers to entry**

- 6.1 The Workgroup were invited to identify any additional barriers to entry faced by small scale flexibility providers.
- 6.2 The barriers identified included; requirement to be HH settled to participate in the BM, physical constraints (if a site is located in an Automated Network Management (ANM) area it is limited to what services it can offer), end-to-end capability testing, compliance, metering.
- 6.3 A Workgroup Member raised a question about how regularly sites can be added to a flexibility portfolio. It was noted that MSID Pair registration takes 5 working days, as referenced in Elexon's Guidance Note '[Virtual Lead Party \(VLP\) – entering the market](#)' and this timescale was to allow for any objections from moving from one VLP to another. The Workgroup asked Elexon to check how often there had been objections.

## **7 Actions**

- Elexon to check on the number of objections to MSID Pair registration
- Elexon to check on Market-wide Half Hourly Settlement (MHHS) timescales, to consider timetable for NHH sites to move to HH
- The Proposer to contact the Balancing Review Transformation Programme to convey the Workgroup's request for early engagement with industry, to check on decimal places and to invite a representative to the next meeting to provide an update on the Programme and answer any questions from Issue Group Members
- The Proposer to invite representative from Grid Code (GC) team to next meeting to consider cross code impacts
- The Proposer to consider inviting representative from Energy Networks Association (ENA) to provide an update on the Open Networks Programme