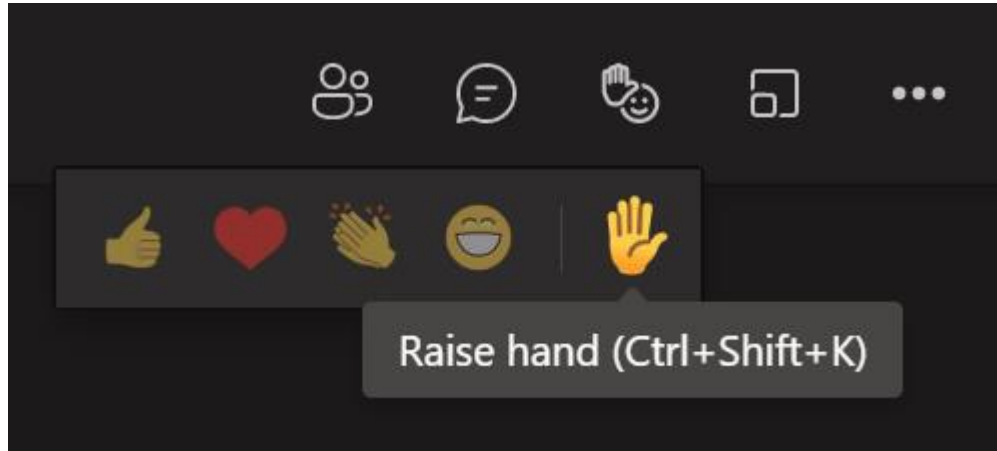


Issue 94 Digital Meeting Etiquette

- Welcome to Issue 94 Workgroup Meeting 2 – we'll start shortly
- No video please to conserve bandwidth
- Please stay on mute unless you need to talk – use the **Raise hand** feature in the menu bar in Microsoft Teams if you want to speak, or use the **Meeting chat**



- Lots of us are working remotely – be mindful of background noise and connection speeds

ELEXION

Issue 94 Workgroup 2

Assessing barriers to entry to the Balancing Mechanism for sub 1MW providers and decimal bids

5 August 2021

Meeting Agenda & Objectives

- Recap of Workgroup Meeting 1
- Overview of existing initiatives to reduce barriers to entry
- Workgroup discussion on barriers to entry
- Next steps

Agenda Item	Lead
1. Welcome and Meeting objectives	Elliott Harper (Chair)
2. Recap of Working Meeting 1 and Actions	Paul Wheeler (Lead Analyst)
3. Existing initiatives to reduce barriers to entry relevant to Issue 94:	Sean Donner (National Grid ESO)
- Related Grid Code Modifications	Tony Johnson (National Grid ESO)
- Metering	Sean Donner
- Physical barriers to entry	Sean Donner
- Balancing Review Transformation Programme	Sean Donner
4. Workgroup discussion on barriers to entry	Workgroup
5. Next steps	Paul Wheeler
6. AOB & Meeting close	Elliott Harper



RECAP OF WORKGROUP MEETING 1

Recap of Workgroup Meeting 1 (1 of 6)

- Workgroup Meeting 1 was held on 26 May 2021
- National Grid Electricity System Operator (NGESO) explained that Issue 94 had been raised to look at reducing barriers to 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
- NGESO had conducted an [internal] impact assessment across a range of internal areas, including codes, control room, IT and Settlement
- This impact assessment identified European Network Codes and existing Control Room BM systems as key barriers

Recap of Workgroup Meeting 1 (2 of 6)

European Network Codes:

- NGESO explained that 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 and TERRE, have a minimum threshold of 1MW and can only be offered in 1MW increments
- Specific Products, for GB only, e.g STOR and Fast Reserve, do not have to meet the same criteria
- Following Brexit and subsequent changes to GB law, Products such as STOR and Fast Reserve automatically became Specific Products, removing this potential barrier to entry

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

Recap of Workgroup Meeting 1 (3 of 6)

Related BSC Modifications:

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

Title	Status
P362 'Introducing BSC arrangements to facilitate an electricity market sandbox'	Implemented on 28 August 2018
P375 'Settlement of Secondary BM Units using metering behind the site Boundary Point'	Awaiting Implementation on 30 June 2022
P376 'Utilising a Baselining Methodology to set Physical Notifications'	With Authority for decision
P379 'Multiple Suppliers through Meter Splitting'	Withdrawn
P412 'Ensuring non-BM Balancing Services providers pay for non-delivery imbalances at a price that reflects the real-time value of energy'	In progress
P415 'Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties'	In progress

Recap of Workgroup Meeting 1 (4 of 6)

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

Balancing Review Transformation Programme:

- 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
- 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

Recap of Workgroup Meeting 1 (5 of 6)

Workgroup discussion on barriers to entry:

- The Workgroup were invited to identify any additional barriers to entry faced by small scale flexibility providers
- 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 in can offer)
 - End-to-end capability testing
 - Compliance
 - Metering

Recap of Workgroup Meeting 1 (6 of 6)

Actions:

Elexon:

- Elexon to check on the number of objections to MSID Pair registration
 - We can confirm that there have been no 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
 - Verbal update to be provided at today's meeting

National Grid ESO:

- 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 provide an update on the Programme at today's meeting
- The Proposer to invite representative from Grid Code (GC) team to today's meeting to consider cross code impacts
- The Proposer to contact the Energy Networks Association (ENA) for an update on the Open Networks Programme
 - These three actions will be covered during today's meeting



ISSUE 94

Scope

- Assess what other barriers/defects may currently exist which are not being tackled by current modifications, which if removed may aid sites to participate in Balancing Service thus making it easier to reach the 1MW threshold.
- Consider other ongoing/previous related Modifications including [P375](#), [P376](#), [P379](#) and [P415](#) and their contribution to lowering barriers to entry, i.e. will these Modifications remove sufficient barriers to make it easier for Aggregators to meet the 1MW Threshold?
- Consider the best approach for sites which won't reach the 1MW threshold
- Based on the above, identify what improvements should be made and any necessary code modification(s) to facilitate those improvements. (this includes the BSC as well as other codes).



RELATED GRID CODE MODIFICATIONS

Related Grid Code modifications

Modification	Title	Timeline
GC0117	Improving transparency and consistency of access arrangements across GB by the creation of a pan-GB commonality of PGM requirements	In progress – estimated for around early/mid 2022
GC0134	Removing the telephony requirements for small, distributed and aggregated market participants who are active in the Balancing Mechanism	In progress – Final Modification Report submitted to Ofgem for a Decision on 6 th July 2021
GC0139	Enhanced Planning-Data Exchange to Facilitate Whole System Planning	In progress – estimated for around late 2021/early -mid 2022
GC0140	Grid Code Sandbox: enabling derogation from certain obligations to support small-scale trials of innovative propositions	In progress – next workgroup not yet scheduled. Estimated for around late 2022/early 2023
GC0148	Implementation of EU Emergency and Restoration Code Phase II	In progress - second workgroup in August, end date estimated to be late 2022.



METERING

Metering

- ESO reviewing standardisation of metering across balancing services
- We are engaging with BEIS and industry stakeholders on the best way to do this
- A leading consideration is using Code of Practice 11 (CoP11) metering standards for operational metering for Balancing Services
- This aims to standardise criteria such as read frequency and meter accuracy, which simplifies metering solutions for service providers whilst providing the ESO with the data required to ensure grid security and system operability
- At the same time, we are reviewing the approach to aggregated metering rules for sub-units in the BM
- You can contact us via .box.futureofbalancingservices@nationalgrideso.com with any queries



PHYSICAL BARRIERS TO ENTRY

Tertiary Connections and ANM - ENA

- The challenges for distribution ANM connected parties (flexible connections) to provide flexibility services and balancing services has been recognised by the ENA Open Networks project.
- Based on stakeholder feedback the project has prioritised three pieces of work in 2021 to improve arrangements for these parties.
- The project's flexibility consultation, due later this summer, will include these areas and invite stakeholder views on potential options.
- The ESO has recently undertaken an NIA project looking into the provision of balancing services by flexible connections.
- Further details on the ENA's Open Networks project can be found [here](#).
- Questions on ANM and/or tertiary connections can be emailed to the ESO at this address; .box.wholeelectricitysystem@nationalgrideso.com

An aerial photograph of a rural landscape. In the center, a white wind turbine stands in a green field. To the left, a farm with a grey-roofed house and a large group of black and white cows is visible. The landscape is divided into green fields by brown hedgerows. The right side of the image is overlaid with a solid teal color.

BALANCING REVIEW TRANSFORMATION PROGRAMME

Balancing Review Programme





WORKGROUP DISCUSSION ON BARRIERS TO ENTRY

Workgroup discussion on barriers to entry to the BM

- The Workgroup discussion will consider:
 - a) Are there any other barriers to entry which have not already been identified and considered by the Workgroup?
 - b) Do the Workgroup believe that any Code Modifications are required as an outcome of Issue 94?
- The barriers identified during the Workgroup discussion at the first Issue Group meeting 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 in can offer)
 - End-to-end capability testing
 - Compliance
 - Metering



NEXT STEPS

Next steps (1 of 2)

- Have any further barriers to entry been identified today that require a further Issue 94 meeting to be held?
- Are any Grid Code or CUSC Modifications required from Issue 94?
- Are any BSC Modifications or Change Proposals required from Issue 94?
- Are any consequential BSC Modifications or Change Proposals required from Issue 94 as a result of Grid Code or CUSC Modifications?

Next steps (2 of 2)

- Consider any actions from this meeting
- If no further meeting is required, then an Issue Report will be drafted, to be tabled at the October 2021 Panel meeting
- The Issue Report will be sent to Issue Group Members in September for review



ANY OTHER
BUSINESS?

ELEXON

THANK YOU

Paul Wheeler

Paul.Wheeler@elxon.co.uk

BSC.Change@elxon.co.uk

5 August 2021