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## P407 Workgroup 5 Summary

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### Meeting summary

Elxon and National Grid ESO have been working to a timetable aiming for industry consultation in October 2020. During the course of recent Workgroups it has become clear that Elxon has dependencies on NGESO where details have yet to be decided, specifically around the standard product shape, Dispatch Principles, product interactions (stacking), and the nature of Interconnector schedules. Without an understanding of how these will work for MARI, the Settlement solution cannot be developed. Alternatively, assumptions will have to be made, but this will likely result in either delays or additional work, or both.

NGESO have taken away actions to provide this detail and, as a result, both parties will work together to understand what the dependencies are and how and when they can be filled. As a result, we will need to revisit the progression timeline as Elxon will therefore not be able to complete a solution prior to the planned consultation. The Chair also updated the Workgroup that the BSC Panel has asked Elxon and NGESO to consider whether all work on MARI should be paused until there is more certainty over whether it will be needed at all.

### ESO-DNO interactions

NGESO Terms of Reference include 'Consider if there are any implications, for example specific connection requirements, information / data exchange, for DNOs where the assets providing a MARI service are connected to a distribution network'

A DNO representative was in attendance and, although they didn't have any specific concerns currently, confirmed they would be able to attend future Workgroups and provide any necessary feedback.

### SA/DA shapes discussion

NGESO presented slides to the Workgroup to illustrate the complexity of MARI and SA/DA stacking. The Workgroup was keen to understand if the slides presented were the expected shapes to go across Interconnectors and if the duration of activation is indicative of NGESO's use of direct activations. NGESO confirmed that the examples were indicative and do not show what NGESO intends to do with MARI.

Workgroup members noted the complexity and expressed concern over the timeline for making system changes in preparation. The Workgroup requested system discussions to begin earlier than currently planned (summer 2021) and NGESO agreed to capture this as an action. *The Chair also encouraged the Workgroup to consider this in advance of future Workgroup meetings.*

The complexity of negotiations between Interconnector owners and individual TSOs in preparing for implementation was also raised by the Workgroup.

Elxon noted the need to

know these shapes in order to prepare legal text and prepare the BSC solution. ENTSO-e are currently working through the implementation guide (which would detail some of the information needed to develop the BSC solution) though it is unlikely to be finalised until the end of 2020.

### Incentivising the mFRR standard product shape

With no views expressed by the Workgroup, the Chair suggested the Workgroup need to have some options explained to them in the next Workgroup meeting, which NGESO agreed was a sensible next step.

## BSC Solution

Elxon presented slides on the intended BSC solution. As previously mentioned, assumptions have been made where details are yet to be finalised.

The Chair confirmed that Direct Activation pricing would be included as part of the consultation.

The Workgroup generally agreed that it makes sense to include deviation cashflows (mirroring TERRE). Elxon proposed that there could be three separate cash flows all with the same price harmonised which could then be deviated from should the separate cash flows be required. Elxon noted that it would be ideal to give this proposal to industry as part of the consultation and allow them to argue for or against it. *The Chair encouraged the Workgroup to look at Instruction Deviation Cashflow in detail and, agreeing that cashflow is needed, consider if prices should be harmonised.*

With regard to mFRR dispatch principles, NGESO hopes to flesh out the Dispatch principles scenarios more in the next few weeks. Elxon demonstrated that an mFRR schedule is needed and asked the Workgroup how they feel about this. Workgroup members agreed that a schedule is needed, noting that this was developed in the implementation phase for TERRE, so could adopt the same approach for MARI. A Workgroup member noted that detail is what is required in order to develop their interfaces for MARI and the sooner this is available the better. Elxon reiterated that if any exception scenarios needed to calculate volumes then this will need to be in our legal text and that this is an outstanding dependency with NGESO.

Regarding Imbalance Price Calculation and Direct activations, a Workgroup member asked if this is based on the interconnector knowing exact flows. Elxon responded that the BSC solution assumes that interconnector schedules produced by the central platform are correct. Interconnectors should allocate MARI system-to-system flows to NGESO Interconnector BM units. However the MARI system-to-system volumes will be aggregated with other system-to-system volumes (e.g. TERRE). Therefore the BSC solution proposes to use MARI scheduled flows rather than allocated volumes.

*For Direct Activation pricing the Chair ask the Workgroup to consider the following questions separately in advance of future meetings:*

- a) Does the 'block' settlement of direct activation represent the true cost of balancing for each settlement period?*
- b) Should this be included in the consultation?*

## Next steps

The Chair noted that it is not possible for Elxon to achieve consultation within one month given the current gaps. It was agreed that behind the scenes work should focus on how gaps can be closed. The Workgroup agreed to pencil in the 29th of September 2020 for a follow-up meeting.

NGESO and Elxon will need to look at and revise the Modification timeline.

Questions for the Workgroup to consider before the next meeting will be included in the Elxon summary email.

With regard to pausing MARI in light of TERRE announcements we will be continuing as agreed until we hear news to the contrary.