

P443 Workgroup 2 Summary

Summary

1 Welcome and Meeting Objectives

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

- Further development and refinement of proposed solution
- Further consideration of the Terms of Reference

2 Proposed and Alternative solution

The table below summarises the current situation from Workgroup discussions in the two meetings so far on the Proposed solution and a potential Alternative solution. The Workgroup worked up a potential Alternative solution at this meeting and will consider formally raising it at the next meeting, subject to impact assessment and a number of actions taken.

The Proposer is currently of the view that the Modification should be narrowly focussed, to address only the impact of high Interconnector User trades in cashout. This makes the Modification more manageable and avoids licence changes. The Proposer would like to understand from Ofgem whether they think NGESO should be prevented from trading with Interconnector Users above VoLL. The consensus of the Workgroup was that it would be better to have an Alternative solution that prevents NGESO making Interconnector trades above VoLL, as this would ensure both a narrowly focussed solution and a solution that more robustly addresses the defect are put in front of Ofgem for decision.

| Item/Term of Reference | Proposed | Alternative |
|--|--|---|
| Solution | NGESO trades with Interconnector Users, but is capped at Value of Lost Load (VoLL) for use in the cashout price calculation | NGESO unable to execute trades with Interconnector Users above VoLL |
| Emergency Instructions / Assistance | At the meeting it was provisionally agreed that EI are out of scope and EA are in scope. This is subject to further information from NGESO and consideration at the next meeting | As per Proposed |
| Buying or selling power? | Only NGESO buying [over Interconnectors] | As per Proposed |
| Appropriate value of VoLL to be used? | Proposer is currently minded to set at VoLL, which is currently set at £6,000 in BSC Section T 1.12 . Workgroup believe this value should be reviewed, but this is outside the scope of P443. Alternatives would be £17,000 as set in the Capacity Market or ~£8k, which is the average used in Europe | As per Proposed |
| System impacts | NGESO amend trade value for Interconnector User trades above | 2) NGESO unable to trade with Interconnector Users above VoLL, |

| | | |
|---|--|--|
| (costs and lead times to be determined via Service Provider impact assessments requested by Elexon and NGESO) | 1a) VoLL to VoLL before sending Balancing Services Adjustment Data (BSAD) file to BSCCo or 1b) BSCCo amend trade value in BSAD file for Interconnector User trades above VoLL to VoLL NGESO to provide system impacts (cost and lead time) for these two options. | therefore no BSC system changes required. NGESO to confirm NGESO system impacts |
| Document impacts | Insert new paragraph into BSC Section Q 6.3.2 BSCCo to draft redlined changes to BSC for both options | Elexon - BSC Consequential Code change - NGESO - C16 Statements, Balancing Principles Statement. NGESO to draft redlined changes. |
| Should the solution only apply to Interconnectors? | Current thinking is yes, as Interconnector Users are not directly regulated by Ofgem Workgroup to confirm if Emergency trades with Interconnector Users are out of scope | As per Proposed |
| Assurance and validation | To be considered as part of BSCCo/NGESO impact assessment – could check original trade value against amended value in BSAD file. Assurance requirement would depend on whether NGESO (1a) or BSCCo (1b) amend the BSAD file | Solution would prevent NGESO trading with Interconnector Users above cap. BSCCo to consider as part of impact assessment |
| Applicable BSC Objectives | Proposer view – better facilitates (b), (c) and (f) - aiming to collect Workgroup initial views at next meeting | TBD at next meeting |
| Self Governance | No | No |
| EBGL impacts | Yes – details to be brought to next meeting | Very likely – depends whether draft redlining impacts EBGL Article 18 Terms and Conditions in the BSC, to be assessed for next meeting |

3 Progression Plan & Next steps

- 3.1 Elexon explained that the BSC Panel agreed to a three month extension to the P443 Assessment Procedure at its [November 2022 meeting](#). The P443 Assessment Report is therefore due to be presented to the BSC Panel at its March 2023 meeting, and prior to this the Proposed (and Alternative) solution would need to be further developed and then consulted upon.
- 3.2 The [third Workgroup meeting](#) will be held on 7 December 2022 between 12:30 and 17:00 on Microsoft Teams, to further consider and vote on the Proposed and Alternative solution, and consider additional questions for the P443 Assessment Procedure Consultation. Elexon and NGESO will work on Business Requirements to request Service Provider impact assessments for the Proposed solution. These are unlikely to be available for the Workgroup meeting on 7 December. However, we are aiming to present Business Requirements and as much redlining for review as possible.

4 Actions

- 1 NGESO to check whether the Demand Flexibility Service being developed can be triggered on a regional basis to address operational issues in a particular region
- 2 NGESO to check Code impacts of Alternative solution – to stop trades altogether what changes are required to other Codes and C16 Statements and/or Transmission Licence?
- 3 Elexon to work up and assess both the Proposed and Alternative options, working with NGESO on this, subject to Elexon confirming legality of the BSC placing any restrictions on NGESO's ability to trade
- 4 Ofgem and NGESO to check why prices for Emergency Assistance trades are not public?
- 5 NGESO to prepare slides for the next Workgroup meeting on the difference between Emergency Actions, Emergency Instructions and Emergency Assistance, so that the Workgroup can consider what should be in scope
- 6 NGESO to confirm how Emergency Instructions/Actions/Assistance are priced, and whether they typically would be higher or lower than VoLL
- 7 Elexon to provide worked examples of how money would flow through imbalance settlement (including Residual Cashflow Reallocation Cashflow (RCRC)) and Balancing Services Use of System (BSUoS) for the Proposed and Alternative solutions
- 8 Elexon and NGESO to carry out impact assessment on potential system changes, to provide the Workgroup with a view on costs and implementation timescales
- 9 Elexon and NGESO to draft redlined changes required for the Proposed and Alternative solutions in the BSC, C16 Statements and Balancing Principles Statement
- 10 Implementation approach to be considered at the next meeting, given potential system impacts. The current proposed Implementation Date is +2 Working Days after Authority decision, which will need amending if system changes are required