
Material Doubt Guidance Changes Due To Missing ABSVD Submissions

Imbalance Settlement Group (ISG)

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Summary **National Grid ESO are failing to submit Applicable Balancing Services Volumes Data (ABSVD) files in a timely manner, impacting the accuracy of settlement and causing some parties' Credit Cover requirement to be artificially inflated. To limit the impact on parties whilst National Grid ESO return to timely submissions, aligned with the BSC, changes to the Material Doubt guidance need to be made in order to cover Parties if their credit position is impacted by missing ABSVD volumes. We invite the ISG to approve the proposed changes to the Material Doubt guidelines.**

1. BSC requirements for ABSVD submissions

1.1 BSC Section Q¹ 6.4.1 states:

Applicable Balancing Services Volumes Data (explained below, in Section 2) in relation to each Settlement Period in a Settlement Day and each BM Unit, the National Electricity Transmission System Operator (NETSO) shall send the BM Unit ABSVD to:

- (a) the SAA; and
- (b) the BMRA

no later than the second Business Day after such Settlement Day.

2. Background to Missing ABSVD Volumes

- 2.1 Applicable Balancing Services Adjustment Data (ABSVD) (which is displayed on the BMRS report pages as Balancing Services Volume Data) is calculated by the System Operator for each BM Unit and Settlement Period in accordance with Section Q, paragraph 6.4 of the BSC. The derivation of the ABSVD is the subject of a dedicated Methodology Statement (to be found in the 'Transmission Licence Standards Licence Condition C16'); but the Applicable Balancing Services may conveniently be regarded as those services required by the System Operator for economic operation of the Transmission System, that result in the service provider being exposed to imbalance charges whilst assisting in system balancing. The purpose of calculating the volumes concerned is to enable these volumes to be excluded from the subsequent calculation of imbalance charges.
- 2.2 National Grid ESO (NGESO) wrote to industry BM providers, in May 2022, stating 'Due to a number of technical issues that were identified by the Settlements team in April 2021, ABSVD file submission for BM units participating in FFR, EFR and DC has been inconsistent since April 2021.'

¹ [Balancing Services Activities](#)

NGESO have confirmed that they have cleared the backlog of files identified as being inconsistent and have now addressed the issues that prevented file submissions. This was also communicated to industry via an Elexon circular ([EL03579](#)) sent 11 May 2022.

From June 2022, NGESO have been submitting files on a monthly basis to ensure that there is no backlog of ABSVD submissions going forward. There is now a robust processes in place that will allow them to monitor the ABSVD submission process more closely, identify any potential issues quickly and resolve them promptly. They are actively working on enhancing their tools and processes further, so that they can start submitting ABSVD files on a weekly basis by end of October.

NGESO are currently developing a new Settlement system and when Frequency Response services are implemented in that system, the ABSVD process will become fully systematised and data discrepancies will be highlighted and managed on a daily basis. Based on their product roadmap, they expect that to happen in mid to late 2023.

- 2.3 Until NGESO fully implement their new system and commence sending ABSVD files on a daily basis, they will not be satisfying BSC Section Q 6.4.1.
- i Failure to submit ABSVD volumes within 2 business days of the Settlement Date, aligned to BSC, causes issues for Parties credit position as it leaves them exposed to imbalance charges until the submission of the ABSVD data corrects the Parties imbalance position. Although charges net out once ABSVD files are received, Parties that are active in the Balancing Mechanism are having to lodge additional credit collateral to cover for the lag in data correction.
 - ii This situation will be exacerbated due to the significant increases in Credit Assessment Price (CAP) already seen and forecasted for the following months. This may cause Parties to change their daily operations which potentially impacts their interactions with the market.
- 2.4 Elexon are aware of multiple Parties that have raised this as a concern, particularly as we enter the winter period and demand is set to increase.
- 2.5 We propose a change to the Material Doubt guidance as a code modification to alter the methodology would take too long (Potential delivery during or after winter period).

3. Material Doubt Guidance

- 3.1 Material Doubt² Guidance Notes do not explicitly call out missing ABSVD volumes as a valid reason for Parties claiming Material Doubt.
- 3.2 Elexon proposes changing the wording in the Material Doubt guidance note, under the section 'On What Grounds Can I Claim Material Doubt?' to specifically mention missing ABSVD volumes. This would cover instances where Parties may unjustly be subjected to the consequences of Credit Default due to inaccuracies within settlement data that are as a result of delayed submission of ABSVD volumes.

4. Recommendation

- 4.1 We invite the ISG to:
- a) **APPROVE** the rewording of the Material Doubt Guidance to include references to missing ABSVD submissions as a valid reason for parties to claim Material Doubt.

Attachments

None

For more information, please contact:

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² [BSC Section M](#)