

P373 'Reversing the changes relating to Approved Modification P297'

P373 seeks to reverse the changes to the Balancing and Settlement Code (BSC) for Approved Modification P297 'Receipt and Publication of New and Revised Dynamic Data Items'.



ELEXON recommends P373 is progressed directly to the Report Phase as an **Urgent Modification** with an initial recommendation to approve

This Modification is expected to impact:

- The National Electricity Transmission System Operator
- ELEXON

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About This Document

This document is an Initial Written Assessment (IWA), which ELEXON will present to the Panel on 11 October 2018. The Panel will consider the recommendations and agree how to progress P373.

There are three parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress.
- Attachment A contains the P373 Proposal Form.
- Attachment B contains the draft legal text to deliver P373.

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1 Why Change?

Background

Grid Code (GC) modification [GC0068](#) was raised in 2013 to allow market participants to submit new and revised dynamic data to National Grid (as the Electricity System Operator (ESO)), to take advantage of some of the expected functionality of ESO'S new Electricity Balancing System (EBS). [P297 'Receipt and Publication of New and Revised Dynamic Data Items'](#) was raised by National Grid as the ESO (from 1 April 2019 the BSC will term National Grid's ESO role as NETSO (National Electricity Transmission System Operator)), to make this data available to ELEXON, thereby providing transparency of the actions ESO was taking to balance the system through the Balancing Mechanism Reporting Service (BMRS).

What is the issue?

Due to delays with the EBS platform, ESO is unable to provide the data needed for ELEXON to test and deliver the Approved Modification P297 for the November 2018 BSC Release on 1 November 2018. This creates uncertainty for industry and risks non-compliance issues for ELEXON, through no fault of its own.

P297 proposed that the ESO provides the revised dynamic dataset data to ELEXON for publication on the BMRS. At the time P297 was originally raised, ESO believed that the functionality available through EBS delivery would satisfy the requirements of GC0068 and P297 at a relatively low cost. However, this has proved not to be the case.

Implementing P297 in isolation, without testing the interactions between ELEXON's systems and ESO's systems, poses a considerable risk to BSC central systems, and could result in increased costs of any subsequent changes to ELEXON's systems. Further, the Panel and ELEXON believe it would be irresponsible to spend money (BSC costs to implement P297 were estimated to be £132K in 2014) implementing functionality that will not, and may never, be used.

The implementation date of GC0068 is linked to the go-live of the full EBS system. However, there is no potential within the BSC to link the P297 Implementation Date to the go-live date of the GC0068 modification. The ESO has been managing the link in dates between P297 and GC0068 by requesting the date of P297 implementation to be in line with its expectation of the delivery of EBS through amendments to the originally approved P297 Implementation Date.

The ESO has requested an extension to the P297 Implementation Date three times since 2014 and in its letter dated 28 April 2017 indicated that the request to move the implementation to November 2018 should be treated as a holding date only, as the ESO did not have certainty regarding the go-live of EBS. The ESO appreciates that this does not provide clarity to industry and is working to ensure that it makes the delivery of new functionality in EBS as transparent as possible.

The Panel indicated at its meeting on 13 September 2018 that although there is evidently a precedent for successive extensions, the Panel considered the ESO's latest request a more substantial concern and was, therefore, reluctant to request a further extension for P297 because:

- The length of time since P297 was originally approved is substantial - the baseline against which P297 was assessed has likely changed;

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- ESO is still unable to provide a delivery date for the entire P297 solution;
- ESO have suggested that some elements of the P297 solution could be delivered towards the end of 2019, requiring an amendment to the P297 solution; and
- A general lack of certainty related to P297.

Taking all of this into consideration, ESO believes the best course of action is to reverse P297. It would be disingenuous and add further uncertainty and confusion to request a further extension without a meaningful delivery date.

P373 benefits

The ESO considers that P373 will have a positive impact on all market participants by removing uncertainty regarding the delivery date of P297. The ESO is aware that the ambiguity around the delivery of P297 has not been helpful to market participants and has created uncertainty in the delivery of the BSC arrangements. P373 will, therefore, remove any uncertainty as to the baseline against which future decisions or Modifications can be made and ensure BSCCo and other Parties are certain as to the delivery of future arrangements.

If P373 were not to be implemented there would be an unintended high impact on BSCCo due to non-delivery of requirements in the BSC as per the original P297 requirements. This is dependent on the ESO's EBS system developments, which will not be in place by 1 November 2018, the current implementation date of P297.

The ESO is aware that the delivery of change over the next series of BSC Releases is of crucial importance to market participants and ensuring GB compliance with European codes. Therefore introducing greater certainty into the implementation of the arrangements will be of benefit to the wider industry as a whole.

Proposed solution

P373 proposes to fully reverse the changes to the BSC for Approved Modification P297. By delivering P373 and P297 on the same day, the P297 changes will be nullified. Nullifying the P297 changes will maintain BSCCo and ESO compliance with the BSC.

The approved changes to the BSC for P297 can be found in the P297 Final Modification Report provided to the Authority in March 2014 and published on the [P297 webpage](#). The draft P373 legal text can be found in Attachment B.

Amendments to BSC Section Q 'Balancing Mechanism Activities', Section V 'Reporting' and Section X 'Annex X-2 Technical Glossary' due to be implemented in the November 2018 BSC release will need to be reversed in the case of the "Last Time to Cancel Synchronisation" dynamic data item or revised to their pre- P297 form in the case of "Stable Export Limits and Stable Import Limits"; and, "Run-Up Rates (Import and Export) and Run-Down Rate (Import and Export)".

Additionally, the amendments to the Balancing Mechanism Reporting Service (BMRS) website (<https://www.bmreports.com>) to publish this information for P297 will not be required or implemented.

Potential approaches to delivering P297 requirements

ESO is exploring whether some of the P297 solution elements can be delivered through existing systems and architecture. ESO expect this approach to be more complex and so are working to assess the consumer benefits of taking forward these changes versus the potential cost of doing so. Any future activity that the ESO undertakes would be progressed through modification proposals to allow costs of industry implementation and the benefits to market participants and consumers to be more fully understood. This would allow the ESO to progress any delivery of Grid Code changes associated with this data to the BSC in a way that gives clear indication of delivery to all market participants and BSCCo.

The ESO believes there may still be benefits in progressing some or all of the elements of the original P297 proposal, but that further engagement with industry is needed first. Once there is further clarity in the changes delivered to the ESO's systems, allowing the related Grid Code Modification GC0068 to be implemented, then a BSC modification would be brought forward.

Applicable BSC Objectives

Impact of the Modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence	Positive
(b) The efficient, economic and coordinated operation of the National Electricity Transmission System	Neutral
(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity	Neutral

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	Positive
(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]	Neutral
(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation	Neutral
(g) Compliance with the Transmission Losses Principle	Neutral

Under the requirements of P297, the ESO was to provide to BSCCo a new and revised set of dynamic data items that it would receive from customers through the implementation of GC0068. As GC0068 is not implemented due to delays with the delivery of EBS, the ESO is unable to deliver this data to BSCCo to facilitate the implementation of P297 in November 2018. Removing these requirements from the BSC will better facilitate Applicable BSC Objective (a).

The uncertainty around the delivery date of EBS is impacting the ability of market participants and BSCCo to make plans in their businesses for implementation. This is against a backdrop of wider changes in market arrangements and the implementation of European programmes such as Project TERRE. In addition, BSCCo will be in a position of non-delivery due to it not receiving the data from the ESO. Removing this uncertainty completely from market participants and BSCCo would better facilitate Objective (d).

The P373 Proposer believes that P373 is neutral against all other Applicable BSC Objectives (b), (c), (e), (f), and (g).

Implementation approach

P373 is proposed to be implemented on 1 November 2018, the P297 Implementation Date, to reverse the P297 changes and so ensure that both the ESO and BSCCo remain compliant with the BSC. This is subject to urgency being granted to adhere to this Implementation Date.

If urgency is not granted by the Authority, it is proposed that P373 is implemented five Working Days (WDs) from the Authority decision date following standard Modification progression.

As noted previously, the implementation approach requested for this Modification will provide clarity to market participants and ELEXON regarding the P297 provisions at the earliest opportunity.

Next steps

This Initial Written Assessment will be presented to the BSC Panel at its meeting on 11 October 2018, where it will be requested to recommend to the Authority that P373 be treated as an Urgent Modification Proposal for the timely progression of P373. Urgency is being requested by the Proposer to ensure that the BSCCo has certainty over the arrangements to implement and that the ESO and BSCCo can comply with the requirements of the BSC.

Request for Urgency

National Grid ESO requested an extension to the P297 Implementation Date at the September 2018 BSC Panel meeting. However, the Panel wished to gain Ofgem guidance on the matter in order to inform its decision as to whether to request an extension to the P297 Implementation Date from the Authority. The Panel subsequently submitted a letter to Ofgem to enquire on the most appropriate way forward. Ofgem responded to the Panel letter on 9 October 2018 and the Panel will discuss this at its meeting on 11 October 2018.

If no extension to the Implementation Date of P297 is requested by the BSC Panel and subsequently agreed by the Authority, the BSCCo, due to reasons outside of its control, and ESO, will not be in a position to comply with their respective obligations under the BSC. In the case of BSCCo and BSC Parties, this P373 Modification will provide certainty of the arrangements (if approved) to implement in November 2018 and remove any ambiguity of the BSC baseline they are required to produce.

In summary, progressing P373 urgently, so that it can be delivered on 1 November 2018 will:

- Create certainty for Parties and market participants;
- Remove any risks associated with non-compliance and non-delivery; and
- Will reflect the reality of the situation and is therefore more transparent and honest than requesting extensions or setting expectations that P297 will be wholly delivered, when it may not.

Therefore, a timely decision is required on this Modification Proposal to reverse the changes due to be implemented on 1 November 2018.

The Proposer believes this satisfies part (c) of the Urgent Modification Proposal Criteria.

"Urgent - A Modification Proposal which:

(i) is linked to an imminent issue or a current issue that if not urgently addressed may cause:

(a) a significant commercial impact on Parties, Consumers or stakeholder(s); or

(b) a significant impact on the safety and security of the electricity and/or gas systems; or

(c) a Party to be in breach of any relevant legal requirements."

It's noted that the [urgency criteria](#) published by Ofgem, are not exhaustive and are not legally binding.

Direct to Report Phase

Should P373 not be granted urgency, or if an extension to the Implementation Date of P297 was requested by the BSC Panel and agreed to by the Authority, the ESO would support P373 progressing under standard Modification timescales.

In this case, the P373 Proposer and ELEXON recommend that P373 be submitted directly to the Report Phase. The P373 solution is the only workable solution at the current time, as the solution will alleviate industry uncertainty around the implementation of P297. It will also minimise the time period for which the BSCCo and ESO are left unable to comply with the BSC arrangements.

The P373 solution is straightforward and can be found in Attachment B. It does not require assessment by a Workgroup and industry views on P373 will be sought from the Report Phase Consultation.

ESO has stated that it will raise a further Modification to progress relevant P297 solution elements and benefits, subject to its further industry engagement.

It is within both the ESO and wider industry interests that certainty is created around the implementation of Modifications, and ESO believes that the progression of this Modification through the Report Phase will create this certainty.

Self-Governance

P373 should not be treated as a Self-Governance Modification as it may have a material effect on Self-Governance criteria (a)(i) existing or future electricity consumers and (ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity.

This is because P373 proposes to reverse the changes due to be implemented under P297, which may have brought intangible consumer benefits, and provided greater information to market participants for their role within the electricity markets.

Further, it is right and just that, due to the implications with approved BSC Modification P297, the Authority makes the final decision on whether to approve the Modification.

Timetable

The proposed urgent and standard (non-urgent) progression timetables for P373 are displayed below.

Where the Authority grants a Modification Urgent status, it may direct a timetable that it believes is appropriate for the progression of the Modification, and therefore the below timetable should be treated as a preferred approach:



What is the Self-Governance Criteria?

A Modification that, if implemented:

- (a) is unlikely to have a material effect on:
 - (i) existing or future electricity consumers; and
 - (ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
 - (iii) the operation of the national electricity transmission system; and
 - (iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
 - (v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

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Proposed Urgent Progression Timetable for P373	
Event	Date
Present Initial Written Assessment to Panel	11 Oct 2018
Report Phase Consultation	15 Oct 2018 – 19 Oct 2018
Present Draft Modification Report to Panel	24 Oct 2018
Issue Final Modification Report to Authority	24 Oct 2018

Should the Modification not be treated as Urgent and be agreed by the BSC Panel that it progresses directly to the Report Phase, it will follow a standard straight to Report Phase Modification timetable:

Proposed Standard Progression Timetable for P373	
Event	Date
Present Initial Written Assessment to Panel	11 Oct 2018
Report Phase Consultation	15 Oct 2018 – 26 Oct 2018
Present Draft Modification Report to Panel	8 Nov 2018
Issue Final Modification Report to Authority	13 Nov 2018

4 Likely Impacts

Impact on BSC Parties and Party Agents

Party/Party Agent	Potential Impact
	None anticipated

Impact on Electricity System Operator

Impact on the Electricity System Operator such that it will not be required to implement the P297 provisions subject to this Modification being approved. If the Modification is not approved or is not implemented by 1 November 2018, the ESO will be non-compliant with the BSC provisions unless an extension is granted to the P297 Implementation Date.

Impact on BSCCo

Area of ELEXON	Potential Impact
ELEXON	ELEXON will not be required to implement the P297 provisions subject to this Modification being approved. If the Modification is not approved or is not implemented by 1 November 2018, ELEXON will be non-compliant with the BSC provisions through no fault of its own unless an extension is granted to the P297 Implementation Date.

Impact on Code

Code Section	Potential Impact
BSC Section Q BSC Section V BSC Section X Annex X-2	The changes approved under P297 will not be implemented through the solution to this Modification.

Impact on Code Subsidiary Documents

CSD	Potential Impact
NETA Interface Definition Design Part 1 (document) NETA Interface Definition Design Part 2 (document)	The changes approved under P297 will not be implemented through the solution to this Modification.

Impact on Consumers

The Proposer suggests that this Modification will not have a direct impact on consumers.

Impact on on-going Significant Code Reviews (SCRs)

Both ELEXON and the Proposer do not believe this Modification impacts any on-going SCR, and ELEXON submitted P373 to the Authority to request SCR exemption on 4 October 2018.

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5 Recommendations

We invite the Panel to:

- **AGREE** a recommendation to the Authority that P373 should be treated as an Urgent Modification Proposal;
- **AGREE** an urgent P373 progression timetable for recommendation to the Authority;
- **AGREE** that P373 progresses directly to the Report Phase;
- **AGREE** that P373:
 - **DOES** better facilitate Applicable BSC Objective (a); and
 - **DOES** better facilitate Applicable BSC Objective (d); and
- **AGREE** an initial recommendation that P373 should be **approved**;
- **AGREE** an initial Implementation Date of:
 - 1 November 2018;
- **AGREE** the draft legal text;
- **NOTE** that ELEXON will either:
 - issue the P373 Draft Modification Report (including the draft BSC legal text) for a 5 Working Day consultation and will present the results to the Panel at an extra meeting on 24 October 2018, subject to an Urgent timetable; or
 - issue the P373 Draft Modification Report (including the draft BSC legal text) for a 10 Working Day consultation and will present the results to the Panel on 8 November 2018, subject to a standard straight to Report Phase timetable.

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronym	
Acronym	Definition
BMRS	Balancing Mechanism Reporting Service
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure
EBS	Electricity Balancing System
ESO	Electricity System Operator
GC	Grid Code
IWA	Initial Written Assessment
NETSO	National Electricity Transmission System Operator
SCR	Significant Code Review

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3	Grid Code Modification GC0068	https://www.nationalgrideso.com/codes/grid-code/modifications/gc0068-grid-code-new-and-revised-unit-data-and-instructions
3,5	BSC Modification P297	https://www.elexon.co.uk/mod-proposal/p297/
5	Balancing Mechanism Reporting Service	https://www.bmreports.com/