














| BSC Modification Proposal Form   |  | At what stage is this document in the process?   |
|--|--|--|
| <h1>P380</h1> <h2>Mod Title: Revision to Replacement Reserve Bid Data submission deadline requirements</h2>  |  | <div style="display: flex; flex-direction: column; align-items: flex-start;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 2px; margin-bottom: 2px;">01 Modification</div> <div style="border: 1px solid blue; padding: 2px; margin-bottom: 2px;">02 Workgroup Report</div> <div style="border: 1px solid purple; padding: 2px; margin-bottom: 2px;">03 Draft Modification Report</div> <div style="border: 1px solid orange; padding: 2px;">04 Final Modification Report</div> </div> |
| <p><b>Purpose of Modification:</b> Recent changes to the Replacement Reserve Implementation Framework (RRIF), specifically the Transmission System Operator (TSO) energy bid submission gate closure time for <a href="#">Replacement Reserves</a> (RR), mean that National Grid as the GB Electricity System Operator (ESO) will not be able to be compliant with the Balancing and Settlement Code (BSC) obligations introduced under <a href="#">Modification P344 'Project TERRE implementation into GB market arrangements'</a>.</p> <p>This Modification proposes to modify the P344 wording of BSC Section Q 'Balancing Mechanism Activities' to ensure National Grid ESO's continued compliance with the BSC and the RRIF.</p> |  |  |
|   | <p>The Proposer recommends that this Modification should:</p> <ul style="list-style-type: none"> <li>be sent directly into the Report Phase</li> <li>be treated as a Self-Governance Modification Proposal</li> </ul> <p>This Modification will be presented by the Proposer to the BSC Panel on <i>14 February 2019</i>. The Panel will consider the Proposer's recommendation and determine how best to progress the Modification.</p> |  |
|   | <p>High Impact:<br/>None</p>   |  |
|   | <p>Medium Impact:<br/>None</p>   |  |
|   | <p>Low Impact:<br/>ELEXON &amp; National Grid ESO</p>  |  |

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| <b>10 Recommendations</b>                               | <b>13</b>                       | Proposer's representative:<br><i>Bernie Dolan</i>   |
| Timetable   |                                 |   |
| <b>The Proposer recommends the following timetable:</b> |                                 |   |
| Initial Written Assessment presented to Panel           | 14 February 2019                | <br><a href="mailto:Bernie.Dolan@nationalgrid.com">Bernie.Dolan@nationalgrid.com</a>  |
| Report Phase Consultation                               | 18 February 2019 – 1 March 2019 |   |
| Draft Modification Report presented to Panel            | 14 March 2019                   | <br><i>01189 363359</i>  |
| Final Modification Report published                     | 18 March 2019                   |   |
| Self-Governance Appeal Window (15 Working Days)         | 14 March 2019 – 3 April 2019    | Other:<br><i>John Wisdom</i>  |
|   |                                 | <br><a href="mailto:Jon.Wisdom@nationalgrid.com">Jon.Wisdom@nationalgrid.com</a>     |
|   |                                 | <br><i>07929375010</i>   |

# 1 Summary

## What is the issue?

As part of the design of European electricity balancing product TERRE 'Trans European Replacement Reserves Exchange', the Europe wide proposed implementation approach is contained in the Replacement Reserve Implementation Framework (RRIF). The TERRE participating Regulatory Authority agreement for the proposal was reached on 14 December 2018, and the proposal was formally approved by Ofgem for GB on 18<sup>th</sup> December 2018. Across all Transmission System Operators (TSOs) involved in TERRE, the design sets the TSO energy bid submission gate closure time for [Replacement Reserve](#) (RR) at 40 minutes prior to the start of the Replacement Reserve Auction Period (RRAP). The TSO energy bid submission gate closure time obligation will be implemented through the GB TERRE implementation Modification [P344 'Project TERRE implementation into GB market arrangements'](#) and is outlined in [Balancing & Settlement Code \(BSC\) Section Q 'Balancing Mechanism Activities'](#), paragraph 6.1.11A.

The wording, introduced into the BSC by P344 at the time of the draft RRIF, is inconsistent with the final version of the RRIF which was approved after the TERRE modification. The legal text of P344 will be implemented on 28 February 2019 and Project TERRE will go-live in November 2019. If this Modification is not implemented, National Grid faces the risk of non-compliance. Therefore, this Modification will need to be implemented before the go-live date of Project TERRE. This issue concerns gate closure time for TSO Replacement Reserve energy bid submissions, primarily the sending of RR bids from the TSO to the central European TERRE IT platform, termed LIBRA.

## What is the proposed solution?

This Modification will amend the wording of BSC Section Q paragraph 6.1.11A to state that National Grid Electricity System Operator (ESO) as the GB TSO will need to provide RR Bid Data to the [Balancing Mechanism Reporting Agent \(BMRA\)](#) 40 minutes before the start of each RRAP in order to align with the latest version of the RRIF, instead of 15 minutes following Gate Closure.

This amendment to the legal text will require National Grid ESO to submit RR Bid Data to the BMRA in shortened timescales compared to the timescales previously drafted within the P344 legal text and requirements used to develop the BSC Central Systems. Therefore, this Modification, if implemented, will not require BSC Central System changes.

## 2 Governance

### Justification for proposed progression

#### Background

At the time the initial version of the RRIF was submitted to the Regulator on 18 June 2018, BSC Modification P344 had already been developed and progressed through BSC change process governance.

Subsequent discussions between ELEXON and National Grid ESO following the publication of the final RRIF identified that the proposed solution for P344 is inconsistent with the final RRIF, and minor changes to the BSC legal text are required to re-align the BSC with the RRIF.

### Justification for Self-Governance

As this Modification is considered to not have any material impacts against the defined Self-Governance criteria, we propose that it should progress as Self-Governance.

### Requested Next Steps

This Modification should:

- be sent directly into the Report Phase

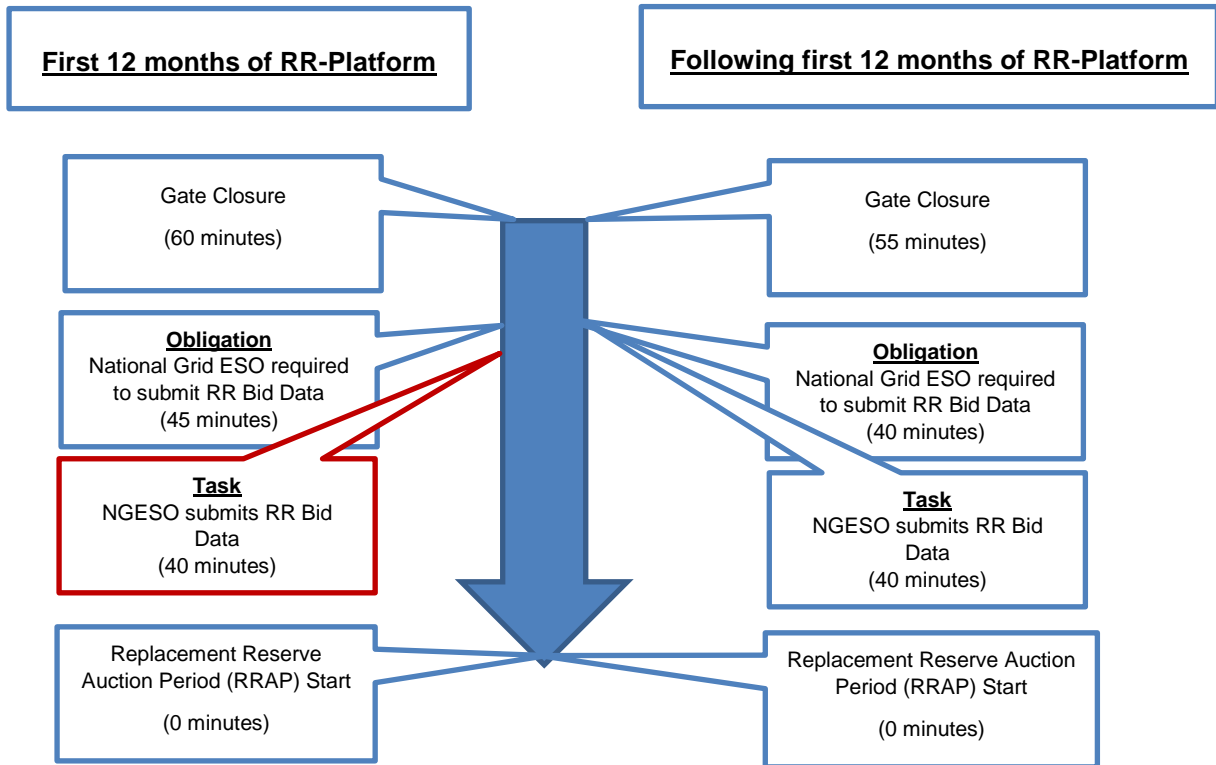
This Modification does not require consideration by a Workgroup as the requirement is clearly defined within the final RRIF. This Modification is self-evident as it will align the BSC to the RRIF requirements, ensuring that National Grid ESO remains compliant with the RRIF.

### 3 Why Change?

#### What is the issue?

Modification P344 introduces BSC obligations on National Grid ESO to send RR Bid Data to the BMRA at set times between Gate Closure and the start of a RRAP. These set times, as well as changes proposed by this Modification in red, are shown in the timeline below:

(for the purposes of this diagram, National Grid ESO has been abbreviated to NGENSO)



The current approved legal text for P344, if implemented in its current form on the Implementation Date of 28 February 2019, for use on the operational go-live date of December 2019, would mean that National Grid ESO’s IT systems would not be compliant during the first 12 months, although they would be compliant following that time period. Non-compliance would arise as BSC Section Q will state that the Transmission Company will need to send Replacement Reserve Bid Data for each BM Unit for which it has received/determined to the BMRA no later than 15 minutes following Gate Closure. However, the finalised version of the RRIF states that National Grid ESO will submit RR Bid Data 20 minutes following Gate Closure. This five minute difference would therefore cause a compliance breach.

The final version of the RRIF, which entered into force on 18 December 2018, requires that the RR Bid Data will be sent by National Grid ESO to BMRA 40 minutes before the start of the RRAP.

The approved changes to BSC Section Q under P344 require the data to be sent to the BMRA 15 minutes after Gate Closure, which is set at 60 minutes before the start of the RRAP during the initial 12 months of operation of the RR Platform, and 55 minutes thereafter. This equates to 45 minutes before the start of the RRAP for the first 12 months, and 40 minutes thereafter. Therefore, National Grid ESO would not be compliant during the first 12 months.

## 4 Code Specific Matters

### Technical Skillsets

As we propose this Modification progresses directly to the report Phase, there will be no need to convene a Workgroup to develop a solution. However, if the Panel does determine that this Modification be sent to the Report Phase, we suggest the Workgroup has an appreciation and specific understanding of:

- The TERRE balancing product and associated arrangements

### Reference Documents

- [ELEXON's response to ENTSO-E's consultation on the Replacement Reserves Implementation Framework for Project TERRE](#)
- [Modification P344 'Project TERRE'](#)
- [BSC Section Q 'Balancing Mechanism Activities'](#)

## 5 Solution

### Proposed Solution

The final version of the RRIF, which entered into force on 18 December 2018, requires that the RR Bid Data will be sent by National Grid ESO to BMRA 40 minutes before the start of the RRAP.

The approved changes to BSC Section Q under P344 require the data to be sent to the BMRA 15 minutes after Gate Closure, which is set at 60 minutes before the start of the RRAP during the initial 12 months of operation of the RR Platform, and 55 minutes thereafter. This equates to 45 minutes before the start of the RRAP for the first 12 months, and 40 minutes thereafter.

Due to fair competition and the risk of insider trading, it would not be acceptable for the data to be made available on a GB specific platform before being made available on the European wide LIBRA platform, and so NGENSO would only be able to send the data to BMRA at the same time as LIBRA, 40 minutes before the start of the RRAP. This would leave NGENSO non-compliant with BSC Section Q during the initial 12 months of operation of the RR Platform, when Gate Closure is 60 minutes before the start of the RRAP.

To avoid National Grid ESO being non-compliant with BSC Section Q during the initial 12 months, the wording of paragraph Q 6.1.11A needs to be revised. By amending the legal text to state '40 minutes before the start of each RRAP' instead of '15 minutes following Gate Closure', National Grid ESO will be able to comply with the BSC and RRIF.

This will ensure that the current technical/system solution being developed by NGENSO to implement P344, which will send data to LIBRA and BMRA at the same time, is compliant with P344 during the first 12 months of operation of the RR Platform, as well as thereafter.

## 6 Impacts & Other Considerations

### Impacts

Changes will be required to BSC Section Q to deliver this Modification.

As this is a straight-forward and minimal document-only change, there are no expected impacts on BSC Parties or Party Agents as a result of the solution to this Modification Proposal.

ELEXON will be required to implement the new legal text, but there will not be any impact on BSC Central Systems, as the Systems have already been designed in a manner to accommodate the amendments proposed under this Modification. There will be no impact on National Grid ESO if this Modification is implemented. If this Modification is not implemented then NGENSO risks non-compliance. This Modification does not impact National Grid systems as the structure and format of the data is not changing.

### Does this Modification impact on any Significant Code Review (SCR) or other significant industry change projects, if so, how?

This Modification is not linked to, or impacts any of the 3 live SCRs, and we believe it should be treated as an SCR Exempt Modification:

- [Targeted Charging Review](#);
- [Electricity Balancing Review](#); and
- [Switching Review](#).

### Consumer Impacts

The day to day operation of Balancing and Settlement would remain unaffected so there would be no direct impact to consumers.

### Environmental Impacts

We do not expect the solution to this Modification creating any environmental impacts.



## 7 Relevant 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  | <b>Positive</b>   |
| (b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System   | <b>Positive</b>   |
| (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  | <b>Positive</b>   |
| (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]                  | <b>Positive</b>   |
| (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           |

This proposal will positively impact on the Applicable BSC objectives by ensuring National Grid ESO's continued compliance with industry codes whilst avoiding potential additional system costs as detailed below;

#### **Applicable BSC Objective (a)**

The Transmission Company has a license obligation to remain compliant with GB and European industry codes, including the BSC and RRIF. Failure to implement this Modification would result in the Transmission Company being non-compliant with these industry codes which could lead to enforcement action against the Transmission Company.

#### **Applicable BSC Objective (b)**

The National Grid IT solution for implementing P344 has been designed to meet the RRIF. It has been identified that the BSC provisions don't align to the provisions outlined in the RRIF. If this Modification were not be approved, it would result in the non-compliance listed under Applicable BSC Objective (a) (and the associated costs of such enforcement action) or additional time and cost to revise the IT solution to ensure that it is compliant with the current BSC wording, potentially delaying implementation of the P344 solution. This Modification will ensure efficient operation of the National Electricity Transmission System (NETS) by not delaying the benefits of the P344 solution.

**Applicable BSC Objective (d)**

This Modification would ensure the BSC aligns to the RRIF, thus creating clarity for National Grid ESO.

**Applicable BSC Objective (e)**

This Modification would have the same benefit as outlined for Applicable BSC Objective (a).

## 8 Implementation Approach

Implementation of this proposal must be no later than the operational go-live date of the TERRE balancing product (expected December 2019) to avoid a compliance breach by National Grid ESO; it is therefore recommended that this proposal be implemented on 27 June 2019 as part of the June 2019 BSC Release, to provide certainty that the solution for P344 is not adversely affected.

## 9 Legal Text

The approved wording from P344 states in BSC Section Q, 6.1.11A;

*“Not later than 15 minutes following Gate Closure for each Replacement Reserve Auction Period, the Transmission Company shall send to the BMRA the Replacement Reserve Bid Data for each BM Unit for which it has received or determined such data.”*

It is proposed that this wording is replaced as follows;

*“Not later than ~~15 minutes following Gate Closure~~ for 40 minutes before the start of each Replacement Reserve Auction Period, the Transmission Company shall send to the BMRA the Replacement Reserve Bid Data for each BM Unit for which it has received or determined such data.”*

This will ensure that National Grid ESO remains compliant with both the BSC and the RRIF.

## 10 Recommendations

### Proposer's Recommendation to the BSC Panel

The BSC Panel is invited to:

- **AGREE** that P380 be sent directly into the Report Phase;
- **AGREE** an initial view that P380:
  - **DOES** better facilitate Applicable BSC Objective (a);
  - **DOES** better facilitate Applicable BSC Objective (b);
  - **DOES** better facilitate Applicable BSC Objective (d);
  - **DOES** better facilitate Applicable BSC Objective (e);
- **AGREE** an initial recommendation that P380 should be **approved**;
- **AGREE** an initial Implementation Date for the Proposed Modification of:
  - 27 June 2019 (June 2019 BSC Release);
- **AGREE** an initial view that this proposal be progressed as a Self-Governance Modification; and
- **AGREE** the draft legal text.