

# APPROVAL OF REPLACEMENT RESERVE SCHEDULE METHODOLOGY

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**MEETING NAME** BSC Panel

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**Date of meeting** 14 February 2019

**Paper number** 287/11

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**Purpose of paper** For Decision

**Classification** Public

**Summary** The Panel is invited to approve the new BSC Configurable Item 'Replacement Reserve (RR) Schedule Methodology' which has been developed for BSC Modification P344 ('[Project TERRE implementation into GB market arrangements](#)').

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## 1. Introduction

- 1.1 The solution for Approved BSC Modification '[P344 'Project TERRE implementation into GB market arrangements](#)' requires the Panel to establish an RR Schedule Methodology Document, containing detailed rules for constructing the MW profile (the "**RR Schedule**") that a Balancing Mechanism (BM) Unit would need to follow in order to deliver an acceptance ("**RR Activation**") from the TERRE auction process. The rules for constructing the RR Schedule are intended to be consistent with the Dispatch Principles used by the National Electricity Transmission System Operator (NETSO) to dispatch BM Units. As a result, the RR Schedule constructed for Settlement purposes should closely match the instruction issued by the NETSO to the BM Unit's Control Point (the "**RR Instruction**"), except in scenarios where the RR Activation cannot be delivered.
- 1.2 In such scenarios (which could arise due to an issue on the Transmission System, or with the BM Unit itself), the RR Schedule will be used in Settlement as the baseline against which Non-Delivery Charges are calculated. Further information on the use of RR Schedules in Settlement is provided in Section 1.4 of the draft RR Schedule Methodology (Attachment C).

## 2. Consultation with BSC Parties

- 2.1 We issued version 0.2 of the RR Schedule Methodology for industry consultation via a [Release Circular](#) on 16 January 2019, and invited responses by 30 January 2019. We also sent the consultation to the BSC Change distribution list, and publicised it via our Newscast publication on 21 January 2019.

## 3. Consultation Responses Received

- 3.1 Three organisations responded to the consultation: National Grid, Quorum Development (who supply software systems for parties participating in the BM), and Welsh Water. Attachment A contains the consultation responses. Attachment C is a revised version 0.3 of the RR Schedule Methodology, updated to address comments received.
- 3.2 We have shared our responses to comments with the respondents, and have also attempted to schedule telephone calls with National Grid and Quorum Development to discuss the issues they have raised (and confirm that they agree with the changes we have made to the Methodology). Unfortunately these telephone conversations have not yet taken place. We will update the Panel verbally on 14 February 2019 if any issues arise from these conversations.

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## 4. Other Proposed Changes to the RR Schedule Methodology

- 4.1 In parallel with the industry consultation, we have also 'stress tested' the Methodology by running through examples to test how it handles unusual input data (particularly cases where the Final Physical Notification (FPN) contains instantaneous 'jumps' from one MW level to another). As a result we are proposing a minor technical change to the Methodology, which is explained in Attachment B to this paper.

## 5. Next Step

- 5.1 We invite the Panel to approve the attached version 0.3 of the RR Schedule Methodology. If so approved, we will publish it as version 1.0 on the BSC Website. The approved RR Schedule Methodology will become part of the business requirements for the November 2019 BSC Release, and will be implemented in the Balancing Mechanism Reporting Agent (BMRA) and Settlement Administration Agent (SAA) systems. The RR Schedule Methodology will come into effect on 7 November 2019, the Release Date of the November 2019 BSC Release.

## 6. Process for Subsequent Changes

- 6.1 Section 4 of the RR Schedule Methodology describes the proposed process for agreeing subsequent changes to the Methodology. Any decision to review or update the Methodology will be made by the Panel (in accordance with the provisions of [BSC Section T 'Settlement and Trading Charges'](#) 1.14.2 introduced by BSC Modification P344). Either BSCCo or the NETSO may request the Panel to change the Methodology (either before or after it becomes effective on 7 November 2019). We propose that once the Methodology comes into effect it will become a Category 3 BSC Configurable Item on the BSC Baseline Statement.

## 7. Recommendations

- 7.1 We invite you to:
- NOTE** the responses received to the consultation (see Attachment A);
  - APPROVE** version 0.3 of the RR Schedule Methodology Document to become effective as version 1.0 on 7 November 2019; and
  - AGREE** that the RR Schedule Methodology Document will become a Category 3 Configurable Item in the BSC Baseline Statement on 7 November 2019.

## Attachments

Attachment A – Consultation Responses

Attachment B – Proposed Technical Change to RR Schedule Methodology

Attachment C – Draft of the version 0.3 RR Schedule Methodology Document

### For more information, please contact:

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