















BSC Modification Proposal Form		At what stage is this document in the process?
<h1>P399</h1> <p>Mod Title: Making the identity of balancing service providers visible in the Balancing Services Adjustment Data.</p>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p>Purpose of Modification:</p> <p>This Modification seeks to add clarity and transparency to the bilateral trades taken by the National Electricity Transmission System Operator (NETSO) by identifying counterparties to bilateral trades between the NETSO and non-Balancing Mechanism (BM) Balancing Service Providers in the Balancing Services Adjustment Data notifications.</p>		
	<p>The Proposer recommends that this Modification should:</p> <ul style="list-style-type: none"> not be a Self-Governance Modification Proposal Be assessed by a Workgroup and submitted into the Assessment Procedure <p>This Modification will be presented by the Proposer to the BSC Panel on 16 January 2020. The Panel will consider the Proposer's recommendation and determine how best to progress the Modification.</p>	
	<p>High Impact:</p> <ul style="list-style-type: none"> NETSO Balancing and Settlement Code Company (BSCCo) 	
	<p>Medium Impact:</p> <ul style="list-style-type: none"> Generators Virtual Lead Parties 	
	<p>Low Impact:</p> <ul style="list-style-type: none"> BSC Parties 	

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Timetable		 Any questions?
The Proposer recommends the following timetable:		Contact: Craig Murray
Initial consideration by Workgroup		27 – 31 January 2020
Assessment Procedure Consultation		09 – 27 March 2020
Workgroup Report presented to Panel		14 May 2020
Report Phase Consultation		18 – 29 May 2020
Draft Modification Report presented to Panel		11 June 2020
Final Modification Report submitted to Authority		18 June 2020
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1 Summary

What is the issue?

Currently bilateral trades conducted through Schedule 7A of the [Grid Trade Master Agreement](#) (GTMA) and other routes such as interconnector trading with counterparties are reported through the [Trade Reporting page on the NGESO website](#) and form part of the Balancing Services Adjustment Data (BSAD). Data reported against each trade as described in Section Q para 6.3.2 includes:

- The volume;
- The cost;
- A System Operator (SO) flag;
- A Short Term Operating Reserve (STOR) flag; and
- A unique sequential number.

The purpose of the number is to separate and identify each trade made by the NETSO, but does not in any way identify the counterparty to the trade. As this leaves the counterparty anonymous, it gives an information advantage to counterparties that trade with NETSO under these arrangements. For example, those counterparties will know what Balancing Services are required by the NETSO, in what location and under what System conditions. This additional information unknown by other parties can give a competitive advantage.

What is the proposed solution?

This Modification proposes to add an extra field to the BSAD to identify which assets are providing balancing services to the NETSO, (e.g. BMU ID or equivalent). To enable this data to be appended, bilateral contracts between the ESO and counterparties may need to be updated to allow this data to be made public. Consequential changes to other industry codes are not anticipated, though the BSAD Methodology Statement will likely require amendment.

2 Governance

Justification for proposed progression

This change should not be progressed as a Self-Governance Modification. The change would have a material impact on competition in the generation of electricity and associated commercial activities and therefore has a material impact on Self-Governance Criterion a) ii). Where there is an information imbalance between parties, those that have additional insights may lever it to their advantage.

Requested Next Steps

This Modification should be assessed by a Workgroup and submitted into the Assessment Procedure.

3 Why Change?

What is the issue?

There is incomplete and unfair distribution of information among market participants because of the anonymised nature of the trading actions taken by the NETSO. This anonymity creates a barrier to transparency and thus efficient competition.

There seem to be an increasing volume of actions taken outside the Balancing Mechanism (BM) to manage constraints which make up a significant proportion of the system operation balancing spend, as illustrated in the supporting analysis in Appendix 1. Previously most of these actions would have been taken through the BM where BM Unit Ids/generators affected could be identified. However as the proportion of non-BM actions increases this means an increasing volume and value of the system operation actions are becoming less transparent.

Section C16 of the Transmission Licence requires the NETSO to operate the Transmission System in such a way that does not hamper competition in the market, while ensuring that the operation is done efficiently and transparently, as cited below:

Condition C16: Procurement and use of balancing services

1. *The licensee shall co-ordinate and direct the flow of electricity onto and over the national electricity transmission system in an efficient, economic and co-ordinated manner. This includes but is not be limited to the following:*
 - (b) taking into account the impact such actions have on competition in the wholesale electricity market and on the total system, and in doing so, the licensee shall:*
 - (i) compare the costs of actions outside the balancing mechanism with the likely costs of actions inside the balancing mechanism; and*
 - (ii) consider the likely impact any such action would have on:*
 - (aa) wholesale electricity market price signals;*
 - (bb) the behaviour of electricity market participants; and*
 - (cc) the efficiency of the national electricity transmission system;*
 - (e) publishing information which the licensee holds to enable electricity market participants to make efficient operational and investment decisions;*
 - (g) ensuring the procurement of balancing services is transparent;*
 - (h) ensuring that the technical requirements of balancing services do not unduly restrict new and existing balancing service providers from competing in the provision of such services;*

The current lack of transparency in actions taken by the NETSO when balancing the system, does not fully realise these objectives, and so this Modification will better enhance the transparency for market participants, which in turn will ensure fair competition between all balancing service providers and other market players, which will ensure that the system is operated in the most efficient manner possible. This Modification will therefore ensure the NETSO's compliance with 1(b), (e), (g), and (h) of the C16 Statement.

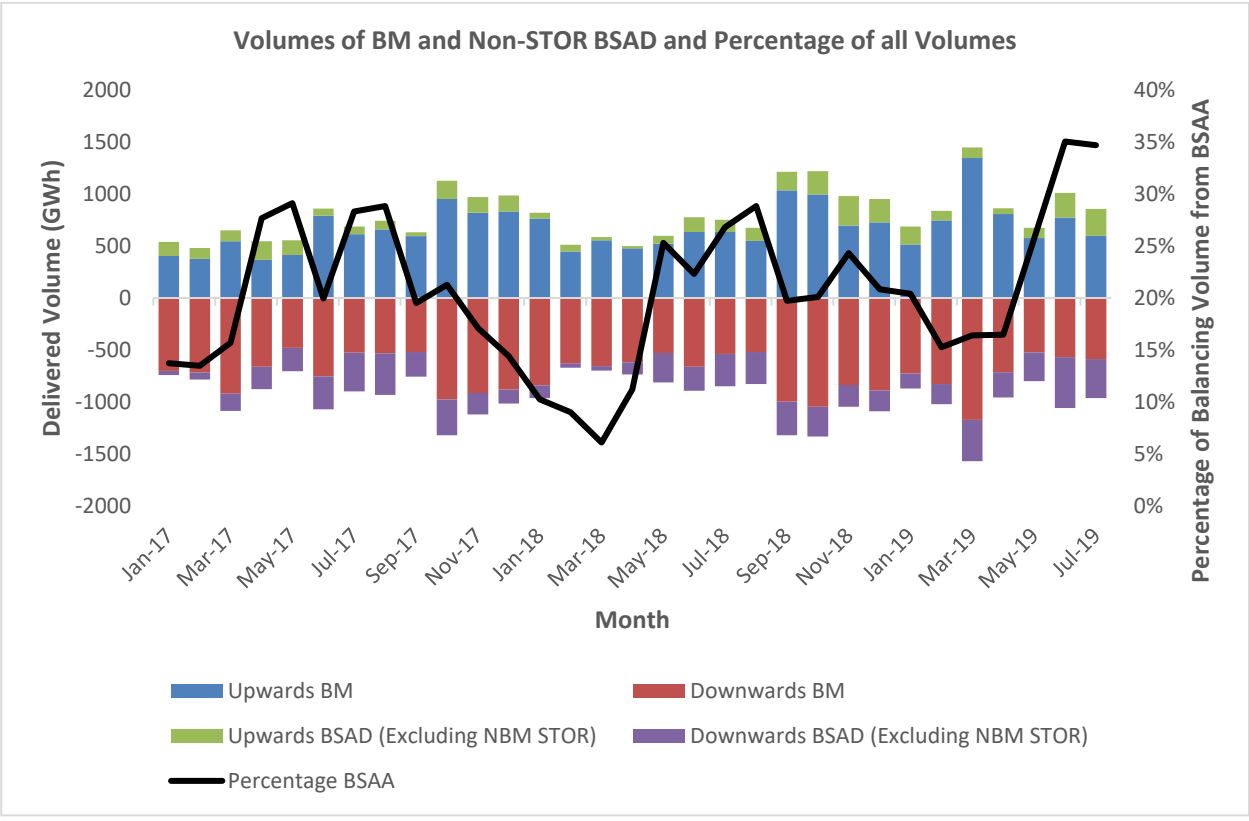
[Article 3\(2\) of the European Balancing Guidelines \(EB GL\)](#) states that relevant regulatory authorities and System Operators should aim to foster effective competition and transparency in balancing markets. The

lack of a clear identifier for counterparties in bilateral trades is in clear opposition to these high-level objectives.

Moreover, it ensures NETSO is compliant with its obligations under the European Network of Transmission System Operators (ENTSO-E) System Operation Guideline Article 4, mainly the requirement to ensure transparency.

Supporting Information / Analysis

The graph below details extracted upward and downward total BM volumes, non-STOR BSAD volumes (-/+) and a calculation of the proportion of BSAD versus total balancing volumes to represent the total BSAD percentage. As the graph shows, the proportion of non-BM balancing actions is significant, thus a lack of transparency in the relevant data creates a potential barrier to efficient competition. The data supporting the graph can be found in Appendix 1.



4 Code Specific Matters

Technical Skillsets

Knowledge of the Balancing & Settlement Code (BSC) (specifically the Balancing Mechanism and supporting requirements in Section Q), the GB Balancing Mechanism, balancing services, and Imbalance Settlement arrangements.

Reference Documents

[BSC Section Q 'Balancing Services Activities'](#) (Paragraph 6.3.2)

Existing agreements & contracts

[Section 7A of Grid Trade Master Agreements](#)

[BSAD Methodology Statement v15 – April 2018 \(if latest version\)](#)

[Transmission licence C16](#) (Page 260)

5 Solution

Proposed Solution

This Modification seeks to add additional information to the existing BSAD data to enhance the clarity and transparency to market participants of bilateral trades taken by NETSO for balancing services outside of the BM. This will be achieved by including the BM Unit ID (or equivalent where the asset providing the balancing does not have an associated BM Unit) of the affected counterparty.

Implementation of this Modification may require consequential changes to bilateral contracts between NETSO and balancing service providers and to the BSAD Methodology Statement.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

We have not identified any impacts that the Proposed Modification may have on any open SCRs.

The Proposed Modification may impact on the following open changes:

- [P371 'Inclusion of non-BM Fast Reserve actions into the Imbalance Price calculation'](#); and
- Annual BSAD consultation (next one to be January 2020).

Consumer Impacts

We do not anticipate any impacts on consumers resulting from this Proposed Modification.

Environmental Impacts

We do not anticipate any environmental impacts resulting from this Proposed Modification.

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	Positive
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Positive
(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	Positive
(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]	Positive
(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

The Proposed Modification will better facilitate Applicable BSC Objective (a) as the addition of identifiers for providers of Balancing Service providers will ensure that the NETSO is compliant with its obligations under Section C16 of the Transmission Licence.

The Proposed Modification will better facilitate Applicable BSC Objective (b) as better transparency in reporting will give the market confidence that the most economic and efficient balancing actions are being taken by the NETSO, thus providing increased certainty and confidence over investment decisions therefore promoting effective competition and aiding siting decisions making the operation more efficient. For example, if Parties can see a real need for Balancing Services in a particular part of the System not highlighted via the BM they may choose to locate their future assets there to satisfy that need.

The Proposed Modification will better facilitate Applicable BSC Objective (c) as the enhanced transparency of actions taken by NETSO will improve the trust of market participants and ensure that there is effective competition between Parties by removing the information imbalance.

The Proposed Modification will better facilitate Applicable BSC Objective (d) by ensuring that transparent data is readily available to all market participants. This will enable disputes and errors to be efficiently resolved and/or prevented.

The Proposed Modification will better facilitate Applicable BSC Objective (e) as it will ensure transparency in the market and foster effective competition, as per the objectives set out in Article 3 of the EBGL.

Further, it ensures NETSO is compliant with its obligations under ENTSO-E System Operation Guideline Article 4.

8 Implementation Approach

Enact Section Q (6.3.2) change to stipulate inclusion of new data field in BSAD.

Enact technical change to allow publishing of data to market via NGESO trade reporting website (outside the scope of BSC but will be requested alongside this modification) and other data output streams.

This Modification should be implemented as soon as possible, but it is understood that this is subject to impact assessment.

9 Legal Text

Text Commentary

The Proposed Modification will require changes to [BSC Section Q 'Balancing Services Activities'](#) to reflect the proposed changes to the BSAD data.

10 Recommendations

Proposer's Recommendation to the BSC Panel

The BSC Panel is invited to:

- Agree that P399 not be progressed as a Self-Governance Modification Proposal; and
- Agree that P399 be sent into the Assessment Procedure for assessment by a Workgroup

11 Appendix 1

This Appendix contains the supporting data for the graph highlighting the proportion of Balancing Services accounted for by non-BM actions on Page 6.

Month	Total Accepted Bid Volume	Total Accepted Offer Volume	Total Accepted Undo Bid Volume	Total Accepted Undo Offer Volume	Upwards BM	Downwards BM	Upwards BSAD (Excluding NBM STOR)	Downwards BSAD (Excluding NBM STOR)	Total	Percentage BSAA
Jan-17	-700923.73	396483.52	7250.75	-1263.17	403734.27	-702186.91	136488.087	-39373.533	1281782.80	14%
Feb-17	-715141.68	371683.47	6471.19	-1963.28	378154.66	-717104.96	102051.886	-68495.396	1265806.89	13%
Mar-17	-917373.34	538698.74	7960.19	-2442.02	546658.93	-919815.37	104366.497	-168656.759	1739497.55	16%
Apr-17	-660900.58	361209.99	6499.03	-2371.40	367709.03	-663271.99	179125.317	-215740.5	1425846.83	28%
May-17	-476763.83	407756.52	5218.61	-3154.93	412975.14	-479918.76	143185.768	-223710.381	1259790.04	29%
Jun-17	-748818.67	786503.01	6224.80	-6434.60	792727.81	-755253.27	68924.646	-316583.641	1933489.37	20%
Jul-17	-520892.48	607761.01	4937.03	-4435.23	612698.04	-525327.71	76567.427	-373511.2	1588104.38	28%
Aug-17	-528596.05	655826.95	3761.91	-4808.86	659588.86	-533404.91	82970.14	-400712.032	1676675.94	29%
Sep-17	-517238.00	591021.19	5368.89	-4186.69	596390.09	-521424.69	35570.758	-235634.387	1389019.92	20%

Oct-17	-970627.47	944334.94	7381.54	-5300.79	951716.49	-975928.26	176975.922	-344218.339	2448839.00	21%
Nov-17	-911914.86	813410.68	8262.22	-2735.76	821672.89	-914650.61	151284.752	-207470.659	2095078.92	17%
Dec-17	-876495.94	828650.93	5630.95	-3559.02	834281.88	-880054.96	152869.104	-135766.851	2002972.79	14%
Jan-18	-836687.55	756451.57	7049.88	-4401.37	763501.44	-841088.92	58460.296	-124323.549	1787374.21	10%
Feb-18	-625172.51	438328.48	8568.89	-3705.58	446897.37	-628878.09	65667.888	-40843.832	1182287.18	9%
Mar-18	-652587.80	544805.66	9490.95	-2384.27	554296.61	-654972.07	32966.94	-45353.9	1287589.53	6%
Apr-18	-614767.19	469813.50	7824.20	-3956.73	477637.70	-618723.91	22190	-116182	1234733.61	11%
May-18	-527017.98	517678.08	5266.96	-3061.71	522945.03	-530079.69	74075.009	-282911.484	1410011.22	25%
Jun-18	-656936.35	632178.06	4340.28	-4175.12	636518.34	-661111.48	139613.047	-233002.174	1670245.04	22%
Jul-18	-535732.95	627766.32	6334.74	-3401.99	634101.06	-539134.94	119232.458	-310796.047	1603264.51	27%
Aug-18	-517685.56	545126.94	5252.16	-3318.33	550379.10	-521003.88	126562.92	-307822.598	1505768.50	29%
Sep-18	-992980.89	1030260.57	6050.12	-5445.61	1036310.69	-998426.50	178009.089	-322581.911	2535328.19	20%
Oct-18	- 1040938.57	988477.96	8590.10	-4683.19	997068.06	-1045621.75	225496.367	-287855.879	2556042.06	20%

Nov-18	-836781.29	688429.81	7536.50	-2347.73	695966.32	-839129.02	285243.609	-208284.515	2028623.46	24%
Dec-18	-889297.55	719642.84	7824.35	-1803.97	727467.19	-891101.52	225528.113	-200376.775	2044473.60	21%
Jan-19	-723995.32	505779.31	10230.65	-2451.63	516009.96	-726446.96	171794.353	-146542.561	1560793.83	20%
Feb-19	-825189.73	738831.77	8533.93	-4316.29	747365.70	-829506.01	91682.483	-192497.835	1861052.03	15%
Mar-19	- 1167758.83	1340107.22	8574.48	-7120.29	1348681.70	-1174879.12	100570.5	-394823.7	3018955.02	16%
Apr-19	-710206.25	801861.46	6715.43	-5140.02	808576.89	-715346.27	56382.912	-243730.339	1824036.42	16%
May-19	-520395.78	570714.12	5080.16	-2389.08	575794.28	-522784.85	100286	-279075.1	1477940.23	26%
Jun-19	-566187.16	769100.26	5618.46	-4327.71	774718.73	-570514.87	236887.893	-489483.5	2071604.99	35%
Jul-19	-586773.35	594412.49	4623.99	-2580.14	599036.48	-589353.49	258099.158	-373837.497	1820326.62	35%