

# Report Phase Consultation Responses

## P344 'Project TERRE implementation into GB market arrangements'

This Report Phase Consultation was issued on 11 May 2018, with responses invited by 1 June 2018.



### Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

### Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
Centrica	2/0	Generator, Supplier
Drax Group PLC	2/0	Generator, Supplier
EDF Energy	3/2	Generator, Supplier, Non Physical Trader, ECVNA, MVRNA
EnerNOC	0/1	Independent Aggregator
Flexitricity Limited	1/1	Supplier, Non-BM service provider
KiWi Power	0/1	Independent Aggregator
Npower Ltd	1/3	Supplier, MOA, HHDA, Aggregator
ScottishPower Generation	2/2	Generator, Non Physical Trader, ECVNA, MVRNA
SmartestEnergy	1/0	Supplier
The Association for Decentralised Energy (ADE)	0/1	Trade Association
TMA Data Management Ltd	0/4	HHDC, HHDA, NHHDC, NHHDA
Uniper UK Ltd	3/2	Generator, Interconnector User, ECVNA, MVRNA

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Question 1: Do you agree with the Panel's initial unanimous view that the P344 Proposed Modification better facilitates the Applicable BSC Objectives in comparison to the current baseline?

## Summary

Yes	No	Neutral/No Comment	Other
12	0	0	0

## Responses

Respondent	Response	Rationale
Centrica	Yes	<p>Yes we agree. We believe that the introduction of P344 (either proposed or alternative) better facilitates the BSC objectives in comparison to the current baseline.</p> <p>Objective c): We believe the TERRE project should improve liquidity, and provide access to a wider range of providers than in the BM currently. The P344 modification will allow access to the BM and TERRE for technologies - including DSR, storage and decentralised assets - that struggle to access the BM.</p> <p>Objective d): We accept that this modification may introduce complexity, however, in an increasingly decentralised electricity system, efficient arrangements must be in place to ensure that all assets can access balancing services and that all market participants can be settled fairly.</p> <p>Objective e): This modification is required to be compliant with EU Balancing Guideline.</p>
Drax Group PLC	Yes	<p>We agree with the Panel's initial unanimous view that the P344 Proposed Modification better facilitates the Applicable BSC Objectives in comparison to the current baseline.</p> <p><b>Applicable Objective (b) – Positive</b></p> <p>It is predicted that the Transmission System Operator (TSO) should be able to procure balancing services at a lower cost once TERRE arrangements have been implemented. P344 will introduce a competitive pan-European market for replacement reserves and should increase competition in the Balancing Mechanism (BM) through the introduction of a new class of BSC Party. Moreover, the increased competition and cross border sharing of reserve capacity will promote the efficient, economic and co-ordinated operation of the national electricity transmission system.</p> <p><b>Applicable Objective (c) – Positive</b></p> <p>Broadening the provision of balancing services from a national to pan-European level will promote increased competition between Balancing Service Providers (BSPs) from different countries. There may also be</p>

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Respondent	Response	Rationale
		<p>increased competition in the GB BM with the introduction of the Virtual Lead Party (VLP) role within the BSC. These parties are able to register secondary BM units for participation in the Balancing Mechanism and TERRE.</p> <p><b>Applicable Objective (e) – Positive</b></p> <p>P344 and the implementation of Project TERRE is necessary to ensure compliance with the European Balancing Guideline (EB GL) which entered into force on the 18<sup>th</sup> December 2017. Non-compliance could lead to infraction proceedings and potential fines.</p>
EDF Energy	Yes	<p>We agree with the Panel because the proposal would clearly better meet BSC Objective (e) concerning European Electricity Regulations, specifically by achieving compliance with the requirements of the EU Guideline on Electricity Balancing.</p> <p>There is more uncertainty whether the proposal would better meet other BSC objectives:</p> <p>The proposal might better meet BSC Objective (b) concerning efficient operation of the National Transmission System, by providing NGET with more options for balancing the GB system. However, the overall cost-benefit is not clear. Central implementation costs would be large; participant implementation and operational costs would also be significant. There is a risk the costs could exceed the value of the benefits, particularly if future use of the Replacement Reserve product is limited, for example by development of more low-cost flexibility deliverable at very short notice, and/or increased self-balancing after gate-closure, or British exit from the EU without agreement on participation in European energy markets.</p> <p>The proposal would probably better meet BSC Objective (c) concerning competition, by increasing the number of participants in balancing service provision. However, we have some concerns:</p> <ul style="list-style-type: none"> <li>• The individual sources of RR bids in different countries have different types of aggregation and of interaction with the system operator, and are subject to different industry ‘non-energy’ costs (eg. network charges, loss charges, balancing charges). TERRE is blind to these differences so competition may not be on an equal basis.</li> <li>• The delivery uncertainty for aggregated sources of RR bids is different to that for discrete sources. TERRE does not consider reliability of delivery, so competition may not be on an equal basis.</li> <li>• ‘Secondary BM Units’ in the P344 solution do not face the same incentives to deliver an absolute level of flow as standard BM Units. <ul style="list-style-type: none"> <li>○ Standard BM Units face non-delivery imbalance for any</li> </ul> </li> </ul>
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Respondent	Response	Rationale
		<p>deviation from their instructed level (assuming they have contracted to the reference level).</p> <ul style="list-style-type: none"> <li>○ 'Secondary BM Units' only face non-delivery imbalance within a range between their reference level and their instructed level. Outside that range, the host supplier faces any non-delivery imbalance, including deviations from the reference level.</li> </ul> <p>We acknowledge that some providers cannot provide an accurate reference level, but while TERRE does not distinguish bids according to reliability of overall delivery (including deviation from the reference level), there is a risk that competition will not be on an equal basis.</p> <ul style="list-style-type: none"> <li>• The 'original' proposal effectively deems that a Supplier should not be entitled to information on the onward trading and delivery of energy with NGET by a customer, despite the supplier's net financial position being dependent on that activity, due to the unpredictable difference between normal expectation of flow, and outturn. Any resulting costs must be shared with other customers. This has the potential to distort competition between balancing service providers, and between suppliers.</li> </ul> <p>With central BSC implementation costs of order £3m and NGET implementation costs of order £30m, together with increased complexity in the arrangements and ongoing operational costs, the proposal does not better meet BSC Objective (d) concerning efficient administration of the BSC arrangements. The detailed proposal solution was developed with the intention of minimising implementation impacts, but the expected cost has out-turned higher than we anticipated.</p>
EnerNOC	Yes	Allowing independent aggregators access to the BM and TERRE will facilitate participation by a far wider range of customers, providing greater competition in the provision of balancing services, in fulfilment of Objectives (c) and (b). Due to the obligations under European regulations, it also supports Objective (e). We don't see it having a negative impact on any Objective.
Flexitricity Limited	Yes	The P344 Proposed modification better facilitates BSC objectives (b), (c) and (e), because it implements TERRE in GB in line with the EB GL, it gives the option of BM and TERRE participation to parties currently excluded from the BM and therefore is better for competition, and by aligning the solution with current BM procedures and systems it does so efficiently.
KiWi Power	Yes	Implementing P344 will ensure that access to the BM will be widened, and ensure that smaller independent parties are able to access the market. This is a very positive step.

Respondent	Response	Rationale
Npower Ltd	Yes	Whilst we do not support the proposed modification (compared to the alternative) we agree that the proposed modification would ensure the UK TSO meets the legal obligation as set out in the European Electricity Balancing Guideline to utilise the European system for replacement reserve (BSC objective e)
ScottishPower Generation	Yes	The proposed modification promotes greater competition across market participants in the GB electricity industry whilst creating a level playing field as far as it can as well as meeting requirements placed on the TSO by European Codes.
SmartestEnergy	Yes (but)	Overall, we would say that P344 does facilitate the Applicable BSC Objectives compared with the baseline. Clearly, it facilitates compliance with the European objective (e) and by and large promotes competition in the generation and supply of electricity. Whether the proposal leads to an efficient operation of the system (b) or promotes efficiency in the BSC (d) is debatable due to the complexity it overlays onto the existing arrangements and the fact that Virtual Lead Parties are bypassing many BSC obligations.
The Association for Decentralised Energy (ADE)	Yes	The ADE agrees that the P344 Proposed Modification better facilitates Applicable BSC Objectives (b), (c) and (e) in comparison to the current baseline.
TMA Data Management Ltd	Yes	
Uniper UK Ltd	Yes	The modification will allow National Grid to meet the requirements of the European Electricity Balancing Guideline, thereby better meeting objective e). It also opens up the Balancing Mechanism to a wider range of participants, which promotes competition. This better meets objective c). It is neutral against other objectives.

Question 2: Do you agree with the Panel's initial majority view that the P344 Alternative Modification better facilitates the Applicable BSC Objectives in comparison to the current baseline?

## Summary

Yes	No	Neutral/No Comment	Other
12	0	0	0

## Responses

Respondent	Response	Rationale
Centrica	Yes	See question 1
Drax Group PLC	Yes	We agree with the panels majority view that that the Alternative Modification better facilitates the BSC Objectives compared to the baseline, as per the rationale given for Question 1. In addition to this, we believe that the Alternative better facilitates objectives (c) and (d) in comparison to the proposed. This is explained in our response to Question 3.
EDF Energy	Yes	As for the 'Original' Proposal, but with less concern about the potential distorting impacts on competition between suppliers and between BSPs, and less concern about potential cross-subsidy between customers due to suppliers potentially not knowing about their customers' trades with NGET.
EnerNOC	Yes	It is better for customers to have some access to the markets than none, even if many of the details are wrong. But, of course, it is far better to get more of the details right.
Flexitricity Limited	Yes	The P344 Alternative Modification better facilitates BSC objectives (b), (c), and (e) as described in the response to Question 1. It doesn't facilitate BSC objective (c) as well as the Proposed Modification because mandating that suppliers receive the customer's data without their consent will have a damaging effect on competition.
KiWi Power	Yes	
Npower Ltd	Yes	We believe the alternative modification better facilitates the BSC objectives:  b - because it will widen access to both the UK and European market for replacement reserve services to new participants; improving liquidity and lowering prices  c and d - because compared to the current baseline and proposed modification by ensuring suppliers are informed (ex post) as to which of their customers have provided balancing services (that have resulted in an adjustment to the suppliers' imbalance position, it will be possible to

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Respondent	Response	Rationale
		<p>ensure more accurate calculation and billing of settlement charges. Without this information being provided as standard, we remain highly concerned that the costs associated with inaccurate settlement could be borne by the wider customer base, and socialised across the majority of customers who will likely never be able to provide such services.</p> <p>We believe strongly that any resultant socialising of costs incurred as a result of the commercial actions of others would be wholly inappropriate, and</p> <p>BSC objective e (because the since the passing of the EB GL last year, the UK TSO is legally obliged to comply).</p>
ScottishPower Generation	Yes	The proposed modification promotes greater competition across market participants in the GB electricity industry whilst creating a level playing field as far as it can as well as meeting requirements placed on the TSO by European Codes.
SmartestEnergy	Yes (smaller but)	The alternative is an improvement on the Proposed and is an acceptable arrangement.
The Association for Decentralised Energy (ADE)	Yes	The ADE agrees that the P344 Alternative Modification better facilitates Applicable BSC Objectives (b) and (e) in comparison to the current baseline.
TMA Data Management Ltd	Yes	
Uniper UK Ltd	Yes	As with original proposal the alternative modification will allow National Grid to meet the requirements of the European Electricity Balancing Guideline open up the Balancing Mechanism to a wider range of participants. This means it also better meets objectives e) and c). It is neutral against other objectives.

Question 3: Do you agree with the Panel's initial majority view that the P344 Proposed Modification better facilitates the Applicable BSC Objectives in comparison to the P344 Alternative Modification and should therefore be approved?

## Summary

Yes	No	Neutral/No Comment	Other
4	8	0	0

## Responses

Respondent	Response	Rationale
Centrica	No	<p>No, we do not agree; we believe that the Alternative Modification should be taken forward, rather than the Proposed Modification.</p> <p>Half-hourly delivered volumes are needed for a Supplier to accurately bill a Customer; this can include passing on benefits as well as charges. These volumes are also needed to manage Suppliers' own accounts.</p> <p>The Alternative Modification will make it easier for suppliers to manage their own and customers' accounts and will be less costly for parties to implement. The Alternative Modification will require fewer contractual changes to be made. The Alternative Modification therefore better facilitates the BSC Objective (b), (c) and (d).</p> <p>We believe that the concerns of those parties supporting the need for customer consent could be appropriately alleviated by ensuring that the data shared by Elexon is limited to the minimum required to accurately bill a customer. We believe that by limiting it to just the data that is required by the supplier (e.g., the supplier does not need to necessarily know who the aggregator is), this should address concerns from independent aggregators that such an information exchange confers 'soft power' to suppliers that also act as aggregators. This limited data exchange would not confer 'soft power' and will ensure that suppliers can accurately bill customers, resulting in a more efficient outcome.</p> <p>If the Proposed Modification is to be taken forward, the process for the customer to provide consent must be user-friendly and swiftly shared with the supplier.</p>
Drax Group PLC	No	<p>We do not agree with the Panel's view that the P344 Proposed Modification better facilitates the Applicable BSC Objectives in comparison to the P344 Alternative Modification. Instead, we agree with the Workgroup and believe that the Alternative Modification better facilitates the Applicable BSC Objectives. In particular, Objectives (c) and (d) are enhanced due to the increased information available to Suppliers in the interests of maintaining the integrity of Settlement and promoting competition.</p>

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Respondent	Response	Rationale
		<p>Suppliers require visibility of the HH delivered volumes of customers through TERRE for the purpose of demand forecasting. Understanding the behaviour of customers participating in TERRE and the BM through aggregation services is necessary to produce accurate and stable demand forecasts. This information is vital and informs commercial decisions. Suppliers are incentivised to not over or under procure energy and although the supplier will still be 'in balance' from a settlement perspective under P344, not having visibility of delivered TERRE volumes will introduce uncertainty and risk into upfront procurement decisions leading to inefficient costs being incurred.</p> <p>The transparent sharing of information is critical to ensuring a level-playing field in both energy aggregation and supply markets. Those suppliers that have a large proportion of their portfolio participating in TERRE/BM through aggregation services will be at a distinct competitive disadvantage as a result of the uncertain demand volumes. As such, we agree with the workgroup and consider that the Alternate Modification promotes a level playing field in the supply of electricity, promoting competition and better facilitating Applicable BSC Objective (c).</p> <p>Efficiency in the implementation of Balancing and Settlement arrangements is reliant upon transparency and maximum visibility of data. The sharing of customers HH delivered volumes will facilitate this and we therefore believe the Alternative better facilitates applicable BSC Objective (d).</p> <p>In addition, we believe the competition concerns expressed by some actors are unfounded. We fail to see how a supplier understanding its customers' consumption patterns affords any competitive advantage over an incumbent Virtual Lead Party. If suppliers were to exercise the alleged soft market power, there could be serious consequences as such behaviour would be subject to the scrutiny of the regulator and potentially breach Competition Law.</p>
EDF Energy	No	<p>The 'original' proposal effectively deems that a Supplier should not be entitled to information on the onward trading and delivery of energy with NGET by a customer, despite the supplier's net financial position being dependent on that activity, due to the unpredictable difference between normal expectation and outturn. The resulting costs must be shared with other customers. This has the potential to distort competition between balancing service providers, and between suppliers. We don't support the argument that knowledge by the supplier of its customers' balancing volume activity would be used to harm a third-party aggregator's business model. Any such potential harm, if it were to occur, should be a matter for competition authorities, not the BSC.</p>
EnerNOC	Yes	<p>Aggregators' experiences in other markets show that there is a real danger that forced disclosure of information will undermine competition. Hence the Alternative Modification would much better facilitate Objective</p>

Respondent	Response	Rationale
		(c), while having neutral or positive impacts on the other Objectives.
Flexitricity Limited	Yes	Yes, the BSC alternative modification would give suppliers sensitive commercial information no other party in the market has access to. Suppliers are often the direct competitors of independent aggregators, and the P344 Alternative Modification would enable suppliers to identify which of their customers are providing TERRE either on their own or through an independent aggregator, and pressure the customer commercially to participate through the supplier aggregator instead or not at all.
KiWi Power	Yes	
Npower Ltd	No	We believe the proposed modification in comparison to the alternative modification would deliver a worse outcome for BSC objectives c and d, given that the socialised costs resulting from any BSP utilising the TERRE platform to provide UK or European replacement reserve and does not provide consent for their supplier to know that they have been providing such services could result in additional socialised costs being borne by the supplier's other customers.
ScottishPower Generation	No	The Alternative Modification is a better solution for the GB market. A Supplier needs to have all the information relating to its customer's meter and the settlement of those meter readings. The Panel's solution removes the integrity of the current settlement process. There is no detrimental impact on BSC Objective (c) but any concerns raised could be addressed by Ofgem directly at its discretion.
SmartestEnergy	No	We are of the view that the Panel are too concerned to be seen not to be putting up barriers to new entrants. However, this modification in both Proposed and Alternative form provides easy access to the BM for aggregators. Is it really too much to ask for suppliers to be able to bill their customers with the correct data, without having to gain their consent?
The Association for Decentralised Energy (ADE)	Yes	<p>The ADE agrees with the Panel's view that the P344 Proposed Modification better facilitates the Applicable BSC Objectives in comparison to the P344 Alternative Modification. While both facilitate Objectives (b) and (e), the Proposed Modification additionally facilitates Objective (c), which the Alternative Modification fails to achieve.</p> <p>The Alternative Modification, which would mandate disclosure of delivered volume data to Suppliers, would undermine commercial confidentiality and have a damaging effect upon competition. There is a significant risk that Suppliers could either require customers to provide balancing services through the Supplier or prevent them from providing balancing services through changes to their supply agreements. While Suppliers would be unlikely to break Competition Law requirements, it would be possible to heavily incentivise customers to provide Balancing Services through the Supplier, rather than other parties, by offering</p>

Respondent	Response	Rationale
		<p>differentiated prices for the supply of energy. The Alternative Modification is therefore detrimental against Objective (c), which concerns the promotion of effective competition, compared to the Proposed Modification, because it provides privileged information to Suppliers.</p> <p>Further, the ADE supports the goal of the Workgroup of aligning the solutions of P344 and P354 wherever appropriate. Given that the BSC Panel recommended a 'customer opt-in' version of P354, we believe that it would make sense to do the same for P344, helping to ensure that the solutions are as closely aligned as possible.</p>
TMA Data Management Ltd	No	Suppliers have an obligation to balance their account and bill their customers accurately. In order to do so, they need to have access to the relevant data.
Uniper UK Ltd	No	<p>We do not hold a supply licence so would not be directly affected by the difference in the solutions.</p> <p>Nevertheless, on balance the alternative modification proposal would appear to be better, as it allows suppliers whose customers are providing balancing services through a third party aggregator, as a Balancing Services Provider, to better understand the implications on their imbalance position in their role as Balancing Responsible Parties. This removes the need for alternative cumbersome contractual arrangements to be put in place by suppliers, aggregators and customers, which seems a more complex and less customer friendly solution. Indeed, it would appear to undermine competition as customers may prefer to contract with a supplier who provides both BSP and BRP roles and can avoid such additional contractual arrangements.</p> <p>The objection to the alternative proposal appears to be on the basis that suppliers would be able to understand that such aggregators are providing such services to their customers and could use the information to contact them and offer competing services. If the arrangements provide customers with the possibility of accessing potentially better propositions, it is not clear why this would be problematic on competition grounds, unless such services were provided in an anticompetitive manner. In these circumstances, existing competition law provisions would apply.</p>

Question 4: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P344?

### Summary

Yes	No	Neutral/No Comment	Other
9	0	3	0

### Responses

Respondent	Response	Rationale
Centrica	No comment	We have not had the opportunity to review the legal text.
Drax Group PLC	Yes	The Legal text delivers the intention of P344.
EDF Energy	No comment	We have not scrutinised the legal text in detail. The solution is extremely complicated and the likelihood is high that the legal text contains anomalies that will only be discovered during implementation development. We envisage that if the proposal is approved, further proposals will be required to correct or adjust the solution and/or legal text as appropriate before implementation.
EnerNOC	Yes	So far as we can tell, the text works.
Flexitricity Limited	Yes	The redlined changes to the BSC deliver the intention of P344.
KiWi Power	Yes	
Npower Ltd	Yes	
ScottishPower Generation	Yes	P344 would be delivered by the changes to Balancing & Settlement Code.
SmartestEnergy	No comment	
The Association for Decentralised Energy (ADE)	Yes	The ADE agrees that the redlined changes to the BSC deliver the intention of P344.
TMA Data Management Ltd	Yes	
Uniper UK Ltd	Yes	

## Question 5: Do you agree with the Panel's recommended Implementation Date?

### Summary

Yes	No	Neutral/No Comment	Other
11	0	1	0

### Responses

Respondent	Response	Rationale
Centrica	Yes	<p>Yes, we agree with Panel's recommended Implementation Date. We acknowledge the scale of the change, but are cognisant of the legal requirements for implementation and therefore support the proposed dates.</p> <p>We believe that National Grid and Elexon should facilitate access to the Balancing Mechanism for assets that will qualify as Secondary BMUs, in advance of TERRE go-live. We believe that opening up access to the BM should be encouraged as soon as possible, to encourage competition and also to explore the new BMU definitions in advance of TERRE go-live.</p>
Drax Group PLC	Yes	We believe there is sufficient time from the P344 Implementation Date to the Parallel running and go-live period.
EDF Energy	Neutral	<p>[Legal text February 2019 to support pre-qualification; Test phase GB parallel running functionality August 2019; Go-live October-December 2019, subject to readiness of European platform]</p> <p>We acknowledge that these dates are required to ensure ability to meet the target date in late 2019 which may arise from European regulations (if there are no regulatory delays). However, we still think this is an extremely ambitious target given the complexity and span of the overall solution (including NGET operational interfaces), and is unlikely to be met in practice. Fortunately, BSC Party Balancing Service Providers are not obliged to participate in TERRE, so their individual developments can be more considered.</p>
EnerNOC	Yes	It makes sense to implement code changes well ahead of the go-live date.
Flexitricity Limited	Yes	The recommended implementation date would give parties enough time to register in new capacities before TERRE go-live.
KiWi Power	Yes	
Npower Ltd	Yes	Whilst we provisionally agree with the implementation date of Q4 2019, we would like to note that there is likely to be a high cost of system changes to meet the challenging timescales, the costs of which will ultimately be socialised through a wider customer group (who may not

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Respondent	Response	Rationale
		be able to access TERRE themselves).
ScottishPower Generation	Yes	The implementation date appears challenging but delivers the objectives of P344 in a timely manner allowing industry trialling and testing.
SmartestEnergy	Yes	
The Association for Decentralised Energy (ADE)	Yes	The ADE agrees with the Panel's recommended Implementation Date.
TMA Data Management Ltd	Yes	Enough lead time must be provided for the associated DTC and BSCP changes required for P344. At this point in time February 2019 is adequate
Uniper UK Ltd	Yes	

Question 6: Do you agree with the Panel's initial view that P344 should not be treated as a Self-Governance Modification?

## Summary

Yes	No	Neutral/No Comment	Other
12	0	0	0

## Responses

Respondent	Response	Rationale
Centrica	Yes	We agree with the rationale stated in the report phase consultation
Drax Group PLC	Yes	P344 will have a material effect on competition and will discriminate between different classes of parties, as such, self-governance conditions a)ii and b) are not met.
EDF Energy	Yes	The proposal clearly does not meet the criteria for self-governance.
EnerNOC	Yes	It's a major change, so it deserves full scrutiny from the regulator.
Flexitricity Limited	Yes	P344 has a material effect on competition and thus should not be treated as a Self-Governance Modification.
KiWi Power	Yes	
Npower Ltd	Yes	The degree of changes are so significant, they should not be treated as self governance
ScottishPower Generation	Yes	P344 will have a material effect on the competition in the commercial arrangements relating to the supply, generation, distribution and transmission of electricity requiring direction and approval by Ofgem.
SmartestEnergy	Yes	
The Association for Decentralised Energy (ADE)	Yes	The ADE agrees with the Panel's view that P344 should not be treated as a Self-Governance Modification, for the reasoning given in the Consultation document
TMA Data Management Ltd	Yes	
Uniper UK Ltd	Yes	The modification is too material in effect to be treated as self governance.

## Question 7: Do you have any further comments on P344?

### Summary

Yes	No
6	6

### Responses

Respondent	Response	Rationale
Centrica	Yes	<p>We agree with the importance of facilitating an Issue group on an Alternative Baseline methodology. Such a methodology should be accommodated, in addition to the Physical Notification methodology, to ensure that as many customers' sites are able to offer its full flexibility capability. It is important for the Issue Group to explore this methodology promptly, so that any changes can be introduced at the same time as the P344 modification. National Grid's views should be sought in one process, rather than via a separate GC0097 process; this will facilitate as much industry input as possible.</p> <p>Elxon, along with National Grid, needs to clearly confirm the limitations for Secondary BMUs and also other National Grid balancing services.</p> <p>For example,</p> <ul style="list-style-type: none"> <li>• How regularly can a Secondary BMU change its components? Our understanding is that it is daily, but this will need clarifying. A rationale would also be welcome.</li> <li>• Can the same component be part of a Secondary BMU as well as partake in a National Grid balancing service (e.g. non-BM STOR) at the same time? If not, how often can an asset switch between TERRE/BM and non-BM balancing service? Clarity for this is needed now for assets bidding in to long-term balancing services contracts.</li> </ul> <p>Elxon should clearly confirm that existing BSC parties will be able to register Secondary BMUs, or whether such parties would need to set up separate Virtual Lead Parties.</p>
Drax Group PLC	No	N/A
EDF Energy	Yes	<p>We note that system operational issues arise from aggregators' desire to use balancing sources spanning multiple GSP locations, which may interact with network constraints on transmission or distribution. The current TERRE solution allows aggregation across GSPs in a GSP Group, with pre-filtering of bids by NGET before submission to the central TERRE platform where there may be interaction with network constraints. With growth of generation and demand response flexibility within distribution systems, and relatively rapid shifts in flows between locations due to intermittent generation sources, these system operational issues may</p>

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Respondent	Response	Rationale
		<p>become more significant. More consideration will need to be given to this in future, for example requiring aggregation to GSP level rather than GSP Group.</p> <p>There are several complications due to incompatibilities and interactions with the GB Balancing Mechanism: Gate closure, intra-day trade publication times, TERRE submission and processing times, the TERRE cycle being hourly rather than half-hourly, TERRE using 15 minute periods, the TERRE trading period extending beyond the GB balancing period, interaction between TERRE and the BM. Compromises have been made to resolve these, but operation of those compromises should be monitored at and after implementation to ensure no anomalous effects.</p> <p>The central TERRE project expectation, introduced quite late in development, that the ideal submitted 'standard product shape' should be capable of ramping to maximum level symmetrically around 15 minute boundaries, intentionally spanning different periods, creates considerable additional complexity. We acknowledge that the central approach leaves little choice, but think consideration should be given to requiring the TSOs to resolve period boundary issues using other products.</p> <p>We note that there are remaining uncertainties originating in the TERRE central development; and potential inconsistencies with the approach taken in other systems. We acknowledge the difficulties of pan-European development. If GB continues to participate in the European Electricity Markets, more flexibility may need to be built into GB code developments (including the detailed implementation for TERRE) to allow for uncertainty in specification and timing of European projects. GB should pressure European partners to be more realistic about specifications and timescales so that GB implementations can continue to be achieved efficiently. Hopefully the follow-on development of solutions for Frequency Restoration Reserves (mFRR / MARI) will have learned from development of TERRE.</p> <p>Elexon and National Grid should maintain a test environment for participants developing their own interfaces to GB TERRE during central testing and after the central solution go-live.</p>
EnerNOC	Yes	<p>It is unfortunate that the Alternative Baseline Methodology is only being pursued (a) as an alternative, rather than as the obvious default, and (b) not as part of the main P344 implementation. This is despite multiple participants (those with experience of demand-side participation) loudly drawing attention to the need for this approach during the initial consultation.</p> <p>We recommend that the Alternative Baseline Methodology be developed and implemented as soon as possible, and that, to avoid wasted effort, the need to support baselining methodologies should be borne in mind during all systems implementation work for P344. (So long as the need is borne in mind from the start, there should be no additional</p>

Respondent	Response	Rationale
		cost or complexity. On the other hand, if systems are designed without thought for baselining – e.g. assuming that the baseline value for each settlement period is available ahead of dispatch – then retrofitting that functionality could require extensive, expensive rework.)
Flexitricity Limited	No	
KiWi Power	Yes	<p>It is imperative that the final implementation of P344 includes provision and a workable solution to enable sub-site metered assets to participate in the TERRE and BM arrangements. Without this, TERRE/BM will be open to independent aggregators only in theory, as the overwhelming majority of the assets we use are behind the meter, are metered on a sub-site level, and often do not use BSC/COP standard metering as this is not required for ancillary service programmes. How these assets and metering solutions will be accounted for in TERRE arrangements is of crucial importance.</p> <p>It is also very important to arrive at an appropriate solution for demand side response baseline setting, as this will be key to ensuring full participation in the TERRE market.</p>
Npower Ltd	Yes	<p>With regards to the statements on p53 “Can I participate in both the TERRE product and STOR?”, this takes us in to territory which is important to clarify in order that we ensure GB based assets are not disadvantaged in any way (given potentially higher costs of operation for fuel and compliance with Environment Agency regs). So an asset providing a STOR contract should be able to hold and be able to bid for TERRE too. However it is important to provide clarity on what would be expected should a TERRE event occur (GB based vs EU based TERRE event).</p> <p>i.e. an asset in the UK holds a STOR contract and on a given day it has been called by NG to provide STOR at £ x /MWh. If there was a coincidental call for support for a TERRE service from an EU-TSO then the UK asset would be physically unable to provide any incremental MWs to satisfy the ‘Replacement Reserve’ request and should therefore be flagged as Restricted by National Grid.</p> <p>However if the same asset in the UK holds a STOR contract and has again been called to provide STOR at £ x /MWh but the call for support for a TERRE service is now from National Grid. In that case, the UK asset should be able to bid in to the TERRE service to secure additional running hours, albeit at the TERRE clearing price. As a result the asset would receive the contracted STOR Utilisation price for the first 30-minutes and then be permitted to continue to provide uninterrupted Reserve MWs albeit at the (lower) TERRE clearing price.</p> <p>This will ensure that GB based assets are treated fairly and we avoid unnecessarily standing-down plant, potentially displacing them with assets which are less efficient and with higher emissions than those that</p>

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Respondent	Response	Rationale
		will endure in England and Wales.
ScottishPower Generation	Yes	If Ofgem determines that this modification should proceed then it is imperative and urgent that National Grid's proposed IT user group is convened.
SmartestEnergy	No	
The Association for Decentralised Energy (ADE)	No	N/A
TMA Data Management Ltd	No	
Uniper UK Ltd	No	