



Department for
Business, Energy
& Industrial Strategy

**Department for Business,
Energy &
Industrial Strategy**

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To
Mark Bygraves, Chief Executive Officer (ELEXON);
Steve Wilkin, European Coordination Manager
(ELEXON); John Pettigrew, Chief Executive (National
Grid); Dermot Nolan, Chief Executive (Ofgem)

18 December 2017

Dear Sirs,

Implementation of the Electricity Balancing Guideline – Notice of assignment of specified electricity balancing tasks or obligations

I refer to my letter dated 16 October 2017 and the subsequent consultation by BEIS dated 1 December 2017 (“the consultation”).

Pursuant to Article 13(4) of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (“the Electricity Balancing Guideline”), the Secretary of State may assign certain electricity balancing tasks or obligations under the Electricity Balancing Guideline which would otherwise be performed by the GB System Operator, National Grid, to one or more third parties.

Following careful consideration by BEIS of the responses to the consultation, the Secretary of State hereby assigns to BSCCo (Balancing and Settlement Code Company) and BSC Clearer (as those terms are defined in the Balancing and Settlement Code) those electricity balancing tasks or obligations specifically identified and further detailed in the attached annex to this notice.

For the avoidance of doubt, the Secretary of State reserves the right at any time to vary or withdraw this notice of assignment in whole or part.

Yours faithfully,

Dr Steph Hurst
Head of Energy Markets and Affordability
For and on behalf of the Secretary of State for Business, Energy and Industrial Strategy

CC: Joint European Stakeholder Group

Annex: List of specified electricity balancing tasks or obligations in Regulation (EU) 2017/2195 assigned to BSCCo (Balancing and Settlement Code Company) and BSC Clearer.

| Art ¹ | High level | Description | Timeframe |
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| 12.3 a | Publication of information | BSCCo/BSC Clearer to publish Net Imbalance Volume in accordance with the requirements of the BSC (Balancing & Settlement Code), as amended from time to time. | Ongoing requirement to publish as soon as possible; no later than 30 minutes after real time. |
| 12.3 b | Publication of information | BSCCo/BSC Clearer to publish information on balancing energy bids (made in accordance with the requirements of the BSC, as amended from time to time). Including: <ul style="list-style-type: none"> - type of product; - validity period; - offered volumes; - offered prices, - information on whether the bid was declared as unavailable. <p>Information is to be anonymised in accordance with the requirements of the BSC, as amended from time to time.</p> | Ongoing requirement to publish as soon as possible; no later than 30 minutes after the relevant Settlement period |
| 12.3 c | Publication of information | BSCCo to publish information on whether the balancing energy bids (reported under 12.3b) was converted from a specific product or from an integrated scheduling process in accordance with the requirements of the BSC, as amended from time to time. | Ongoing requirement to publish as soon as possible; no later than 30 minutes after the relevant Settlement period |
| 12.3 d | Publication of information | BSCCo to publish information (in accordance with the requirements of the BSC, as amended from time to time) regarding how balancing energy bids from specific products or from an integrated scheduling process have been converted into balancing energy bids from standard products. | Ongoing requirement to publish as soon as possible; no later than 30 minutes after the relevant Settlement period |
| 12.3 e | Publication of information | BSCCo/BSC Clearer to publish aggregated information on balancing energy bids (in accordance with the requirements of the BSC, as amended from time to time) including: <ul style="list-style-type: none"> - total volume of offered balancing energy bids; - total volume of offered balancing energy bids separately per type of reserves; - total volume of offered and activated balancing energy bids separately for standard and specific products; - volume of unavailable bids separately per type | Ongoing requirement to publish as soon as possible; no later than 30 minutes after the relevant settlement period |

¹ The full text of the Regulation can be found in the European Union's official journal. See here - http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.312.01.0006.01.ENG&toc=OJ:L:2017:312:TOC

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| | | of reserves. | |
| 12.5 | Publication of information | BSCCo/BSC Clearer to send data that it publishes under 12.3a-e above to the EMFIP (ENTSO-E European data platform). | No later than two years after entry into force of EBG |
| 18.9 | Monitoring of compliance with the BSC | BSCCo/BSC Clearer to monitor the fulfilment by all parties of the requirements of the BSC in accordance with the requirements of the BSC, as amended from time to time. | Ongoing requirement |
| 45.2 | Calculation of balancing energy volumes | BSCCo/BSC Clearer to calculate the activated volume for balancing energy in accordance with the requirements of the BSC, as amended from time to time. | Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication (after entry into force of the Electricity Balancing Guideline). |
| 45.3 | Financial settlement of balancing energy | BSCCo/BSC Clearer to settle the activated volume of balancing energy with BSC Parties in accordance with the requirements of the BSC, as amended from time to time. | Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication. |
| 46.1 | Financial settlement of balancing energy | BSCCo/BSC Clearer to calculate and settle the activated volume of balancing energy for the frequency containment process with BSC Parties in accordance with the requirements of the BSC, as amended from time to time. | Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication. |
| 47.1 | Financial settlement of balancing energy | BSCCo/BSC Clearer calculate and settle the activated volume of balancing energy for the frequency restoration process with BSC Parties in accordance with the requirements of the BSC, as amended from time to time. | Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication. |
| 48.1 | Financial settlement of balancing energy | BSCCo/BSC Clearer calculate and settle the activated volume of balancing energy for the reserve replacement process with BSC Parties in accordance with the requirements of the BSC, as amended from time to time. | Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication. |
| 49.1 | Calculation of imbalances, imbalance prices and imbalance adjustments | BSCCo/BSC Clearer to calculate imbalance adjustments in accordance with the requirements of the BSC, as amended from time to time. | Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication. |
| 49.3 | Calculation of imbalances, imbalance prices and | BSCCo/BSC Clearer to calculate imbalance adjustments in accordance with the requirements of the BSC, as amended from time to time. | Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication. |

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| | imbalance adjustments | | |
| 52.1 | Calculation of imbalances, imbalance prices and imbalance adjustments; AND Financial settlement of imbalances | BSCCo/BSC Clearer shall settle imbalances with BSC Parties in accordance with the requirements of the BSC, as amended from time to time. | Ongoing requirement |
| 54.1 | Calculation of imbalances, imbalance prices and imbalance adjustments | BSCCo/BSC Clearer shall calculate final position, the allocated volume, the imbalance adjustment and the imbalance in accordance with the requirements of the BSC, as amended from time to time. | Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication. |
| 54.3 | Calculation of imbalances, imbalance prices and imbalance adjustments | BSCCo/BSC Clearer shall calculate the final position of a BSC Party using one of the approaches outlined in 54.3a-c in accordance with the requirements of the BSC, as amended from time to time. | Ongoing requirement until implementation of the proposal pursuant to Article 52.2; timeframe for ongoing compliance is 1 year after publication. |
| 54.5 | Calculation of imbalances, imbalance prices and imbalance adjustments | BSCCo/BSC Clearer shall not calculate allocated volume for a BSC Party which does not cover injections or withdrawals | Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication. |
| 54.6 | Calculation of imbalances, imbalance prices and imbalance adjustments | BSCCo/BSC Clearer shall indicate the size and direction of the settlement direction for an imbalance, or include: <ul style="list-style-type: none"> - a negative sign to indicate a BSC Party's shortage; - a positive sign, to indicate a BSC Party's surplus. | Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication. |
| 55.3 | Calculation of imbalances, imbalance prices and imbalance adjustments | BSCCo/BSC Clearer shall (in accordance with the requirements of the BSC, as amended from time to time) determine the imbalance price for each imbalance settlement period, its imbalance price areas, and each imbalance direction. | Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication. |
| 55.4 | Calculation of imbalances, imbalance prices and imbalance adjustments | BSCCo/BSC Clearer shall ensure (in accordance with the requirements of the BSC, as amended from time to time) that the imbalance price for negative imbalance is not less than, alternatively: <ul style="list-style-type: none"> - the weighted average price for positive activated balancing energy from frequency restoration reserves | Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication. |

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| | | <p>and replacement reserves;</p> <ul style="list-style-type: none"> - or in the event that no balancing activity in either direction has occurred during the imbalance settlement period, the value of the avoided activation of balancing energy from frequency restoration reserves or replacement reserves | |
| 55.5 | Calculation of imbalances, imbalance prices and imbalance adjustments | <p>BSCCo/BSC Clearer shall ensure (in accordance with the requirements of the BSC, as amended from time to time) that the imbalance price for positive imbalance is not greater than, alternatively:</p> <ul style="list-style-type: none"> - the weighted average price for negative activated balancing energy from frequency restoration reserves and replacement reserves; - or in the event that no balancing activity in either direction has occurred during the imbalance settlement period, the value of the avoided activation of balancing energy from frequency restoration reserves or replacement reserves | <p>Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication.</p> |
| 55.6 | Calculation of imbalances, imbalance prices and imbalance adjustments | <p>BSCCo/BSC Clearer shall, in the event that both positive and negative balancing energy from frequency restoration reserves or replacement reserves have been activated during the same imbalance settlement period, determine the imbalance settlement price (for both positive and negative) using at least one of the methods in 55.4 or 55.5 as required by the BSC, as amended from time to time.</p> | <p>Ongoing requirement. Timeframe for ongoing compliance is 1 year after publication.</p> |