

Balancing Network Code

Last updated: 8 August 2013

This issue log has been created to capture the key issues raised by GB stakeholders during the JESG Technical Workshop on the Network Code held on 6/7 August 2013.

Issue No	Key Issue	Summary	Examples / Points of reference
1.	Definitions	It was suggested that ENTSO-E should provide a consolidation of all definitions used across the nine Network Codes, while it was suggested that a number of terms in the Balancing Network Code require further clarification/elaboration.	Article 8 – Cross Zonal Capacity Reservation needs defining. Article 14 – Role of Balance Responsible Party requires further elaboration (possibly to include references to Article 16).
2.	Grammar & Terminology	Main concerns included the articulation of, and syntactical issues around, key concepts in the Network Code and housekeeping queries.	Article 15 – Incorrect numbering of paragraphs Article 16 – Inclusion of comma before the phrase “where applicable” implies that the specificities of Central Dispatch should be accounted for as standard. Article 21 – Is “best endeavours”, rather than “reasonable endeavours”, the correct term to be used?
3.	NRA Approval	There are a number of instances in the Network Code where the need for NRA approval should be clarified. In principle, all items which are left to the TSOs to determine after the Code has entered in to force should be subject to NRA approval. Furthermore, dispute resolution methodologies are not set out when required.	Article 25 – Should the submission of pricing methodologies be to Agency or NRA (as stated in Article 7)? Article 34 – Definition of settlement mechanisms. Article 44 – Dispute methodology required when Ramp Rate Process is not agreed unanimously.
4.	Remuneration	Stakeholders expected more detail on compensation and payment mechanisms in the Balancing Network Code to provide the remuneration mechanism for capabilities required in other Network Codes.	See references to remuneration in other Network Codes (e.g. Requirements for Generators, Demand Connection Code).
5.	Designated Entity	There is a need to ensure that the option for TSOs to delegate tasks is extended to cover all suitable activities, and to ensure current GB activities are able to continue (e.g. Elexon being the Balancing and Settlement company).	Article 11 – Enables tasks pursuant to Chapter 5 Section 4 to be undertaken by a designated authority. Should this be extended to cover the broader balancing mechanism, rather than just imbalance settlements? Article 14 – Modifications of the Position should be able to be submitted to a Designated Entity as well as a TSO.
6.	DSO Impact	The Network Code places obligations on Distribution System Operators. There is a need to ensure such obligations are appropriate and proportionate.	Article 12 – Article provides a summary of key DSO activities as set out by the Balancing Network Code.

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7.	Treatment of merchant interconnectors	Clarification is needed on how merchant interconnectors can operate under the provisions of the Balancing Network Code.	Article 30 – Clarification needed on the prohibition of additional charges for the use of Cross Zonal Capacity for Exchanges of Balancing Energy.
8.	Publication of data	More stringent requirements would be preferred around the frequency and content of publications.	Article 8 – No timescales are offered for the TSO's publication of information regarding Specific Products. Article 57 – Given that the annual report's requirements are clearly set out, why is there an option to publish a "simpler" version every second year?
9.	Impact on existing arrangements	The Network Code states that it will apply to all existing arrangement related to Electricity Balancing.	Article 58 – How would the application of the Network Code take place?
10.	Application questions	A number of questions were raised that will require consideration when the Network Code is applied to the GB Framework.	- Currency complexities (e.g. conversion, pay-as-bid or pay-as-cleared) - Can a product defined as a Standard Product in one Coordinated Balancing Area be a Specific Product in another CoBA?

The following issues were captured at JESG meetings, prior to the 6/7 August JESG Workshop and may relate to an earlier version of the Network Code.

Issue No	Issue	NGET View
11.	There is a need to understand the implication of the Framework Guidelines on the current GB market and ongoing changes.	Now the Framework Guidelines have been finalised, the Network Code is being developed. Once the requirements in the Network Code become clearer, it will be possible to determine further the implications for the GB market.
12.	Which definition of 'Control Area' is the Balancing Network Code expected to be used. Is it the market definition in CACM, or the technical definition in LFR&C, as the Balancing Code interacts with both of these Codes.	Drafting is at an early stage, and consideration will be given by the Drafting Team to ensure the appropriate definitions are used in the Balancing Network Code.
13.	Recompense for services in other Network Codes. The Balancing Network Code sets out a high-level mechanism for payment through balancing service providers such as aggregators. Whereas the DCC places obligations on individual domestic consumers. There is a perceived mismatch between the obligations (placed on individuals) and the compensation (placed on aggregators).	DCC sets capability and Balancing provides mechanism for recompense. This does not appear to be a mismatch.
14.	Merchant Interconnectors. The merchant model for GB Interconnectors needs to be represented in the Balancing Network Code. Capacity on a merchant interconnector has a value to the owner and this should be reflected in any decision to curtail or use capacity through this Network Code.	The code has been drafted on the basis that what is not prohibited is allowed. NGET is a member of the drafting team and is representing itself. Opportunity for all stakeholders to engage with the development of the Code will form part of the development process for the Network Code, in particular during the public consultation.

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15.	<p>Imbalance calculation. The imbalance calculation in the Network Code may be different to that in the current GB market, which would have implications for GB as it provides different signals to market parties.</p> <p>GB Energy imbalance = Contracted & vs. Metered Volume (physical imbalance)</p> <p>Balancing NC calculates Imbalance Volume from Allocated Volume and notified Position – it's not clear this is consistent with GB practice (e.g. it could be interpreted as something more akin to GB Information Imbalance)</p>	TBC
16.	<p>Coordination Balancing Areas (CBA). What is the timescales for the determining the CBA.</p>	<p>Formally, the Network Code states that they will be determined after entry into force. However, through the ENTSO-E pilot project, we would expect initial views to be formed fairly soon and prior to the code's entry into force.</p> <p>Coordination Balancing Areas are now referred to as CoBAs to avoid a conflict of acronyms.</p>