

Proposed revisions to the
**Applicable Balancing Services
Volume Data Methodology**

In accordance with Standard Condition 16 (C16) of its Electricity Transmission Licence, National Grid is required to conduct an annual review of all licence statements, proposing changes as necessary.

Executive Summary

This consultation has been produced under Condition C16 of the Transmission Licence to undertake a review of National Grid's C16 Statements.

The changes relate to the Applicable Balancing Services Volume Data (ABSVD) Methodology and relate to the following areas:

- Changes relating to performing imbalance adjustments for non-BM market participants. This was the subject of a previous [informal consultation](#) 16th November – 15th December 2017.
- General housekeeping amendments to keep the statement current and relevant.

National Grid welcomes industry views on the proposed changes, and invites views on any other aspects of the subject document for future consideration.

Responses are required by **8th March 2018**. Details on how to make a response can be found in Section 5.

Following receipt of responses to this consultation, National Grid will prepare and submit a report to the Authority by **15th March 2018**. The current versions of the C16 statements, this consultation, industry responses and the consultation report will all be published at the link below.

<https://www.nationalgrid.com/uk/electricity/market-operations-and-data/transmission-licence-c16-statements-and-consultations>

As part of a separate consultation running 23rd January – 20th February 2018 changes have been proposed to the following C16 statements and methodologies. Details on this can be found on the link above.

- Balancing Services Adjustment Data Methodology (BSAD)
- Procurement Guidelines
- System Management Action Flagging Methodology (SMAF)
- Balancing Principles Statement (BPS)

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Contents

| | | |
|----------|---|-----------|
| 1 | Introduction | 4 |
| 2 | 2017-18 Annual update and stakeholder feedback | 5 |
| 3 | Proposed Changes to the ABSVD..... | 6 |
| 4 | Consultation Questions | 8 |
| 5 | Responding | 9 |
| 6 | Next Steps..... | 10 |
| | Appendix A - Revised ABSVD | 11 |
| | Appendix B - Response Proforma | 11 |

1 Introduction

In accordance with Standard Condition 16 (C16) of its Electricity Transmission Licence, National Grid is required to conduct frequent of all licence statements, regular reviews of the methodologies and, if appropriate, to propose changes to these documents.

The purpose of National Grid's review and consultation process is to ensure that each of the applicable documents remains current by seeking industry views on any proposed changes. Proposed changes can only become effective if approved by the Authority.

The Applicable Balancing Services Volume Data (ABSVD) methodology is being consulted on during this time period to align with the Report Phase consultation of the related BSC modification P354 "Removal of Non-BM Spill". The changes to the ABSVD methodology proposed as part of this consultation relate to:

- Changes relating to performing imbalance adjustments for non-BM market participants. This was the subject of a previous [informal consultation](#) 16th November – 15th December 2017.
- General housekeeping amendments to keep the statement current and relevant.

As part of a separate consultation running 23rd January – 20th February 2018 changes have been proposed to the other C16 statements and methodologies as a result of an annual review.

- Balancing Services Adjustment Data Methodology (BSAD)
- Procurement Guidelines
- System Management Action Flagging Methodology (SMAF)
- Balancing Principles Statement (BPS)

Details on all the C16 consultations can be found at:

<https://www.nationalgrid.com/uk/electricity/market-operations-and-data/transmission-licence-c16-statements-and-consultations>

A workshop was held on 5th January 2018 to gather stakeholder views on proposed changes across all the C16 statements and methodologies (including the ABSVD). Information on this can be found in Section 2.

An informal workgroup process was also run on potential changes to the Applicable Balancing Services Volume Data Methodology (ABSVD) relating to changes around performing imbalance adjustment for Non-BM Balancing Services provision. Further detail on this can be found in Section 3.

Please note consequential changes resulting from modifications to GB industry codes, stakeholder suggestions and upcoming Regulatory changes which are not captured here will be actioned either in future reviews as appropriate.

2 2017-18 Annual update and stakeholder feedback

This consultation marks the beginning of the formal update process relating to the ABSVD methodology. Prior to this, two sets of feedback have been received from stakeholders via a workgroup and informal consultation on the ABSVD methodology and through a stakeholder webinar.

Informal workgroup and consultation on the ABSVD methodology

In late 2017, an informal workgroup and consultation process was undertaken to explore potential changes to the ABSVD methodology statement relating to non-BM Balancing Services. This was around what changes would be required to give effect to the changes being proposed in the in-train BSC modification P354 <https://www.elexon.co.uk/mod-proposal/p354/>. This modification seeks to perform imbalance adjustment for non-BM Balancing Services provision.

The documentation from the consultation, along with [non-confidential responses](#) and [main consultation themes](#) can be found at <https://www.nationalgrid.com/uk/electricity/market-operations-and-data/transmission-licence-c16-statements-and-consultations>.

Stakeholder webinar prior to formal consultation

A webinar was held on 5th January 2018 to discuss potential changes to be included in the 2017-18 annual update. The slides can be found [here](#).

Areas highlighted by National Grid were:

- Removal of references to discontinued products.
- Proposed changes to ABSVD methodology: follow on from informal consultation
- Potential changes regarding Demand Connection Code (DCC) compliance

The webinar was attended by thirteen stakeholders. In addition to the areas discussed above, stakeholders were invited to propose other potential areas for change in the statements and methodologies. No additional areas were identified for change in the 2017/18 update, but a number of questions were asked and responses given below. A list of questions and responses can be found on the main 2017-18 C16 consultation document.

Consideration of changes post 2017-2018 update

There are a number of changes which will affect the future of Balancing Services and how they are procured. These include, but are not limited to:

- [Product Roadmap](#) for Frequency Response and Reserve
- European Network Codes: introduction of new products such as TERRE and compliance
- Removal of products as a result of product rationalisation ([letter on 30th October 2017](#)).

As enduring solutions are developed for any new balancing services products, and as European Network Codes are implemented, it is anticipated that these changes would also follow through to the relevant C16 statements and methodologies. These are likely to form part of future annual update processes, however there is scope ad-hoc updates should they be required within year.

In terms of the removal of products as a result of the rationalisation work, these will be removed from the C16 statements and methodologies as contracts end. It is not anticipated that any of those named explicitly in the statements will expire prior to 1st April 2018 but this is likely to change for future annual updates.

3 Proposed Changes to the ABSVD

In late 2017, an informal workgroup and consultation process was undertaken to explore potential changes to the ABSVD methodology statement relating to non-BM Balancing Services as described in section 2. The documentation from the consultation, along with [non-confidential responses](#) and [main consultation themes](#) can be found at <https://www.nationalgrid.com/uk/electricity/market-operations-and-data/transmission-licence-c16-statements-and-consultations>.

The amendments proposed to the ABSVD following this informal consultation are:

- Housekeeping – updating references to the C16 webpages on the National Grid website to the correct address.
- Changes to the methodology relating to performing imbalance adjustment for Non-BM Balancing Services providers.

The proposed changes are detailed in Table 1 below.

Table 1 – Proposed changes to the ABSVD

| ID | Purpose of Change | Reference | Change |
|------|--|--------------------------------|--|
| 1.1 | Version control change | Title Page | Change to Effective Date Change to Version Number |
| 1.2 | | Page 2 – Version control table | Update to version control table |
| 1.3 | Web page link change | Page 3, Page 6 | Update to new National Grid website link |
| 1.4 | Contents page update | Page 4 | Update to reflect changes in text |
| 1.5 | Changes relating to including non-BM participants in ABSVD | Part B title | Clarity that the section refers to BM participants |
| 1.6 | | Part B, 1.1 | Removal of opt-out provisions. |
| 1.7 | | Part B, 1.2 | Removal of references to non-BM participants |
| 1.8 | | Part C | New part C to reflect arrangements for the provision of Non-BM ABSVD. |
| 1.9 | | Part D title | Clarity that this section refers to BM participants |
| 1.10 | | Part E | New part E to reflect methodology for calculation of ABSVD for Non-BM participants |

The proposed changes detailed above are shown in a changed marked version of the ABSVD attached as Appendix A.

Consultation Question 1

Do you agree that the changes proposed to the ABSVD, shown in Table 1 have been implemented correctly to the ABSVD in Appendix A? If not, please provide rationale.

Consultation Question 2

Do you agree that the changes proposed to the ABSVD, shown in Table 1 and in Appendix A, should be made? If not, please provide rationale.

Consultation Question 3

Do you have any other comments in relation to the changes proposed to the ABSVD?

4 Consultation Questions

The consultation questions detailed here are also summarised within a response proforma as Appendix B.

Consultation Question 1

Do you agree that the changes proposed to the ABSVD, shown in Table 1 have been implemented correctly to the ABSVD in Appendix A? If not, please provide rationale.

Consultation Question 2

Do you agree that the changes proposed to the ABSVD, shown in Table 1 and in Appendix A, should be made? If not, please provide rationale.

Consultation Question 3

Do you have any other comments in relation to the changes proposed to the ABSVD?

5 Responding

Responses should be submitted by replying to the consultation questions within the response proforma, attached as Appendix B and e-mailing the completed proforma to balancingservices@nationalgrid.com

If you do not wish any elements of your response to be made publicly available, please mark these as confidential.

The consultation period for this document is 28 days. Responses should be returned no later than **8th March 2018**. Following the consultation, a report will be produced and submitted to the Authority within seven days of the consultation close. Due to the timescales for the Authority report, it may not be possible to accept late consultation responses.

It is envisaged that, unless directed otherwise by the Authority, the implementation date for each of the revised documents will be before 16th April 2018.

6 Next Steps

Following receipt of responses to this consultation, National Grid will prepare and submit a report to the Authority in accordance with Electricity Transmission Licence Standard Condition C16 paragraph (8). The current versions of the subject documents referred to in this report along with the consultation document, consultation report, and all responses, will be published on National Grid's website:

<https://www.nationalgrid.com/uk/electricity/market-operations-and-data/transmission-licence-c16-statements-and-consultations>

Appendix A - Revised ABSVD

Please see separate document - [here](#)

Appendix B - Response Proforma

Please see separate document – [here](#)